Mid-term Evaluation: MicroLead Expansion Programme

Submitted to
Evaluation Unit, United Nations Capital Development Fund

Submitted by
Micro-Credit Ratings International Limited
542 Megapolis, Sohna Road
Gurgaon 122018 INDIA

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EVALUATION TEAM	
Team Leader	**Alok Misra**
Lead Evaluators	**Swetan Sagar, Gunjan Grover & Anindita Chakraborty**
Evaluation Team Members	**Anne Bastin Ndiaye, Brian McConnel, & Tirupathaiah Namani**
Support Members	**Shayandeep Chakraborty, Rajesh Gupta, Priyanshu Jaiswal and Ajish Thomas**

MID-TERM EVALUATION: *MICROLEAD EXPANSION PROGRAMME*

Design: UNCDF Partnerships Unit.

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Programme Data Sheet

Country	**10 Sub-Saharan African countries** including Benin, Burkina Faso, Burundi, Cameroon, Ghana, Liberia, Malawi, Rwanda, Tanzania and Uganda.
Programme Title (Long)	Support to Savings-led Microfinance Market Leaders to Enter Underserved Countries
Programme Title (Short)	MicroLead Expansion

Financial break-down by donor

Commitments	As per Prodoc (USD)	Actual project budget (USD)
MasterCard Foundation (MCF)	23,507,764	23,507,764
United Nations Development Programme (UNDP)	0	77,500
Bill and Melinda Gates Foundation (BMGF)	0	189,564
Total project budget	**23,507,764**	**23,774,828**

Delivery (disbursements to grantees per donor funds, updated through Q4 2015)

Agency	2012	2013	2014	2015	Total	Balance
MCF	583,500	4,334,093	3,145,976	3,569,291	11,632,860	4,339,835
UNDP	77,500	0	0	0	77,500	0
BMGF	0	189,564	0	0	189,564	0
Total	**661,000**	**4,523,657**	**3,145,976**	**3,569,291**	**11,899,924**	**4,339,835**

Executing agency	UNCDF
Implementing agency	UNCDF
Approval date of the project	18 July 2011
Project duration as per project document	October 2011 to June 2017
Evaluation date	June to November 2015

Other UNCDF projects in-country	
Previous UNCDF projects (if relevant)	MicroLead
Previous Evaluations (if relevant)	Mid-term evaluation of MicroLead
Dates of mid-term evaluation	21 September 2011 to 31 March 2012

Acronyms and Abbreviations

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A3C	Association des CVECA et CECA du Centre
ADC	Alternate Delivery Channel
AFR	Access to Finance Rwanda
ALM	Asset Liability Management
BASIX	Bhartiya Samruddhi Investments and Consulting Services Limited
BIFSIR	Building Inclusive Financial Sector in Rwanda
BMGF	Bill & Melinda Gates Foundation
BOP	Bottom of Pyramid
BOT	Bank of Tanzania
BTOR	Back to Office Reports
CAGR	Compounded Annual Growth Rate
CARE	Cooperative for Assistance and Relief Everywhere
CBL	Central Bank of Liberia
CEC	Caisse d' Epargne et de Crédit
CPEC	Coopérative pour la Promotion de l'Epargne et du Crédit
CPP	Client Protection Principles
CRDB	Cooperative Rural Development Bank
CSP	Country Support Programmes
CTA	Country Technical Advisor
CU	Credit Union
DAC	Development Assistance Committee
EOI	Expression of Interest
FB	Fidelity Bank
FFH	Freedom from Hunger
FGD	Focus Group Discussion
FI	Financial Inclusion
FIPA	Financial Inclusion Practice Area
FSP	Financial Service Providers
GAFIS	Gateway Financial Innovation for Savings
GTI	Global Thematic Initiative
HR	Human Resources
IC	Investment Committee
MIFED	Microfinance et Développment
MIS	Management Information System
ML	MicroLead
MLE	MicroLead Expansion
MM4P	Mobile Money for the Poor
MNO	Mobile Network Operator
NBS	New Building Society Bank
OECD	Organization for Economic Cooperation and Development
OI	Opportunity International
OIBM	Opportunity International Bank of Malawi
OSS	Operational Self Sufficiency
PAMIGA	Participatory Microfinance Group for Africa
PBA	Performance Based Agreements
PMU	Programme Management Unit
POS	Point of Sale
PPI	Progress out of Poverty Index
RCPB	Réseau des caisses populaires du Burkina Faso
RCU	Regional Credit Union
REGMIFA	Regional MSME Investment Fund for Sub-Saharan Africa
RFA	Request for Applications
RFP	Request for Proposal
RTA	Regional Technical Advisor
SASL	Sinapi Aba Savings and Loans
SAT	Sinapi Aba Trust
SEMS	Social and Environmental Monitoring Systems
SG	Savings group
SOFIPE	La Société de Financement de la Petite Entreprise
SPTF	Social Protection Task Force
SSA	Sub-Saharan Africa
TA	Technical Assistance
TOT	Training of Trainers
TSP	Technical Service Provider

IFAD	International Fund for Agricultural Development
KM	Knowledge Management
LCUNA	Liberian Credit Union National Association
LDC	Least Developed Countries
MAP	Making Access Possible
MCB	Mwanga Community Bank
MCF	The MasterCard Foundation
M-CRIL	Micro Credit Ratings International Limited
MDG	Millennium Development Goal
MDI	Microfinance Deposit Taking Institution
MEDA	Mennonite Economic Development Associates of Canada

UCCGN	Union des CECA et CVECA du Grand Nord
UGAFODE	Uganda Agency for Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
U-SACCO	Umerenge Savings and Loans Cooperatives
VA	Village Agent
VICOBA	Village Community Bank
VSLA	Village Saving and Loan Association
WOCCU	World Council of Credit Union
WWB	Women’s World Banking

Executive Summary

In September 2011, UNCDF, in partnership with The MasterCard Foundation (MCF) launched a six-year expansion of the MicroLead programme that aimed to increase access to savings driven microfinance to a minimum 450,000 low income individuals in Sub-Saharan Africa (SSA), half of whom are women and half of whom reside in rural areas. The programme's intention was to attract experienced institutions or networks from developed and developing countries to increase the capacity of financial institutions providing low balance savings either through the provision of technical assistance to financial service providers (FSPs) or through the establishment of greenfield institutions. MLE also has a strong focus on harnessing the potential of technology driven alternate delivery channels (ADCs) and financial education in broadening outreach to financial services.

Under the MLE programme, grants were awarded to 11 projects in 10 SSA countries. The projects selected were diverse and included downscaling of banks and the establishment of greenfield institutions, financial cooperative creation and strengthening, savings group linkages to formal financial institutions, MFI transformation into deposit-taking institutions, human-centered product design, and deployment of ADCs such as mobile money, rural agents, susu collectors and point of sale devices.[1]

As articulated in **Chapter 1**, the mid-term evaluation of the MicroLead Expansion (MLE) programme was conducted as agreed in the project document and in accordance with UNCDF's Evaluation Plan (2014-2015) and its broader Evaluation Policy. The purpose of this mid-term evaluation was to i) allow UNCDF and MCF to meet their accountability objectives, and ii) ensure that the evaluation can support the ongoing attempts by the programme and its funders to capture good practices and lessons to date in a sector which is still relatively new and focusing on innovation. The evaluation objective is to assess both the <u>results to date,</u> as well as the <u>likelihood of the programme meeting its end goals</u> on the basis of the current design, human resource structure and broad implementation strategy.

In line with UNCDF's emphasis on designing evaluations with strong methodological rigour, the evaluation team built its approach around the UNCDF Evaluation Unit's standardized SPIRE framework that puts together a theory of change based set of common evaluation questions for each of its practice areas. The framework draws from the internationally used OECD/DAC criteria[2]: relevance, efficiency, effectiveness, impact and sustainability. In order to provide a compelling fact-based analysis, a data collection toolkit complete with stakeholder mapping, interview checklists, and questionnaires for individual interviews as well as templates and guidelines for focus group discussions was developed.

The evaluation was undertaken by a team of six consultants from Micro-Credit Ratings International Limited. As part of the evaluation, onsite missions were conducted in Rwanda, Tanzania, Malawi, Uganda, Ghana, Benin and Cameroon while offline discussions were organized in Burundi, Liberia and Burkina Faso. Prior to each mission, the evaluation team sent out standardized templates to the TSPs and FSPs. The evaluation team interacted with representatives from the TSPs and FSPs, regulators, ministries and industry associations as well as UNCDF, UNDP and other leading donor agencies operating in each of the project locations. With the help of local enumerators, the team also conducted individual interviews and focus group discussions with the FSPs' clients, in all the countries where onsite visits were organized. The details of M-CRIL's approach to the evaluation and tools developed are described in **Chapter 3**, while the programme profile and achievements to date are summarized in **Chapter 2** of the main evaluation report.

[1] http://www.uncdf.org/en/microlead
[2] Development Assistance Committee (DAC) of Organization for Economic Cooperation and Development (OECD)

An assessment of the overall programme design as well as the applications submitted and Performance Based Agreements (PBAs) drawn up with the grantees indicates that

- MLE is a highly relevant savings focused programme in countries with high degrees of financial exclusion and low financial depth.
- The MLE programme is also well-aligned with FIPA's mandate to build inclusive financial systems through a comprehensive sector development approach.
- The programme's focus on furthering access to savings for low income rural and female clients, emphasis on financial education of clients as well as development of alternate delivery channels is well-suited to catalyze demand as well as access to financial services in SSA.
- However, with regard to gender and outreach, the focus needs to shift beyond setting outreach targets and include an assessment of the suitability of products to the needs of female clients as well as clients' satisfaction with the services provided.

Targeted Request for Applications (RFAs) with clearly defined TSP-FSP eligibility criteria were issued, after which a robust selection process including onsite due diligence by external consultants followed by a detailed review by the Investment Committee leading to revision in the business plans of some grantees, was deployed. Applications were reviewed and ranked on innovation, knowledge management, staff experience, governance, target market, CPP and ability to reach scale during the project's lifetime. However, flexibility was accorded to the grantee selection process and efforts were made to ensure that project designs factored in local needs and, despite contextual variations, only projects emphasizing the delivery of low balance savings services were awarded grants. Despite minor hiccups, the TSPs have proven their value in strengthening FSPs. **Chapter 4** focusing on the programme's relevance indicates that stronger evidence of the TSP's impact on FSP's operations was seen in projects where the TSP adopted a 'feet on the ground' approach instead of a short-term consulting strategy.

The MLE programme also has a strong learning agenda. A comprehensive knowledge management strategy comprising annual MLE workshops, regional dissemination workshops by grantees, regular publication of newsletters and webinars, sponsoring grantees to participate in relevant training programmes on branchless banking and savings group linkages was put in place. Additionally, all grantees were required to document the programme learnings in case studies and report quarterly performance to MIX Gold; training on reporting to MIX was organized for FSPs. Despite this, the quality and availability of data was one of the major challenges noted by the evaluators, with several FSPs not having the capability to correctly report basic performance information.

With regard to performance, the programme is well on-track to meet the over-arching goal of increased outreach of 450,000 additional low income depositors by 2017. In this context, the achievements of the MLE programme, as on 30 June 2015, include the development of twenty-five products and extending outreach through its partner FSPs to 362,919 active voluntary depositors with an aggregate deposit balance of US$ 21 million. Key lessons from ML have been incorporated in the MLE including increasing the strength of the programme management team and development of detailed reporting formats. Further, in order to support implementers, PBA amendments were made to support institutions, which despite their best efforts were finding it difficult to meet targets on account of an unfavourable political climate, regulatory restrictions and/or other factors beyond their control.

Chapter 5 focusing on the efficiency of programme management indicates that high quality programme management and reasonable oversight achieved through onsite monitoring missions by the PMU coupled with a close review of the quarterly reports submitted by partners and diligent monitoring by the TSPs helped identify critical bottlenecks impeding programme performance. However, the frequency of onsite missions was limited as the two Programme Specialists stationed in Africa were each responsible for managing over five projects.

Key areas of support provided by the TSPs include the strengthening of systems, staff capacity building, conducting needs assessments, market research, product development and design of alternate delivery channels. Another noteworthy contribution of the MLE programme was that it helped some FSPs having manual/basic information systems develop or uprgrade their systems to meet the programme requirements. A challenge, not foreseen at the time of PBA formulation, was the lack of contingency planning and incorrect baseline figures reported by the grantees, leading to a shortfall in the project performance of several FSPs. This was eventually corrected and the targets revised, after which the projects appear to be at par with the targets related to the number of voluntary depositors and gross loan portfolio outstanding. However, despite the amendment, a significant shortfall was noted in the targets for the number of borrowers and for the voluntary savings balances mobilized.

With regard to effectiveness (described in **Chapter 6**), the evaluation team found that the programme had succeeded in bringing about institutional changes in the form of organizational transformation and setting up microfinance departments with dedicated staff thereby signaling a rising commitment of the FSPs to promoting low balance savings. While savings group linkages were a part of the design of only three projects (Ghana, Tanzania and Burkina Faso) at the time of application, over time several others realized the potential of linkages and the benefits of having access to low balance savings. Consequently, over time the scope of most projects have been expanded to incorporate savings group linkages. Evidence from the field and client testimonies also suggest that projects developed after rigorous market research were found to be better tuned to client requirements. Though all FSPs have endorsed CPP, only a few have integrated the principles in practice. Grantees have also put in place SEMS policies thereby indicating their commitment to responsible environmental practices.

Analysis of the PPI information collected during client interviews suggests that the projects were primarily reaching low income households living between US$1.25-US$2.50 per day. Interaction with clients revealed that the majority were satisfied with the products developed, as prior to the MLE intervention, they did not have any access to formal financial services. Clients were also appreciative of the development of alternative delivery channels and their potential to significantly reduce transaction costs but were apprehensive of the risks associated with this unfamiliar technology driven channel. Financial education of clients was another aspect that was integrated in the design of all the projects. Approximately 60% of the clients interviewed as a part of the evaluation reported receiving financial literacy training from the FSP. Grantees had adopted both standalone as well as embedded approaches integrated with the FSP's marketing strategy. Though FSPs had received support with regard to content development and training of trainers, only a few had institutionalized financial education in their service delivery strategy at the time of the mid-term evaluation.

Having realized the importance of government support which often takes time to be approved, the PMU was prudent in seeking government endorsements prior to the start of the projects. With regard to market demonstration, MLE's influence on catalyzing favorable policy changes was most evident in countries like Rwanda and Liberia where policymakers were directly involved in the project. Additionally, policymakers were invited to participate in the annual MLE as well as grantee workshops. Also, the PMU helped to organize exposure visits for regulators. The scope of some of the MLE projects has been broadened to support appropriate policy formulation that would help drive the MLE projects as well as financial inclusion in the near future. Examples of other positive market demonstration effects include WOCCU Rwanda obtaining additional funding from AFR to replicate its work with another 90 Umerenge SACCOs. The CARE-Fidelity Bank savings linkage project has resulted in the TSP engaging with two other FSPs, while Fidelity Bank is also exploring the possibility of partnering with other experienced TSPs to carry forward the work on savings group linkages in other parts of the country.

In order to understand the likely impact of the programme better (described in **Chapter 7**), the results chain has been divided into short term (financial awareness of clients translating into better awareness of their own needs), medium term (increased access to savings and other financial services and development of inclusive financial sectors) and long term (poverty reduction and women's empowerment). Apart from the MLE projects in Benin and Burkina Faso, which were initiated only in 2015 and therefore had a lifespan of just 1.5-2 years, the average lifespan of other projects was 3-4 years. Further, several projects had a delayed start or encountered interruptions on account of civil war, Ebola epidemic, coordination issues and internal factors. Only a few have completed piloting the products and channels developed under MLE at the mid-term stage. Consequently, most projects are left with an implementation period of only one or two years, which is too limited to ascertain the programme's impact. Consequently, the evaluator's opinion on the likelihood of the programme achieving the intended outcomes, based on the programme design and performance so far, is not only till the end of term but beyond it.

With regard to outcomes, approximately 81% of the targets had been achieved by Q2 2015 thereby suggesting that the programme is well-poised to meet its overall targets. However, significant project wise variations in performance were noted. It is important to note that the growth ratios cannot solely be attributed to MLE. In terms of realising the KPI targets related to savings (amount mobilised and savers reached) as set out in the PBA, the evaluation team observes that the programme as a whole is lagging behind schedule as analysed in **Chapter 7**. By mid-2015, the FSPs have achieved just 12% of their self-determined target net increase of voluntary savers. In terms of deposits mobilised, the FSPs as a whole had achieved just 44% of their self-declared end-term targets, though part of that underachievement is due to the devaluation of the currency in some of the project countries, in particular Malawi and Ghana, during the implementation period. While reporting, the deposit balance is converted into USD by the FSPs using the existing exchange rates which decreases the deposit balance in USD than it actually would have been if currency was not devalued. High inflation in Ghana as well as portfolio quality issues in Malawi, Burundi, Tanzania, Rwanda and Ghana also impeded project performance. Further, a recent revision in the agency banking guidelines in Ghana that now permits MNOs to setup wholly owned subsidiaries and offer payment services independently is a threat to the operations of brick and mortar FSPs with higher cost structures and lower outreach in comparison to MNOs.

Chapter 8 of the report analyses the sustainability aspects, and indicates that while FSPs have improved their performance on reported ratios on sustainability, there are concerns with the quality of reporting especially underreporting of portfolio at risk for FSPs like SASL. Some FSPs (like village banks in Cameroon and U-SACCOs in Rwanda) continue to have a manual MIS which is prone to errors and as a result are not able to report on portfolio quality accurately. The evaluation team also observed that while a few FSPs are profitable, their dependence on low balance savings is negligible, raising doubts about the continuation and improvement of these newly developed products once the project ends. On the other hand, there are FSPs which may not be profitable yet, but as low balance savings now constitute a sizable component of their total sources of funds, they are expected to retain their focus and thus perform better on sustainability. Despite challenges related to technology, connectivity and liquidity issues that hinder the development of alternate delivery channels, coordination issues between partners, political instability and epidemics, the MLE projects prove that there exists significant potential for scaling up low balance savings products. In addition to benefitting clients, this will also provide FSPs with an avenue to acquire low cost funds. Having realized this, low balance savings mobilization is integrated in the long term strategy of several FSPs like SASL-Ghana, UGAFODE-Uganda, MCB- Tanzania and NBS Bank-Malawi.

Overall, the MLE programme has been successful in encouraging FSPs to develop low balance savings products, introducing alternate development channels and information systems and above all, catalysing access to savings led financial services in SSA. Several key lessons emerging from the mid-term evaluation of the programme have been summarized in **Chapter 9**. The recommendations emerging from the mid-term evaluation indicate a need for

- Due diligence to include more in-depth work including audits (portfolio/MIS) and references to rating reports (if any) to ensure that problems are identified and baseline figures are accurate.
- Higher FSP involvement in proposal formulation wherever possible for better ownership of the project deliverables.
- Synergy with existing country programmes for maximising impact. In cases where no specific programme/s are operational, the design should incorporate leveraging of the work of other donors and multilaterals with similar thematic/sector interests and such collaborative efforts and resources should be given priority while selecting proposals.
- Improving effectiveness through efforts at the design stage of the country programmes to balance the emphasis between organisational change and the achievement of quantitative targets.
- Increasing the strength of the PMU and mandating quarterly monitoring visits to strengthen UNCDF's engagement with the partners and also provide deeper insights into the contextual challenges. Programmes operating in countries where UNCDF representatives are situated have benefitted significantly from the timely on-the ground support provided.
- A higher priority to be accorded to MIS and reporting systems for informed decision making
- Rationalisation of reporting and greater focus should on the quality rather than the expanse of data.
- The on-site presence of TA providers rather than adopting the presently predominant short-term consulting approach.
- According financial education efforts greater priority from the start; these are only beginning to be mainstreamed now. The low effectiveness of group linkage activities and the issue of dormant accounts faced by some of the programmes could have been mitigated by focusing on client education from the start.
- Tempering expectations on sustainability – the outcomes focus should be on capturing the degree of institutional changes achieved on account of the programme instead of on the immediate contribution to financial sustainability.
- A greater priority to knowledge management; considering the slow progress achieved on this front at the mid-term stage and limited emphasis until now on codifying the lessons learnt and outcomes realised.
- Organising, in future, a programme initiation workshop, after awarding grants and signing PBAs, in which all the partner FSPs/TSPs can share their implementation approaches and also provide an opportunity to UNCDF to explain their expectations from each of the programme partners as well as their reporting requirements.
- Having a better buy-in and active involvement of national stakeholders including government, policymakers like central banks and other major donors through a steering/advisory committee in each programme country.

The way forward for the MLE programme for the remaining period of the programme and beyond it (for the FSPs) for the scaling up of interventions and outreach, has to be a more concerted effort on three essential activities, (i) savings groups linkage, (ii) digital financial services as the alternative delivery channel, and (iii) financial education. These form the key features of the project methodology in various countries. If FSPs are able successfully to internalise these in their strategies and practices, the MLE programme would undoubtedly provide a solid demonstration of low balance savings contributing to the sustainability of FSPs and, through their successful operations and growth, in achieving financial inclusion.

Chapter 1

Scope and Objectives of the Evaluation

1.1 About the programme

United Nations Capital Development Fund's (UNCDF) Global Thematic Initiative (GTI), MicroLead (ML) was conceptualized in 2008 to further the organization's focus on 'new frontiers' through the creation of the LDC Fund to Develop Savings-led Market Leaders for Inclusive Finance, also known as MicroLead. Sponsored by the Bill & Melinda Gates Foundation (BMGF), the programme aimed to create savings focused market leaders through the provision of technical assistance and capital support to greenfield financial institutions from the South keen to enter into and establish resilient institutions in the underserved Least Developed Countries (LDC). It was expected that the programme would complement UNCDF's Country Support Programmes (CSPs) and thereby promote innovative business models to catalyse savings led financial inclusion by regulated financial service providers (FSPs).

In September 2011, UNCDF, in partnership with The MasterCard Foundation (MCF), launched a parallel six-year expansion of the MicroLead programme with a budget of US$23.5 million to increase access to savings driven microfinance to a minimum of 450,000 low income individuals in Sub-Saharan Africa (SSA). The programme targeted women and clients in rural areas with a minimum outreach target of 50% for both categories. Unlike its predecessor, the MicroLead Expansion programme's focus was not limited to LDCs. Further, the programme's intention was to attract experienced institutions or networks from developed and developing countries to increase the capacity of financial institutions providing low balance savings either through the provision of technical assistance to FSPs or through the establishment of greenfield institutions. MLE also has a strong focus on harnessing the potential of technology driven alternate delivery channels in broadening outreach to financial services and translating access to usage by embedding financial education to customers in each project.

1.2 Purpose and objectives of the evaluation

The mid-term evaluation of the MicroLead Expansion (MLE) programme was conducted as indicated in the project document and in accordance with UNCDF's Evaluation Plan (2014–2015) and its broader Evaluation Policy[1], which sets out a number of guiding principles, norms and criteria for evaluation in the organization. UNCDF's evaluation policy stipulates that the evaluation should be independent, impartial and of appropriate quality and also generate relevant and useful information to support evidence-based decision making. Independence, focus on generating strong lines of evidence and robustness were the guiding pillars of any evaluation.

The broader purpose of this mid-term evaluation was i) to allow UNCDF and MCF to meet their accountability objectives, and ii) to ensure that the evaluation can support the ongoing attempts by the programme and its funders to capture good practices and lessons to date in a sector which is still relatively new and focusing on innovation. It has built on the lessons learnt and recommendations generated from the mid-term evaluation of the original MicroLead programme conducted in 2012.

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[1] Requirements for evaluation in UNCDF sit within the broader framework of UNDP's Evaluation Policy which was approved in 2011. The purpose of the policy is to establish a common institutional basis for the UNDP evaluation function, including UNCDF. The policy seeks to increase transparency, coherence and efficiency in generating and using evaluative knowledge for organizational learning and effective management for results, and to support accountability. See the following link for more details: *http://web.undp.org/evaluation/policy.htm#vi*

The evaluation objective was to assess both the results to date as well as the likelihood of the programme meeting its end goals on the basis of its current design, human resource structure and broad implementation strategy. The evaluation followed a forward looking approach and aimed to provide useful and actionable recommendations to increase the likelihood of success by the end of the programme in 2017. The **overall objectives** of the evaluation were to

- Help MCF and UNCDF understand the relevance, efficiency, effectiveness, likely impact and sustainability of the MicroLead Expansion programme to date;
- Provide an independent assessment of the strengths and weaknesses of the MLE programme looking at the results achieved to date and the likelihood of accomplishing the end objectives on the basis of current implementation;
- List key conditions necessary for the scaling-up and replication of the model in the future and/or recommendations on where an extension of the programme should focus (for example, further down-market via savings group linkages, and/or to widen focus to include credit, particularly to the 'missing middle');
- Assess as to how effectively UNCDF has positioned itself with both national and international development partners in its attempts to support innovative solutions in savings-based financial inclusion in the supported countries.

1.3 Approach to the evaluation

Though the Project Document and the Request for Proposal (RFP) for mid-term evaluation clearly articulated the scope and objectives of the evaluation, the evaluation team had tele-interactions with the UNCDF Evaluation Unit, Programme Management Unit (PMU) and MasterCard Foundation representatives to understand their expectations from the mid-term evaluation.

In line with UNCDF's emphasis on designing evaluations having strong methodological rigour, the evaluation team built its approach around UNCDF Evaluation Unit's standardized SPIRE framework that puts together a theory of change based on a set of common evaluation questions for each of its practice areas. The framework draws from the internationally used OECD/DAC criteria[2]: relevance, efficiency, effectiveness, impact and sustainability. These criteria are further broken down into sub-questions and verifiable lines of evidence with the aim of ensuring a high quality and rigorous evaluation. In order to provide a compelling fact based analysis, a data collection toolkit replete with stakeholder mapping, interview checklists, questionnaires for individual interviews, templates and guidelines for focus group discussions was developed and finalized, post feedback from UNCDF's Evaluation Unit and Programme Management Unit.

The mid-term evaluation assessed the programme's shift from ML to MLE coupled with the changes evinced at the institution and client level along with broader sector level impact especially in terms of knowledge management, which is also a key component of MLE. However, given that the macro level impact was not a direct output of MLE and was perceived to be a positive externality, the scope of the evaluation was limited to capturing instances of reported impact of the programme on the larger financial ecosystem of which MLE was a part. Further, the evaluation has been designed to capture institutional contextual variations while assessing the programme's influence on the participating institutions as well as clients. Given that the focus of the programme was to scale access to and usage of financial services, particularly savings, one of the core focus areas of the evaluation was to gauge FSPs' perceptions as to whether or not there existed a compelling business case for offering low balance savings to the rural underserved and women in Sub-Saharan Africa.

[2] Development Assistance Committee (DAC) of Organization for Economic Cooperation and Development (OECD)

Also, while it may be premature to measure the impact of the programme on the lives of the beneficiaries, the evaluation tried to answer the over-arching question as to whether the processes adopted are appropriate for achieving the programme objectives. As most country projects were Technical Service Provider (TSP) led, an obvious area of investigation centred on the level of ownership demonstrated by the Financial Service Providers (FSP) and the relationship between the FSP and TSP. The programme's overall feasibility, quality of projections cited in the application and the TSP/FSPs' capability to execute what they had set out to do were also assessed as a part of the evaluation. Other aspects of the evaluation included an appraisal of the programme design, management support, selection criteria and process, changes in FSP's governance, processes, systems, their product suite and commitment to client protection principles introduced on account of the Micro-Lead Expansion programme; the analysis was informed and enabled by client feedback.

1.4 Evaluation framework

After a thorough review of the programme literature, a well-articulated results chain with clearly traceable pathways to change was formulated, followed by the design of a comprehensive evaluation matrix assessing each TSP/FSP's performance on the OECD/DAC criteria and the development of a data collection toolkit.

Theory of change

The MicroLead Expansion Programme aims to alleviate poverty and thus contribute to the achievement of Millennium Development Goal (MDG) I by providing access to formal savings products and services to 450,000 low income people and particularly women and the rural population in selected countries of Sub-Saharan Africa (the least banked region of the world). The programme supports a variety of FSPs including greenfield initiatives through capacity building for scaling-up their deposit services to low-income populations via alternative delivery channels, use of technology and financial education. The programme's theory of change is explained in **Figure 1.1**, which also draws from the results chain used by the Evaluation Team to frame measurable evaluation questions and sub-questions discussed below.

Evaluation criteria

As a first step, using the theory of change framework, the evaluation situated the programme intervention into a wider context and considered how programme inputs and outputs were intended to be transformed into results in terms of immediate and longer-term outcomes and impact. Following the theory of change framework, the evaluation matrix assessed the contribution of MLE at four levels:

a) Programme
b) TSP/FSP
c) Clients and
d) The broad inclusive finance systems in which the programme has intervened.

The evaluation questions across the above four levels were based on the five OECD/DAC evaluation criteria. **Table 1.1** below summarises the evaluation questions that were explored by the evaluators – a more detailed description of the main questions and sub-questions is provided in **Chapter 3** (**Section 3.1**) of this report.

Figure 1.1: Expanded Theory of Change for MLE Programme

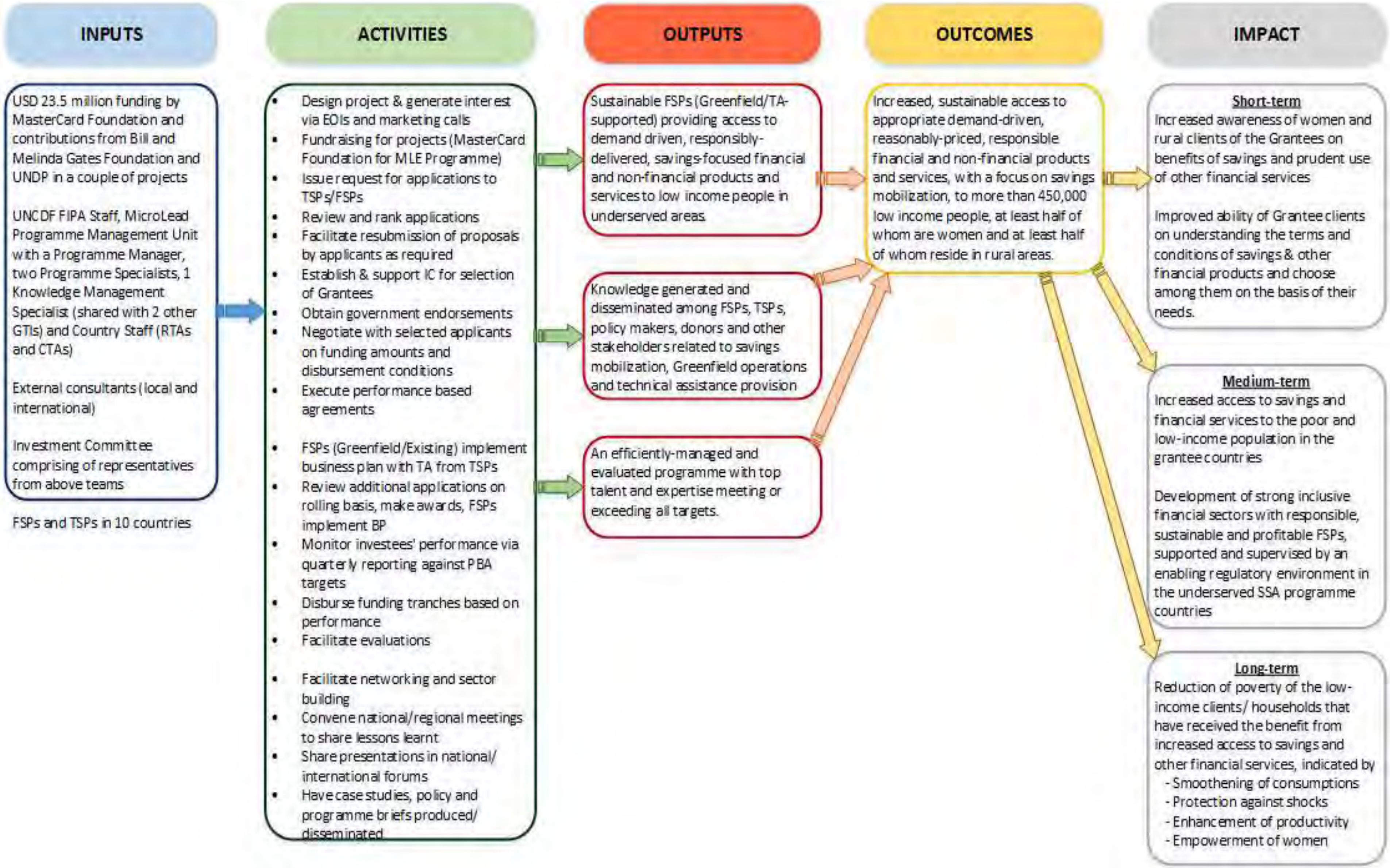


Table 1.1: Evaluation criteria and questions

OECD/DAC Criteria	Main questions
Relevance and quality of programme design	Is the programme relevant to the context and how well designed is the programme to meet its broader objective to promote savings-focused financial inclusion?
Efficiency of programme management	How well has the programme delivered the expected results?
Effectiveness: organisational change of supported FSPs	To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial and non-financial services to low income rural populations, particularly women?
Effectiveness: market demonstration, up-scaling	To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?
Likely impact	To what extent is the programme on track to contribute to improved access to and usage of financial products and services for low-income rural populations?
Sustainability	To what extent are programme results likely to be sustainable in the context of FSP sustainability?

Note: Detailed description of the main questions and the sub-questions in Chapter 3

1.5 Incorporating elements of gender and human rights

The evaluation integrated gender equality and human rights issues at each level of the MLE programmme. This was particularly pertinent given the programme's target of reaching out to 50% women depositors. Consequently, the questions framed in the evaluation matrix developed by M-CRIL explore whether the programme is truly representative and reaches the target clientele and also probes for potential exclusions within the wider population segments. While it may be premature to measure impact at this stage of the programme, the evaluation did attempt to assess its contribution to changes in clients' income, smoothening their consumption and enhancing their coping abilities, financial literacy and ability to make prudent financial decisions. The level of empowerment and equality disaggregated by both gender and location was also covered. In addition, the evaluation sought to understand the FSPs' ability and willingness to scale and sustain the programme to the target group by the time of its completion.

Prior to undertaking the evaluation, all team members signed the UNEG Code of Conduct and familiarized themselves with the principles cited in the UNEG Human Rights and Gender Equality Handbook. In order to ensure that the evaluation was inclusive and participatory, the evaluation team developed a research protocol for taking into account gender related differences in field research. Furthermore, the team also ensured coverage of different client segments including, but not limited to, men and women; youth, adults and the elderly as well as members from different communities. The team ensured that within genders, voices and opinions of people from different socio-economic strata, occupations, communities and age groups were heard in order effectively to assess whether the programme was truly reaching rural poor and under-served women. While client interview and FGD respondents were randomly sampled, care was taken to solicit the opinion of a diverse and representative sample.

Chapter 2

Programme Profile

2.1 Programme description and background

The resolve of the world leaders to reduce poverty was echoed in a targetted manner in the Millenium Development Goals (MDGs), which set a goal of reducing global poverty by half by 2015. Numerous empirical studies including Jack Kendall's "A Penny Saved: How Do Savings Accounts Help the Poor[1]", Banerjee and Duflo's "The Economic Lives of the Poor[2]" and the landmark "Portfolios of the Poor, How the world's poor live on US$ 2 a day[3]" to name a few, have proved that sustainable access to finance goes a long way in lessening inequalities, providing opportunities to the poor thereby reducing poverty and also creates robust financial institutions better positioned to withstand economic crises. Building on these twin facts of global commitment to reduce poverty and the demonstrated link between poverty reduction and access to finance, UNCDF conceptualised a US$ 28 million global programme, the LDC Fund to Develop Savings-led Market Leaders for Inclusive Finance (MicroLead or ML), in 2008 with the support of the Bill & Melinda Gates Foundation. Considering the fact that the key bottleneck towards accessing financial services is the lack of strong institutions providing a broad range of financial services, especially savings,to serve large numbers of people on a sustainable basis, the focus of ML was on supporting premier south based organisations to set up resilient savings-focussed institutions in LDCs. Till 2014, ML programme awarded funding to 15 projects worth $22.5 million in 13 countries covering Asia, Africa and the Pacific. The programme has far exceeded its target of reaching 525,000 new depositors through its programme partners.

Buyoed by the success of ML, UNCDF in partnership with the MasterCard Foundation in 2011 launched a parallel six-year expansion of the MicroLead programme with a budget of US$ 23.5 million. The MicroLead Expansion (MLE) programme also focused on promoting savings-led institutions and therefore employs a similar methodology as ML. However, learning from the ML programme a few critical changes were introduced in the programme design (summarised in **Box 2.1**). Under MLE, projects in non-LDC countries were also considered and in addition to Financial Service Providers (FSPs), networks/technical services providers (TSPs) were also eligible to apply. Considering the fact that Greenfield ventures take time to show results and often encounter delays in starting due to extant regulation as well as findings from the market research conducted by FIPA which showed there was limited interest in green-fielding, MLE shifted the focus to existing institutions. The MLE programme aims to increase access to microfinance, particularly savings services, to a

> **Box 2.1**
> **Key differences of MLE with ML**
>
> - Focus on both LDCs and Non-LDCs in Sub-Saharan Africa
> - TSPs and Networks also made eligible
> - Greenfield plus existing institutions
> - Emphasis on use of technology/alternative delivery channels, inclusion of financial education component and value add to UNCDF/industry

[1] Jake Kendall, 2010. A penny saved: Do savings accounts help the poor? Financial Access Initiative, November 2010
Westley and Palomas 2010. Is There a Business Case for Small Savers? CGAP/The World Bank, September 2010
Elizabeth Littlefield, CEO CGAP as quoted in "The Changing Face of Microfinance Funding", 20 December, 2007, © Copyright 2007, FORBES.com, All Rights Reserved. http://cgap.org/press/press_coverage83.php.
[2] Banerjee and Duflo (2007), "The Economic Lives of the Poor", Journal of Economic Perspectives
[3] Collins, Morduch, Rutherford, and Ruthven, 2009. "Portfolios of the Poor: how the world's poor live on $2 a day", Princeton University Press

minimum of 450,000 low income people in Sub-Saharan Africa (SSA), at least half of whom are women and half of whom reside in rural areas.

Further, MLE has a strong learning agenda, which has been done with the twin objectives of strengthening knowledge around the development of savings products by financial institutions in developing countries and testing various hypotheses, including the key hypothesis of the programme that savings-led approaches create stronger and more resilient financial service providers. The MicroLead Expansion programme employed a competitive process to select the various implementing partners and is currently operating in ten countries (Rwanda, Malawi, Cameroon, Liberia, Tanzania, Burundi, Ghana, Uganda, Benin and Burkina Faso).

2.1.1 MLE programme objectives and goals

Based on the extensive literature review and situation analysis, the MLE programme's goal, specific objective/outcomes and outputs have been conceptualised as shown below.

MLE Goal - The overall goal of MLE is contribute to the development of strong inclusive financial sectors and the achievement of the MDGs, particularly the specific goal of poverty reduction by half by 2015, by supporting the expansion of savings-led microfinance market leaders in underserved countries in Sub Saharan Africa (SSA).

Outcomes - The outcome targeted by the end of the programme (June 2017) is increased and sustainable access to appropriate demand-driven responsible financial and non-financial products and services, with a focus on savings mobilization, to more than 450,000 low income people, at least half of whom are women and at least half of whom reside in rural areas of Africa (SSA).

Outputs

1. Sustainable FSPs (Greenfield/TA-supported) providing access to demand-driven, responsibly-delivered, savings-focused financial and non-financial products and services to low income people in underserved areas.
2. Knowledge generated and disseminated among FSPs, TSPs, policy makers, donors and other stakeholders related to savings mobilization, greenfield operations and provision of technical assistance.
3. An efficiently-managed and evaluated programme with top talent and expertise meeting or exceeding all targets.

2.1.2 Project hypothesis

The MLE programme and its predecessor ML are both guided by the Millennium Development Goal (MDG) of reducing extreme poverty by half by 2015. <u>Access to financial products and services is considered to be a direct tool</u> for enabling nearly two billion people who live on less than $2 a day, to protect, diversify & increase their sources of income. The key hypothesis guiding the ML programme, as understood by the evaluation team, is as below (**Box 2.2**).

Box 2.2: Key hypothesis guiding the ML programme

Enabling access to appropriate savings products and services to the poor (along with other financial services), particularly for women and households in rural areas, can have large-scale impact on poverty reduction and would therefore contribute significantly towards the achievement of the MDG of reducing extreme poverty by half by 2015.

While the key hypothesis of MLE was the same as its predecessor ML, notable changes introduced included the inclusion of non-LDCs as target countries in SSA and allowing networks/technical services providers to apply in addition to FSPs as highlighted in **Box 2.1** above. The **sub-hypotheses,** which formed the backbone of the MLE programme for addressing the key hypothesis, as understood by the Evaluation Team are as below (in **Box 2.3**).

Box 2.3: MLE Programme - Sub-hypotheses for addressing the key hypothesis

1. Provision of technical assistance to existing FSPs or newly established greenfield institutions through experienced networks/TSPs leads to more efficient and effective capacity building of financial institutions in the area of savings and particularly small-balance accounts.

2. MLE programme helps leverage a grantee's ability to scale up (particularly in rural areas with focus on women & financial education) and introduce innovations (like product diversification & use of technology led alternate delivery channels like mobile money, branchless banking, etc.).

3. Establishment of a new greenfield (by introducing a market leader into a country) or supporting an existing FSP results in a demonstration effect which leads to improved standards of the microfinance sector of the country, increased outreach and a better legal and regulatory environment.

4. Focus on savings-led financial institutions results in stronger, more resilient FSPs as well as end-clients.

2.1.3 Key project partners

Key programme inputs have been provided at three levels - the programme's primary sponsor MasterCard Foundation (MCF), which provided funding of US$23.5 million for implementation; the grantor/implementer UNCDF/FIPA, which through the MicroLead Programme Management Unit (PMU), conceptualised the expansion phase of MicroLead Programme, selected the projects and provided monitoring; and the programme partners including TSPs, FSPs and other stakeholders who were involved in various country level initiatives for the achievement of the overall programme goals. The inputs from the UNCDF team also includes the support from the investment committee (IC), group of advisors and a team of external consultants for various activities that were undertaken at the initiation of the programme and during the course of implementation. **Table 2.1** summarizes the country projects.

Table 2.1: Contours of MLE intervention across countries

Country	Roles & responsibilities of the key stakeholders
Cameroon	• TSPs (BASIX and PAMIGA) to expand appropriate savings, credit and insurance products to the rural poor, along with significant improvements in the governance, systems, and MIS of participating FSPs • Providing support to all FSPs (CEC, A3C & UCCGN) for strengthening their savings operations with enhanced systems and processes (HR, ICT, risk) in place • Strengthening the institutional capacity of all FSPs by reviewing and improving their current product portfolio to increase outreach in rural areas • Strengthening governance and providing capacity building support to all FSPs • Build capacities and improving the knowledge management and dissemination function of national TA provider MIFED
Burundi	• CRDB, Tanzania with TA support from CRDB Microfinance Services, to establish a greenfield institution CRDB, Burundi having a client base of microfinance institutions (SACCOs) with a focus on savings led financial services • Introduction of retail (individual) microfinance services with a focus on savings • Development of appropriate savings products and services targeting women and youth • Introduction of agriculture value chain and rural financing • Documentation of programme learnings
Ghana (CARE)	• CARE International, Ghana to build the capacity of Fidelity Bank through the design of appropriate products, training staff on financial linkages and linking Savings Group (SG) members to Fidelity Bank for access to formal financial services coupled with financial education of savings group members • To institutionalize the project, through the dissemination of results and lessons learnt through annual reviews and workshops
Ghana (OI)	• Opportunity International to support the transformation of Sinapi Aba Trust (SAT) to Sinapi Aba Savings and Loan Groups (SASL) to enable deposit mobilization and launch of savings products (passbook and term, then demand deposit) • Developing savings products and financial services delivery channels via netbooks, PoS and exploration of mobile banking • Staff capacity building, financial literacy trainings, improving institutional capacity to support deposit mobilization and mobile banking • MIS upgrade and branch conversion from a sub-branch to a full-fledged branch
Rwanda	• WOCCU working with 90 U-SACCOs to create new depositors, mobilise savings and catalyse financial sustainability of these institutions • Responsibilities included conducting financial and institutional diagnostics of the U-SACCOs, ratifying project participation agreements with the U-SACCOs, training U-SACCOs on policies and internal controls, and on imparting financial literacy to members, preparing and implementing marketing plans and providing technical assistance to Government of Rwanda to setup a cooperative bank
Tanzania	• The CARE-MCB partnership aimed to provide formal financial services to savings group members through their linkages to MCB, financial literacy training, and development of new saving products, which could be offered to savings groups • CARE to help MCB in integrating the new products & technology in its mainstream operations, train bank staff in product delivery to SGs and support MCB in increasing its outreach through its existing base of Villages Agents (VAs) & Franchisees • Build the capacity of the VAs and Franchisees to impart financial literacy trainings, financial linkage trainings to SGs and ultimately link matured SGs to MCB

Country	Roles & responsibilities of the key stakeholders
Liberia	• Establish four Regional Credit Unions (RCUs) and complete the remodelling of Liberian Credit Union National Association (LCUNA) Headquarters • WOCCU Liberia to support the development and rollout of at least 4 new financial products (including 2 savings and 2 credit products) by the RCUs established under the project • Support LCUNA and the Central Bank of Liberia's (CBL) vision for a unified credit union movement to promote financial inclusion through the formation of 4 new regional credit unions to serve as the standard for credit unions in Liberia • Improve the operations and capability of LCUNA to provide support and maintain a network of economically sound credit unions in Liberia
Uganda	• Ugafode Microfinance Limited (Ugafode) to develop cost effective, client-responsive savings products with the support of TSP, MEDA • Develop the capacity, experience & knowledge of Ugafode to expand their outreach of savings clients through innovative client-driven savings products and services • Key inputs include IDEO.org on user centred product designs, development of behaviour marketing strategy by 17 Triggers and development of mobile financial services.
Malawi	• WWB to provide technical assistance to NBS Bank for increasing savings outreach to the unbanked population through innovative channels like agency banking via tie ups with Malawi Post and Airtel • Activities included planning and conducting institutional diagnostics, preparing strategies for developing alternative delivery channels, customer research, product development, marketing & financial education, incentive management systems, product pilot, roll-out, monitoring and knowledge sharing
Benin	• Alafia to support CPEC to operationalise alternative delivery channels using mobile phones given to doorstep Susu officers for mobilizing savings • Strengthen CPEC's capacity to improve adherence to client protection principles and provide financial education to clients • Facilitate knowledge sharing with the remaining FSPs in the country
Burkina Faso	• Freedom from Hunger (FFH) to design and scale up cost-effective models of group-based savings services for two FSPs (SOFIPE and RCPB) using digital channels so that the rural poor and women can access formal financial services • Improve women's financial capabilities through group-based and technology-driven financial education • FSPs adopt and operationalise client protection principles; knowledge products and best practices disseminated amongst stakeholders

Note: Data sources include minutes of Investment Committee meetings and the respective PBAs

2.1.4 Expected results

The following programme outputs were mentioned in the ProDoc.

a) Sustainable FSPs (Greenfield/TA-supported) providing access to demand driven, responsibly-delivered, savings-focused financial and non-financial products and services to low income people in underserved areas. The year wise targets, indicative of achievement of this output, is shown in **Table 2.2** below.

Table 2.2: MLE programme annual targets

2013	2014	2015	2016	2017
At least 8 grants issued to FSPs/ TSPs	At least 8 FSPs/ TSPs have a credible plan for offering savings products 80,000 increase in number of FSPs clients by end of 2013 At least 8 FSPs are on track to become profitable in accordance with the business plans.	200,000 increase in number of FSPs clients by end of 2014 At least 8 FSPs are on track to become profitable in accordance with the business plans.	300,000 increase in number of clients by end of 2015 At least 8 FSPs are on track to become profitable in accordance with the business plans.	450,000 increase in number of clients by end of 2016 (50% of whom are female and 50% are rural) FSPs continue to sustainably expand outreach after end of programme support, contributing to the development of an inclusive financial sector in their respective countries

b) Knowledge generated and disseminated among FSPs, TSPs, policy makers, donors and other stakeholders related to savings mobilization, Greenfield operations and technical assistance provision; specific targets, indicative of achievement of this output is as below in **Table 2.3**.

Table 2.3: MLE programme annual targets

Mid-term	By 2017
Lessons learned on MicroLead collected and presented at 6 **Country and/or Global** forums MicroLead Expansion is on the agenda of FIPA Global Annual Retreat (Global) Teamworks on the internet is launched and active (Specific to LDCs in SSA; expected membership of 50 by 2014)	6 case studies produced on savings-focused methodologies (National/Regional as well as Global) 6 policy or program briefs (National/Regional as well as Global) 8 presentations by FIPA grantees at trainings or conferences (National/Regional) All grantees report performance data on the MIX Market (National/Regional as well as Global) 4 national or regional meetings convened to improve TA/Greenfield operations in the Field (3 national/regional and 1 global) 8 meetings with policymakers (National/Regional)

Source: MLE Programme Document

c) An efficiently-managed and evaluated programme with top talent and expertise meeting or exceeding all targets. The specific targets include (i) hiring of one MicroLead Manager and two

MicroLead Programme Specialists, (ii) conducting Mid-term and Final evaluations and (iii) timely completion of various activities and meeting and/or exceeding of targets.

2.2 Current programme implementation status

2.2.1 Programme budget & allocation

Of the total budget of US$ 23.77 million for the MLE programme, to which MCF was the major contributor along with smaller grants from the United Nations Development Programme (UNDP) and Bill and Melinda Gates Foundation (BGMF), grants of US$ 16,239,759 have been awarded to 11 projects. The details of these grant allocations are in **Table 2.4**.

Table 2.4: Grant awarded to the various programme countries

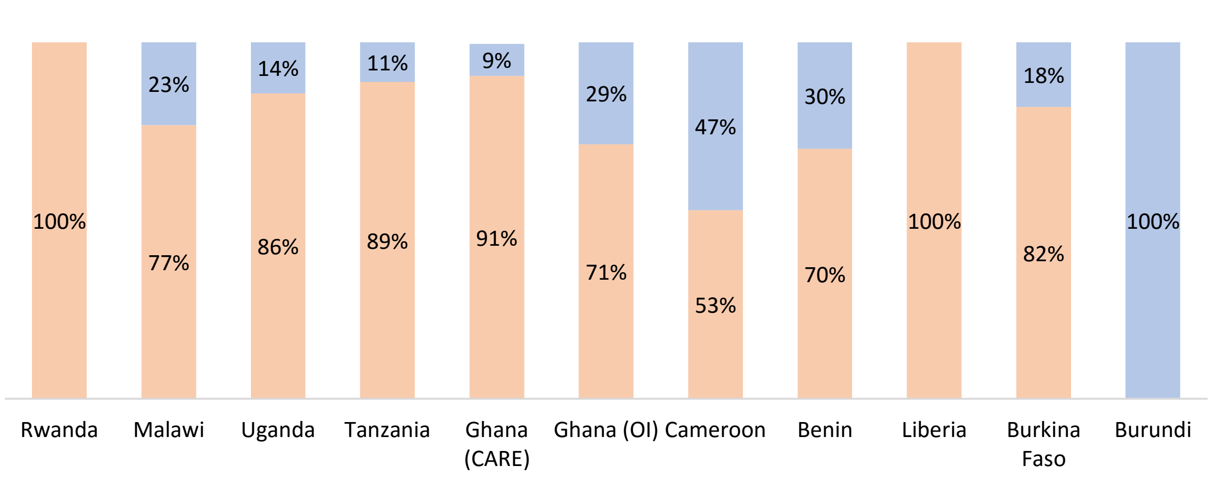
Country	PBA Execution Date	MCF ($)	UNDP ($)	BMGF ($)	Total ($)
Rwanda	November 2012	2,097,500	77,500	-	2,175,000
Malawi	February 2013	1,724,715	-	-	1,724,715
Uganda	June 2013	945,835	-	-	945,835
Tanzania	May 2013	1,874,068	-	-	1,874,068
Ghana (CARE)	May 2014	2,070,235	-	-	2,070,235
Ghana (OI)	September 2013	700,000	-	-	700,000
Cameroon	March 2013	1,680,550	-	-	1,680,550
Benin	March 2015	619,356	-	-	619,356
Liberia	April 2013	2,450,000	-	-	2,450,000
Burkina Faso	March 2015	1,300,000	-	-	1,300,000
Burundi	May 2013	510,436	-	189,564	700,000
Total		**15,972,695**	**77,500**	**189,564**	**16,239,759**
% of total		**98.36%**	**0.48%**	**1.17%**	

Source: PBAs with TSPs/FSPs in various programme countries

Budgetary allocations have been made in accordance with the programme's indicative budget, proposed scope & scale as well as the grantee's ability to raise funding from multiple sources. For instance, the programme in Liberia aimed to establish four Regional Credit Unions, provide capacity building support to the Liberian Credit Unions National Association (LCUNA) and also construct new premises for housing these institutions. Likewise, in Rwanda WOCCU proposed to develop the capacity of 90 U-SACCOs through product development, policy harmonization, capacity building, needs assessment and setting up of a MIS, while CARE Ghana and Fidelity Bank aimed to link SGs in the country's remote northern hinterlands with the bank through agent banking. Given the scope & scale of these projects, a comparatively higher amount of funding were allocated to them.

Except for Rwanda, where WOCCU (TSP) is the sole recipient of the grant and the two Greenfield projects in Burundi and Liberia, the grant was apportioned between the TSP and FSP in all other programmes. **Figure 2.1** depicts the proportion of funding awarded to each programme partner and highlights that the bulk of the grant was received by the TSPs who were responsible for supporting the FSPs in conducting needs assessment, market research, development of savings and credit products, development of channels, development and upgrade of IT systems, capacity building and in incorporating Client Protection Principles (CPP) in FSPs products and processes, and offering financial education to customers.

Figure 2.1: Division of grant between TSP and FSP



It is to be noted that even though 100% of the grant was committed to WOCCU Rwanda, a significant component of the funds were to be utilized for the purchase of MIS, which would be an asset of the U-SACCOs. Discussions with WOCCU, Acess to Finance Rwanda (AFR) and UNDP suggest that WOCCU would be paying around US$ 200,000 to MINECOFIN for the procurement of MIS; the remainder would be funded through UNDP's BIFSIR project's budget of US$ 175,000, while AFR has committed US$ 350,000 for procurement of the MIS. Likewise, in Liberia, a significant proportion of the grant was allocated for constructing 4 RCU buildings and LCUNA's headquarters which will become assets of the RCUs and LCUNA at project end.

2.2.2 Fund disbursement status

Figure 2.2 indicates the quantum of funding disbursed to each programme, as on 31st December 2015. Funds are released in tranches and linked to the completion of tasks and reaching targets stipulated in the PBA.

Figure 2.2: Percentage of funds disbursed (up to 2015) out of total funds committed (project wise)

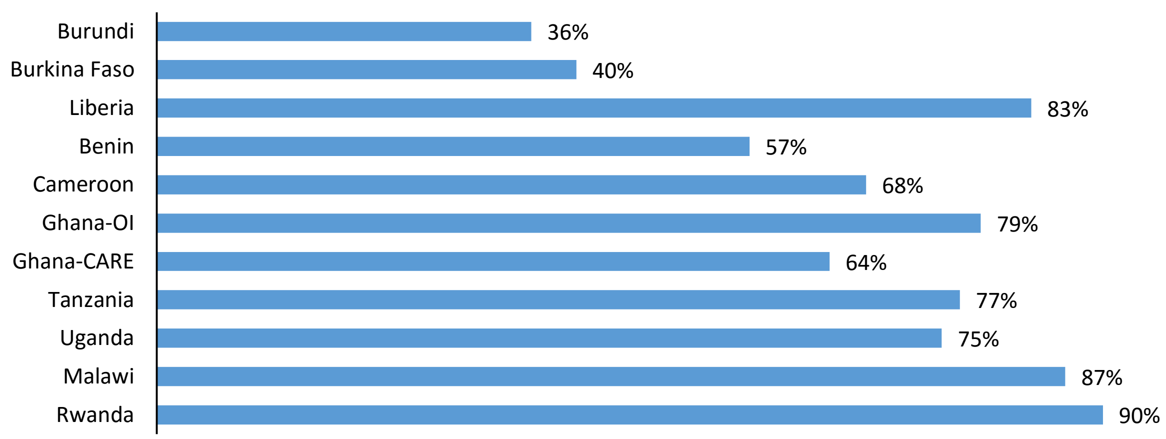


Table 2.5 provides details on the amounts committed and disbursed, till 31st December 2015.

Table 2.5: Funds committed and disbursed

Country	TSPs/FSPs	Committed ($)*	Grants disbursed ($) (December 2015)
Rwanda	WOCCU	2,175,000	1,961,884
Malawi	WWB	1,324,715	1,193,810
	NBS	400,000	300,000
Uganda	MEDA	809,995	619,014
	UGAFODE	135,840	88,920
Tanzania	CARE	1,666,568	1,247,421
	MCB	207,500	187,500
Ghana I	CARE	1,920,235	1,250,000
	FIDELITY	150,000*	110,000
Ghana II	OI	500,000	410,000
	SASL	200,000	140,000
Cameroon	BASIX	889,450	601,883
	MIFED	450,100	299,070
	A3C	94,500	64,390
	CEC	156,500	111,125
	UCCGN	90,000	59,890
Benin	Alafia	434,356	245,000
	CPEC	185,000	105,000
Liberia	WOCCU	2,450,000	2,042,517
Burkina Faso	FFH	1,064,720	425,888
	RCPB	119,924	47,970
	SOFIPE	115,356	46,142
Burundi	CRDB Bank	700,000	250,000
Sub-total		**16,239,759**	**11,807,424**

Note: There have been no changes in the amount of funds originally committed, except for Fidelity Bank Ghana. PBA amendments have resulted in extended timelines for the programmes in Rwanda, Malawi and Cameroon.
The grant funding allocated to Fidelity Bank was reduced from US$ 200,000 to US$ 150,000 post a PBA amendment in Dec'15.

It is evident that the projects in Rwanda, Malawi, Uganda, Tanzania, Ghana (OI-SASL) and Liberia have already received more than 70% of the allocated funds. WOCCU's initiative in Rwanda was the first of the MLE projects to be launched, while the projects in Benin and Burkina Faso were initiated in 2015, after a second RFA was issued for disbursing the unallocated funds. This justifies the relatively smaller quantum of funds disbursed to these projects, till date. Also, some of the projects were unable to meet the stipulated milestones on account of unfavourable political climate, regulatory restrictions, technology glitches and other coordination issues, which resulted in delaying future disbursements or required an amendment of the PBA.

2.2.3 Programme outreach

The MLE programme aimed to reach 450,000 new depositors over a period of five years, of which at least 50% should be women and at least 50% should be living in rural areas. In order to achieve its goal, baseline data on the number of clients was collected from each FSP and targets were set accordingly. **Table 2.6** provides a snapshot of the programme's outreach since its inception in December 2012 when the first project was launched in Rwanda, up to the second quarter of 2015 when the mid-term evaluation started. In between, other projects were launched gradually with the most recent ones in Burkina Faso and Benin. Country wise details are discussed in the analysis of DAC criteria in the subsequent chapters.

It is evident that the programme is on track to achieve the total number of new savers to be mobilised through products developed/refined under MLE, having achieved more than 80% of target at mid-term. However, it should be noted that more than 90% of this target has been reached through 3 FSPs – SASL Ghana, CEC & A3C Cameroon (country examples/variations are discussed below & in Chapter 5 on efficiency of MLE). The original targets set by the FSPs for their overall voluntary depositors have been half achieved with just 12-15 months more to go before the programme ends. The number of borrowers and gross loan portfolio of the partner FSPs had actually gone below the baseline figures reported by them at the time of application as shown in **Table 2.6**.

Table 2.6: Snapshot of outreach achieved under MLE (up to Q2 2015)

Parameter	Baseline	Programme Target	Achievement (Q2 2015)	% target achieved
Savers mobilised through products developed under MLE				
New active voluntary savers mobilised	0	450,000	362,919	80.6%
No. of products developed			25	
Amount of saving mobilised ($ million)			21.1	
% of women depositors		50%	Can't be estimated*	
% of rural depositors		50%		
Active voluntary savers with partner FSPs #	**Baseline**	**FSP-determined PBA targets**	**Achievement (Q2 2015)**	**% target achieved**
No. of active voluntary savers[#] (million)	2.17	5.58	3.07	55%
Voluntary savings balance with FSPs ($ million)	525.27	1,251.47[$]	554.93	44%
Amended** no. of active voluntary savers (million)	2.37	4.21	3.07	73%
Amended** voluntary savings balance with FSPs ($ million)		1,426.38	554.93	39%
% of women depositors to total depositors	No info	48.2%	41.5%^	
% of rural depositors to total depositors	No info	43.8%	35.1%^	
Active borrowers with partner FSPs				
No. of borrowers (million)	0.48	0.75	0.40	53%
Gross loan portfolio of FSPs ($ million)	1,297.14	2,383.35	739.52	31%
Amended** no. of borrowers (million)		0.75	0.40	53%
Amended** gross loan portfolio o FSPs ($ million)		756.27	739.52	98%
% of women borrowers to total borrowers	No info	40.6%	59.3%^	
% of rural borrowers to total borrowers	No info	41.2%	68.3%^	

Source: PBAs with various TSPs/FSPs, MLE MCF KPI reports & MLE Periodic Project Report Y4Q2 April-June 2015

Note:

* Many FSPs are not tracking segregated outreach data for women & rural savers as well as borrowers and their MIS is not equipped to capture such information. Among 17 FSPs, only A3C, CEC Cameroon & WOCCU Liberia reported for Q2 2015 that 45%, 67% & 38% of their voluntary savers are women. Similarly, only 5 out of 17 FSPs have reported information on proportion of rural depositors for Q2 2015 – NBS (29%), SASL (84%), WOCCU Liberia (41%), UCCGN (40%) & Ugafode (75%). Reporting to MIX on these parameters is therefore arbitrary in nature and un-verified. Moreover, MIX reporting is for the entire FSPs outreach and not for the achievements under the MLE programme.

[#] Voluntary savers are those depositors who save with the partner FSPs and includes those who save through products developed under MLE.

[$] Amendments were underway for a number of the projects to reflect revised baselines which were developed after system upgrades and data cleaning. The biggest change is for Fidelity Bank where the proposed end of project target (Dec 2016) has been reduced to 936,829 from the original self-declared target of minimum 2.54 million voluntary depositors.

** The baseline and endline targets have been changed for A3C, CEC, UCCGN, Fidelity Bank, NBS Bank and Ugafode in their recently amended PBAs.

^ Data reported by FSPs to MIX for Q2 2015 – represents average % of women and rural clients to total outreach of FSPs that have provided the data: In case of women depositors, data was not provided by Fidelity, MCB, CRDB and WOCCU Liberia and for rural depositor data was not available for Fidelity, CRDB & WOCCU Liberia. For women borrowers Fidelity, UCCGN, MCB, WOCCU Liberia and CPEC did not report data while for rural borrower data was not available for Fidelity, CRDB & WOCCU Liberia.

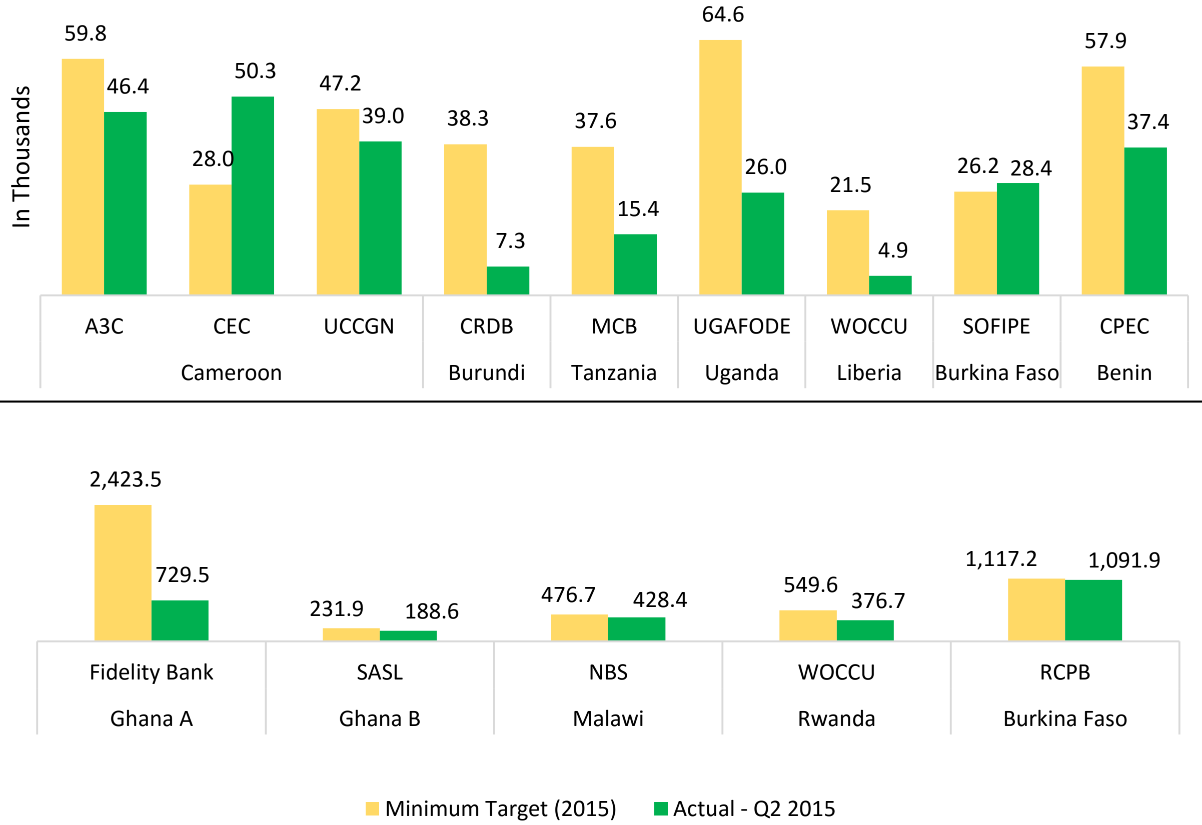
The portfolio growth has been affected by currency devaluation in most programmes (particularly in Malawi and Ghana), high inflation (average inflation from 2011 to 2014 was more than 10% in Ghana, Malawi, Tanzania, Burundi and Uganda) and portfolio quality issues – discussed in detail in Chapter 7 of the report. Also, over the course of the programme, realizing that the baseline data submitted by the many of the FSPs was overestimated and needed to be rectified, PBA amendments with corrected baselines and revised targets were made for four projects (Cameroon (A3C, CEC, UCCGN), Fidelity Bank, NBS Bank and Ugafode). Post a reduction in the targets of the above FSPs, it is seen that the programme is on track to meet its overall targets with regard to number of active voluntary depositors. However, in order to be truly effective, FSPs need to devote greater effort towards increasing uptake of the financial services developed under MLE. This is particularly true for SASL where post transformation voluntary savings accounts were opened for all loan clients; however, bulk of these accounts report negligible savings balance.

<u>Comparing growth in active voluntary depositors vis-à-vis targets for end 2015</u>

Figure 2.3 compares the actual number of active voluntary depositors as on 30 June 2015 vis a' vis proposed targets for year end-2015. It is evident that CEC, Cameroon and SOFIPE have managed to surpass the targets for year end-2015, closely followed by SASL (Ghana), RCPB (Burkina Faso) and NBS Bank (Malawi), which are likely to achieve the proposed year end 2015 targets.

Political instability and the remote support provided by the TSP, CRDB Microfinance Services Ltd have impacted the performance of CRDB Bank Burundi. Likewise, WOCCU Liberia's performance also suffered on account of the outbreak of Ebola. Technology challenges coupled with an unfamiliar terrain have impeded Fidelity Bank's outreach, while CARE's counterpart in Tanzania faced challenges in motivating franchisees and village agents to focus on linking SGs. Difficulties in mobilizing clients for the GroupSave and the negligible use of the alternative delivery channel AirSave has slowed Ugafode's progress in Uganda. However, Fidelity Bank has succeeded in resolving the technology issues and has procured new pin and chip based SMART cards in response to the new regulations issued by Bank of Ghana, owing to which linkage activities have picked up again. MCB and CARE Tanzania have organized concerted marketing events to speed up the linkage activities. Similar campaigns are also being organized by SASL Ghana, while relations between the TSP and FSP have improved vastly in Uganda, post which the parties are closely working towards achieving their goals.

Figure 2.3: No. of active voluntary depositors



Note: Amendments were underway for a number of the projects to reflect revised baselines which were developed after system upgrades and data cleaning. The biggest change is for Fidelity Bank where the proposed end of project target (Dec 2016) has been reduced to 936,829 from the original self-declared target of minimum 2.54 million voluntary depositors).

Growth trend in number of depositors and borrowers since baseline

Tables 2.7a and **2.7b** show the year-on-growth in the number of depositors and borrowers respectively and indicates an overall growth in the number of depositors and borrowers.

It is evident that Fidelity Bank Ghana, RCPB Burkina Faso, SASL Ghana and NBS Bank, Malawi lead on the voluntary deposit mobilization front and NBS Bank also achieved its targets related to voluntary savings mobilization. It is also important to recognize that both Fidelity Bank and NBS Bank after rolling out the savings products developed under MLE have collected savings of US$23,270 & US$159,325, respectively through these products [*Source: ML Expansion Periodic Project Report Y4Q2 April-June 2015_rev*].

Though, SASL, Ghana, on the other hand has managed to meet its savings mobilization targets in Ghanaian Cedi, on account of the rapid currency devaluation against the US$, there is a shortfall in meeting the US$ targets. In order to address this, SASL with OI's support has started conducting short and intensive marketing campaigns with focus on incentivizing staff to mobilize savings.

The savings mobilized by WOCCU Rwanda has dipped, after a large number of dormant accounts were detected in the course of the U-SACCO's data cleaning exercise by WOCCU. Political insurgency in North Cameroon and Burundi have affected the growth of the FSP's savings balance, while MCB, Fidelity Bank and Ugafode suffered temporary setbacks in mobilizing groups for FSP linkages and are currently working towards resolving these impediments and thereby achieving their targets.

Table 2.7a: Growth trend of FSP voluntary deposits

Country	FSP	Baseline Year	No. of active voluntary depositors (in thousands)					Amount of savings mobilised ($ million)			
			Baseline	Baseline-Amended	Dec-13	Dec-14	Jun-15	Baseline	Dec-13	Dec-14	Jun-15
	A3C	Dec-12	39.7	33.9	30.0	45.6	46.4	5.5	2.6	2.6	1.7
Cameroon	CEC	Dec-12	14.8	25.8	16.5	42.6	50.3	8.1	7.4	6.9	6.2
	UCCGN	Dec-12	29.0	42.7		28.8	39.0	0.4	-	0.2	0.2
Burundi	CRDB	Dec-12	0.0	0.0	3.0	5.8	7.3		0.7	1.7	2.7
Ghana	Fidelity	Dec-13	388.5	424.4		618.5	729.5	254.2	-	296	218.9
Tanzania	MCB	Dec-12	5.5	20.6	10.4	14.5	15.4	4.6	5.3	5.3	2.4
Malawi	NBS*	Sep-12	222.3	363.8	363.8	405.9	428.4	22.4	0.1	105.6	66.0
Ghana	SASL	Jun-13	70.0	70.0	138.5	165.6	188.6	1.5	7.7	11.2	11.2
Uganda	UGAFODE	Mar-13	30.8	22.3	16.2	25.5	26.0	1.9	3	0.8	0.9
Liberia	WOCCU	Jun-13	0.0	0.0		2.8	4.9		-	0	0.2
Rwanda#	WOCCU	Jun-12	312.8	312.8		398.3	376.7	16.6	-	17.8	19.1
Sub-Total			**1,113.4**	**1,301.2**	**578.4**	**1,753.9**	**1,912.5**	**315.2**	**26.8**	**448.1**	**329.5**
Burkina	RCPB	Dec-14	1,000.0	1,000.0			1,091.9	203.7	-	-	219.8
Faso	SOFIPE	Dec-14	24.5	24.5			28.4	1.6	-	-	1.9
Benin	CPEC	Dec-14	33.9	33.9			37.4	4.8	-	-	3.7
Total			**2,172.0**	**2,374.8**	**578.4**	**1,753.9**	**3,070.3**	**525.3**	**26.8**	**448.2**	**554.9**

Source: MLE MCF KPI Reports up to Q2 2015
*The outreach figures of NBS Bank are based on the PBA Amendment signed on 6th November 2015.
#WOCCU diagnostics revealed that a significant proportion of accounts of U-SACCO clients were dormant.

Analysis of growth of gross loan portfolio as on June 2015 indicates slowing down of many FSPs since the start of MLE, notably Fidelity Bank Ghana, NBS Bank Malawi and RCPB Burkina on account of multiple factors including inflated baselines, ground level challenges and currency devaluation. Fidelity Bank, Ghana has adopted a precautionary approach and is yet to introduce loan products for SGs, despite it being a Year 3 milestone, until it gains a strong understanding of the SGs and their capabilities to repay. Due to inaccurate data collection procedures, the baseline number of accounts as well as borrower information was incorrectly captured in NBS Bank's MIS and corrected in Q3 2015 post an IT audit by WWB. NBS MIS was capturing duplicate and paid-off loans. Accurate borrower data has been available since Q3 2014. NBS Bank Malawi was also facing portfolio quality issues on account of currency devaluation and is gradually overcoming it. The rapid devaluation of the Ghanaian Cedi vis a' vis US Dollar affected the performance of Fidelity Bank (on account of having to import SMART Cards and PoS machines) and dollar denominated results for SASL. However, despite a momentary dip in SASL, Ghana's portfolio on account of the mandate to comply with stricter KYC norms stipulated for Savings and Loan companies, the FSP has managed to make a turnaround and is on track with the targets prescribed in Ghanaian Cedi.

Table 2.7b: Growth trend of FSP borrowers

Country	FSP	Baseline Year	No. of active borrowers (in thousands)					Gross portfolio ($ million)			
			Baseline	Baseline-Amended	Dec-13	Dec-14	Jun-15	Baseline	Dec-13	Dec-14	Jun-15
Cameroon*	A3C	Dec-12	6.1	5.5	12.6	21.5	24.8	2.7	2.6	5.1	3.2
	CEC	Dec-12	6.2	7.3	6.0	8.0	9.4	4.7	5.9	5.6	4.5
	UCCGN	Dec-12	6.3	9.9	9.9	10.5	10.7	1.9	1.5	1.3	0.9
Burundi	CRDB	Dec-12	0.0	0.0	1.3	2.1	6.6	-	2.7	29	33.7
Ghana	Fidelity	Dec-13	43.8	11.8		32.4	34.1	1,077.1	-	501	398.9
Tanzania	MCB	Dec-12	4.0	4.0	5.8	10.3	15.4	4.5	4.9	5.7	4.9
Malawi**	NBS	Sep-12	63.2	14.9	74.6	15.3	15.0	9.0	0.1	88.5	99.1
Ghana	SASL	Jun-13	138.7	138.7	124.5	137.5	142.4	29.2	21.1	22.1	20.5
Uganda	UGAFODE	Mar-13	9.3	9.3	10.1	11.5	12.9	1.9	6.9	8.5	8.5
Liberia	WOCCU	Jun-13	0.0	0.0				-	-	-	
Rwanda	WOCCU	Jun-12	12.1	12.1		16.6	16.6	6.7	-	11.6	11.3
Sub-Total			**289.7**	**213.5**	**244.8**	**265.7**	**287.9**	**1,137.7**	**45.7**	**678.4**	**585.5**
Burkina Faso	RCPB	Dec-14	153.3	153.3			64.3	138.2	-	-	137.3
	SOFIPE	Dec-14	11.9	11.9			12.2	4.7	-	-	4.7
Benin	CPEC	Dec-14	23.8	23.8			33.3	16.6	-	-	12.0
Total			**478.9**	**402.6**	**244.8**	**265.7**	**398.0**	**1,297.1**	**45.7**	**678.4**	**739.5**

Source: MLE MCF KPI Reports up to Q2 2015

*It was discovered during MLE programme implementation that all three Cameroon FSPs needed to upgrade MIS. MLE instituted a halt on disbursements until new MIS were installed, with the result that baseline were revised to reflect data clean-up.

** In Q2 2014, the TSP completed a review of NBS' reporting procedures by mapping source documents to reports and worked with the bank to automate reporting of indicators. This process revealed that NBS' credit portfolio included duplicate records and closed loan accounts, so that the number of borrowers was significantly over-reported. New reports were introduced in Q3 2014, with the result that the number of borrowers was correctly reported as of this date.

2.3 Current programme financial status

Post the signing of the cost-sharing agreement between UNCDF and The MasterCard Foundation on 19th July 2011**,** a detailed year on year payment schedule was drawn up, details shown in **Table 2.8.** Overall expenditure in comparison to the total MLE budget is 68% as on June 2015.

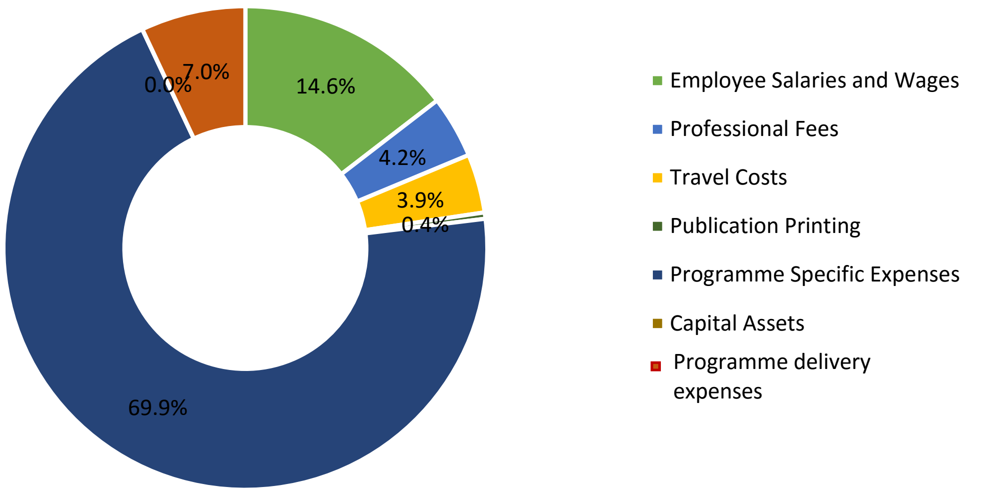
Table 2.8: Budget and expenses through 2015

Payment schedule	Amount ($)^	Expenditure ($) # (during the period)	% expended (cumulative)
July 2011	6,050,754	456,818	1.9%
November 2012	4,069,684	1,236,321	7.2%
November 2013	2,690,685	5,128,297	29.0%
November 2014	5,440,046	4,187,413	46.8%
November 2015	3,293,947	4,921,239	67.8%
November 2016	1,962,800	NA	
Approved Budget	**23,507,916**	**15,930,088**	**67.8%**

Source:
^ MLE programme summary by year, revised for Year 4 (2015),
# Financial Reports Y1 Q1 2012, Y1 Q4 (Dec 2012), Y3 (2013); Y4 Q3 (2015) for data on expenditure

Figure 2.4 provides a category wise segregation of the budget and highlights that bulk of the spending was allocated to grant funding mostly for programme related expenses followed by salaries & wages for the employees. Capital assets accounted for less than 0.1% of the budget, while a 7% programme delivery allowance was provisioned for and collected upfront by UNCDF at the time of each disbursement from MCF to UNCDF.

Figure 2.4: Break-up of the budget sanctioned for MLE



Source: MLE MCF Agreement, MLE Budget Revision for Y4 CC2

The following chapters analyze the progress of the MLE programme on various aspects in detail in relation to the DAC evaluation criteria on relevance, efficiency, effectiveness, impact and sustainability.

Chapter 3

Evaluation Approach and Methodology

This chapter further details the approach that was adopted by the Evaluation Team keeping in view the MLE programme objectives and the expectation of the Evaluation Unit, Advisory Panel, Programme Management Unit and the donor. The evaluation questions and sub-questions for capturing performance at different levels of the results chain have been set-out in the evaluation matrix, arranged according to the DAC criteria (relevance, effectiveness, efficiency, impact and sustainability) for evaluating the impact of development assistance. Various data sources used to collect information on the programme performance and the approach for aggregating lines of evidences have also been articulated in the chapter.

The section on research methods explains how the data was collected to answer the evaluation questions, through quantitative as well as qualitative means, organised in a data collection toolkit. The toolkit includes guidelines for using different methods (like interviews and focus group discussions) and templates for recording of information/data for further analysis and informing the evaluation.

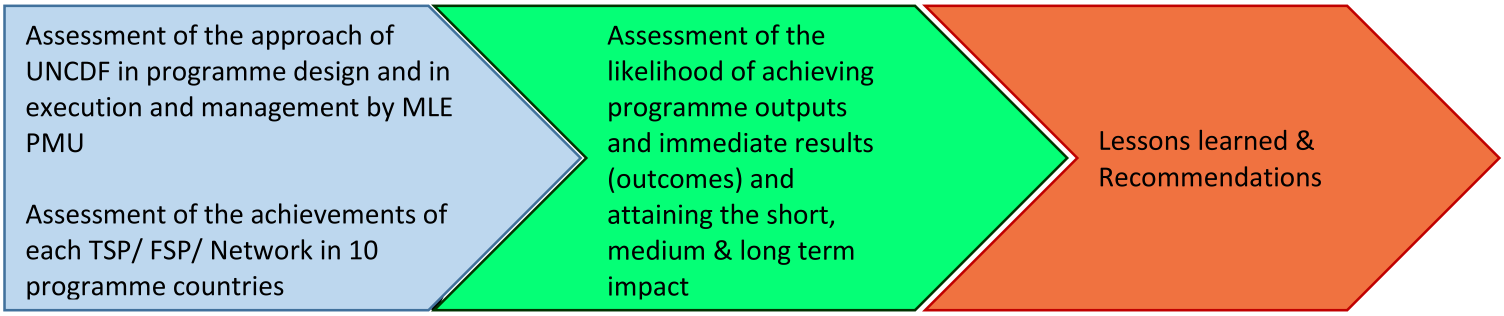
3.1 Approach to the evaluation

The proposed mid-term evaluation aimed to assess the progress to date of the MLE Programme as well as the likelihood of achieving the overall objectives and provide recommendations for scaling/replication and meeting the programme objectives. The Evaluation Team believes that overall success of the MLE Programme depends on the performance of three key components:

(i) Pre-approval activities undertaken by the MLE Programme Management Unit during the programme design, selection process of TSPs/FSPs, and the post-sanction responsibilities carried out for monitoring performance and knowledge management
(ii) Quality of TA provided by the TSPs and
(iii) Realisation of FSPs' business plans (outreach to women and in rural areas) through the introduction of client-centric, innovative and appropriate savings products and other financial products & services, incorporating client protection principles in their processes and creating financial awareness among its clients.

Therefore, the evaluation focused on the assessment of these key components as shown in **Figure 3.1**, to provide insights (lessons learned) on the progress so far and the likelihood of future success of the MLE Programme.

Figure 3.1: Key aspects of the evaluation



The evaluation matrix presents the key evaluation questions for each evaluation area as defined by the five OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, likely impact and sustainability. The criteria of effectiveness have been divided into two separate areas – (i) one related to the capacity of FSPs in achieving programme outcomes and (ii) another concerning the programme's influence on the broader financial inclusion system in the programme countries. The primary questions and sub-questions are outlined in **Table 3.1** – EQ1 denotes a primary question, EQ1.1, EQ1.2 etc. denote the sub-questions and EQ1.1a, EQ1.1b etc. denote follow-up questions. A detailed evaluation matrix, in **Annex 2** describes various indicators for exploring each question and their lines of evidence.

Table 3.1: Summary of the evaluation matrix

	DAC Criteria: Relevance and quality of programme design
EQ1	**How well designed is the programme to meet its broader objective to promote savings-focused financial inclusion?**
	Synergies
EQ1.1 EQ1.1a	How well designed is the programme to facilitate the transition and expansion from ML to ML-Expansion? *Is there an effective system in place to facilitate synergies and integration of lessons learnt and best practices between ML and ML-Expansion? To what extent have recommendations from the ML Midterm Evaluation carried out in 2012 been incorporated into ML-Expansion which was designed & launched in 2011?*
	Demand for financial inclusion
EQ1.2 EQ1.3 EQ1.4	What are the FSPs perception of low-balance savings? Do they perceive it as integral to their future strategy? Is the programme design of selecting a variety of TSPs/FSPs most appropriate for expanding low balance savings to women and in rural areas? Is the focus on alternate delivery channels a suitable choice for expanding outreach of savings services?
	Nature and type of institution and TSP/FSP selection
EQ1.5 EQ1.6 EQ1.7	How appropriate was the design process for TSPs/FSP? What type of FSPs/TSPs should be considered for similar programme in future? Did the programme target the right FSPs based on their market position and context?
	Grant design
EQ1.8 EQ1.9 EQ1.10	To what extent have the TSPs proven their value-add to the FSP? Is the value-add in line with budget allocation? Has higher budget allocation to TSPs led to lesser ownership among FSPs? Did FSPs have adequate say in TA scope and sequencing of delivery?
	Cross cutting issues
EQ1.11 EQ1.12	How has gender and environmental sustainability been integrated in the design? Has the programme been able to adequately support FSPs' needs with regard to Agency banking
	Relevance of knowledge management and learning strategy
EQ1.13 EQ1.14	How well defined is the knowledge management (KM) strategy & progress? Scope for improvement in KM; key aspects providing evidence for programme's objectives?
	DAC Criteria: Efficiency of programme management
EQ2	**How well has the programme delivered the expected results?**
	Quality and efficiency of programme management and monitoring
EQ2.1 EQ2.2 EQ2.3	How well are programme activities being managed and monitored by the programme staff? To what extent is the programme demonstrating value for money with outputs being delivered on time and at expected cost? To what extent is the M&E system fit to track and analyse meaningful data at all levels of the results chain from activities to outcome to impact?
	Quality and efficiency of oversight
EQ2.4 EQ2.5	What is the relevance and quality of technical assistance provided by UNCDF and ML-Expansion programme team to relevant stakeholders? What is the quality of programme governance and oversight at the regional and headquarters level?
	Technical services providers
EQ2.6 EQ2.7 EQ2.8	What is the quality of technical assistance provided by TSPs to FSPs? To what extent do the FSPs perceive the TA support from TSPs as a worthwhile value addition? Are the grantee reporting requirements adequate and/or relevant?

	Efficiency of RFA/PBA process
EQ2.9	To what extent was the RFA process handled efficiently?
EQ2.10	To what extent were consultant reviews, due diligence missions, Investment Committees effective and/or necessary?
EQ2.11	To what extent did this process allow for the selection of the most appropriate candidates?
EQ2.12	To what extent did the due diligence process help to surface challenges and mitigate foreseeable risks?
EQ2.13	To what extent were the PBAs designed appropriately? Most disbursement conditions are linked to specific activities and outputs as forecast before project implementation. Should there be greater flexibility in determining disbursement conditions?
	Efficiency of KM activities
EQ2.14	To what extent are the KM activities/products produced efficiently?
	DAC Criteria : Effectiveness – organisational change of supported FSPs
EQ3	**To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial and non-financial services to low income rural populations, particularly women?**
	Understanding of financial needs and tailored services
EQ3.1	To what extent has the programme contributed to changes in FSP strategy and capacity of its staff in terms of attitudes towards serving low-income rural populations, especially women? In which ways are attitudes changing?
EQ3.2	To what extent did the market research conducted by the TSPs and/or their partners inform the design of savings products & services provided to the women and rural population?
EQ3.3	To what extent did the savings products and services developed under the program meet the needs of women and rural population?
	Alternative delivery channels
EQ3.4 EQ3.4a	To what extent have the TSPs been able to support the FSPs in their entry into alternative delivery channels (ADCs)? *Which channels are more effective? What are the main challenges and innovative responses? What lessons can be shared among grantees on mobile network operator (MNO) negotiations, agent network build-out, Point of Sale (POS) vs mobile implementations? What approaches should be disseminated in the industry as best practices?*
	Delivery and effectiveness of non-financial services delivery channels
EQ3.5 EQ3.5a	What forms of financial education were developed/are being developed and offered to customers? *Which forms are most effective and least costly to roll out or have the potential to be most effective? Which approaches should be written up as best practice and shared widely to the industry?*
	Linkages of FSPs with informal savings groups
EQ3.6 EQ3.6a	To what extent are FSPs able to successfully link with informal savings groups? *Which of the approaches used have been more and less successful and why?*
	Responsible financial services
EQ3.7	To what extent have programme initiatives to promote client protection, social and environmental systems and social performance management been successful? To what extent are the FSPs integrating these principles into their institutions?
	Effectiveness of KM activities
EQ3.8	To what extent are the KM activities/products of value to the partner TSPs and FSPs? Which products/events resonate the most with grantees and have the greatest potential to impart knowledge among grantees?
EQ3.9	To what extent have savings products and services (developed as a result of the programme) provided by the FSPs contributed to extended outreach / improved access of savings, other financial & financial education training to women and rural population?
	DAC Criteria: Effectiveness – market demonstration, up-scaling, policy influence
EQ4	**To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?**
	Policy influence
EQ4.1	To what extent does ML-Expansion have the potential to influence policy change in any of its countries of implementation? To what extent has the program actively and effectively involved relevant stakeholders at both the macro and the meso level (as well as actors at the global level) in program-supported initiatives related to savings-led financial services (workshops and events, production of case studies, policy briefs, etc.)?
	Market demonstration effect
EQ4.2	To what extent has the programme influenced other FSPs in the programme countries to adopt a savings-led approach to providing financial services?

EQ4.2a EQ4.2b	*To what extent were government and UNDP involvement (where applicable) instrumental in making a wider sector level impact and fostering policy changes?* *In order to optimize its impact on national markets through demonstration effects, what approach should the TSPs or UNCDF be taking in the second half of programme implementation?*
	Up-scaling and replication
EQ4.3 EQ4.3a	To what extent have the partnerships enhanced UNCDF's comparative advantage and positioning in the area of low-balance savings? To what extent has UNCDF adequately fulfilled its role as promoter of low-balance savings? *How can UNCDF increase its country partnerships to maximize its impact on the business case for local market leaders to embrace a low-balance savings strategy?*
	DAC Criteria : Likely impact
EQ5	**To what extent is the programme on track to contribute to improved access to financial products and services for low-income rural populations?**
	Impact of financial and non-financial services
EQ5.1 EQ5.3 EQ5.4	On the basis of programme design and performance to date, assess the likelihood of the programme contributing directly, either positively or negatively, to the programme's expected final outcomes (programme impact) set out in the Programme Document? Which FSP grantees have the potential to have the most impact on its low-income clients (e.g., decrease in poverty rates, increased quality of life)? Which FSPs have the potential to have benefited the most from TA provided by TSPs under MLE?
	Client centered approach
EQ5.5	What is the overall client satisfaction with the products and services offered and with the supported institutions?
	DAC Criteria : Sustainability
EQ6	**To what extent are programme results likely to be sustainable?**
	FSP sustainability
EQ6.1 EQ6.1a EQ6.1b EQ6.1c	To what extent does the supply of low-balance savings products & services lead to improved growth of outreach? *To what extent does including low-balance savings contribute to the financial sustainability of FSPs overall?* *Has the programme contributed to increased sustainability of partner FSPs?* *How can financial services and non-financial services, such as business training and financial education, be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients?*
EQ6.2 EQ6.2a	To what extent is the programme contributing to improve institutional and management capacity in the partners with which it is working? *What do partners need to do to continue developing products for low-income clients (in rural areas and women)? What are their plans? To what extent are the products & services for such clients institutionalized?*
EQ6.3	What is the scale-up potential of services/products after the programme ends?
EQ6.4 EQ6.4a EQ6.4b EQ6.4c	To what extent are the products and services for low-income clients institutionalized? *On the basis of design and performance so far, what is the likelihood that programme outcomes will continue/be sustained by programme partners once the programme comes to an end?* *What are the major contextual factors that are influencing the achievement of programme outcomes? How are these likely to change once the programme comes to an end?* *Are there opportunities for synergy and closer collaboration between ML and other UNCDF programmes?*

3.2 Research methods and data collection toolkit

Based on the understanding obtained from the details provided in UNCDF's RFP, followed by a thorough review of the Pro Doc and other programme documents as well as inputs provided by UNCDF's Evaluation Unit, FIPA team and The MasterCard Foundation, the evaluation team developed the research tools best suited for a complex, multi-cultural evaluation. The approach to the evaluation and subsequent development of tools involved:

(a) Review of programme documents and reports of similar savings led evaluations conducted in the past
(b) Stakeholders analysis for identifying participants for interviews during country visits by the Evaluation Team
(c) Sampling of FSPs' clients as well as non-clients in their areas of operation for interactions and
(d) Choosing research tools for data/information collection

3.2.1 Data sources reviewed

Literature review was an ongoing activity that was undertaken at various stages of the evaluation process with the intent of equipping the evaluation team with a comprehensive understanding of the project components, objectives and contextual factors. The evaluation team reviewed the MLE Programme Document, ML Mid-term Evaluation Report, applications submitted, consultant reviews, investment committee (IC) discussions, Performance Based Agreements (PBA), Back to Office Reports (BToR) prepared by the MLE PMU staff, reports submitted by the TSPs/FSPs to UNCDF as well as quarterly and annual summary reports submitted by MLE PMU to MCF. Additionally, prior to the on-site missions, the team shared TSP and FSP templates with the respective programme implementers in each country, at least two weeks prior to the start of the mission. Partners were requested to complete and share the templates within a week and all information received prior to the visit were thoroughly reviewed and analysed by the team.

The evaluation team also reviewed the design and objectives of other savings led initiatives like the earlier MicroLead programme, YouthStart, and the Mobile Money for the Poor (MM4P) programme (all implemented by UNCDF) and YouthSave (implemented by Save the Children), and Gateway Financial Innovation for Savings (GAFIS) – implemented by Bankable Frontier Associates, in order to understand the relevance and uniqueness of a programme like MLE. **Appendix 1** provides a detailed analysis situating MLE in the context of other savings led financial inclusion programmes. **Appendix 2** provides a description of the reviewed documents, while a bibliography of documents consulted is available in **Annex 3**.

3.2.2 Sampling of stakeholders

The key stakeholder and duty bearer for this programme is UNCDF, with whom the evaluation team interacted on an on-going basis. In addition, the evaluation team also identified and interacted with stakeholders directly or indirectly involved in the implementation of business plans. **Appendix 3** summarises the country-wide stakeholders that have been sampled for interactions. The list of persons interviewed and project sites visited is presented in **Annex 4**.

The Evaluation Team interacted with key staff from all the TSPs and FSPs and other stakeholders mentioned in **Annex 4** in relation to obtaining information/opinion on various evaluation questions, specific to each stakeholder group. The team also met a sample of direct programme beneficiaries (FSP clients) as well as non-programme beneficiaries. In each of the seven countries visited, an overall sample of 135 clients and non-clients were covered, with the intent of covering various segments of the sample population in a statistically significant manner. The sample size determined for the client survey is significant at a confidence level of 95% and margin of error of 13.5% (as explained in the M-CRIL proposal). As a result, the study findings are statistically valid and representative. The process & tools that were used to collect data/information from the stakeholders and FSP clients/non-clients are summarized in the sub-section below.

3.2.3 Data collection tools and process

Post literature review, the Evaluation Team developed three different tools for collection of data/information that fed into the evaluation objectives and research for the three case studies. These include

- Key informant interviews
- Field survey – including individual client interviews and focus group discussions
- TSP/FSP templates on MLE based indicators

a) Key informant interviews

As depicted in **Annex 4**, the key informants include the programme partners and other industry stakeholders like officials from the Central Bank, relevant ministries, network agents (business correspondent, retail agents, MNOs etc.), international agencies and TA providers like GIZ, UNDP and industry association. All discussions were guided by a checklist of questions presented in **Annex 5** which were specifically designed for different categories of stakeholders to understand the emerging market trends, policy changes and direct/indirect benefits of the programme. The checklists were further customized to reflect the country context and financial inclusion landscape and questions were arranged on the basis of DAC evaluation criteria.

b) Field survey

Mixed methods comprising (i) individual interviews with FSP clients and (ii) Focus Group Discussions (FGD) with clients as well as non-clients from similar geographies were conducted in order to obtain a representative picture of respondents' perception on the services offered. Of the 135 clients surveyed in each country, 75 clients were covered through individual interviews and 60 participated in 4-6 FGDs (approximately 10 participants per FGD). Interactions with non-clients were conducted through 2 FGDs per programme. The areas of focus of the individual interview and FGDs as information collection tools during field survey are detailed below (survey questionnaire & FGD recording template have been provided in **Annex 5** and analysis of survey results is presented in **Annex 6**).

(a) Individual interviews were conducted with the help of a questionnaire capturing client profile, household profile, PPI information and data related to the economic outcomes of the financial and non-financial services introduced by the FSP on account of the MLE programme; types of clients that are being reached by the MLE programme; quality and suitability of the services offered; and overall client satisfaction levels.

(b) FGDs (with FSP clients as well as with non-clients) were conducted using a checklist of questions covering the key livelihood activities, financial and non-financial requirements, challenges encountered and benefits gained from the FSPs' services and overall feedback and satisfaction levels. Mixed groups (male, female) as well as groups having only female respondents were interviewed. Group sizes were limited to 12 participants for facilitating high quality discussions.

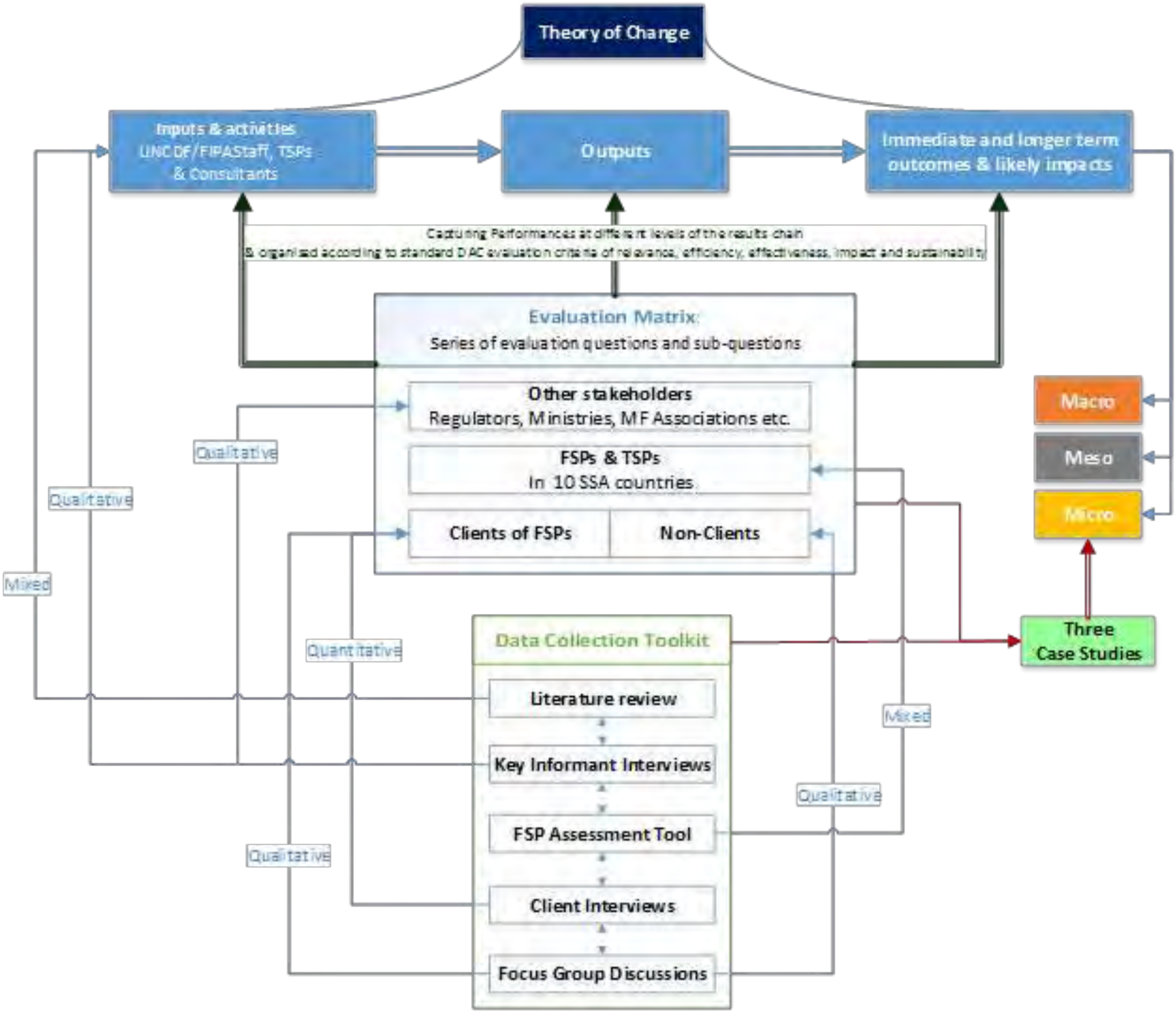
3.3 Methods of analysis

The data/information collection tools discussed above were designed to capture evidences that are both qualitative as well as quantitative in nature. While some tools were used to collect qualitative information/data, other tools were more geared towards collection of quantitative data/information.

As discussed in the **Chapter 1**, the fulcrum of the evaluation toolkit is the project's theory of change and assessment of projected outcomes by relevance, effectiveness, efficiency, impact and sustainability. The data collection tools form the different **lines of evidence** for exploring the research question to evaluate the outcome and impact of MLE Programme in the study countries (existing programmes in 10 countries). **Figure 3.2** below shows how various tools fed information to the evaluation matrix in an **integrated manner** using the intervention logic defined by the theory of change.

As shown below, there are various sources of data/lines of evidence for each evaluation question/sub-question in qualitative, quantitative or mixed (both qualitative and quantitative) forms. The bunching of qualitative data on a particular view point/logic has been used to explain the trends based on quantitative data analysis. The evaluation team has analysed all forms of data in an integrated manner to comment on the performance of the MicroLead Expansion programme in executing the expected programme outputs and its contribution to expected results at the outcome and expected impact levels of the results chain based on the evidence.

Figure 3.2: Evaluation structure and integrated data collection methods



3.3.1 Aggregation of the lines of evidence

The previous sections described the various tools and lines of evidences, which were used by the evaluation team. Given the vast repository of information available, the evaluation team started off by reviewing the programme documents. Post this, brief country notes were prepared for each TSP-FSP engagement. The literature review was insightful and paved the way for the development of the data collection toolkit which included the evaluation matrix, question sets and checklists, FSP assessment tool and individual interview and FGD questionnaires, which were used during the on-site missions. The team built upon and refined the information culled from the programme documents and reports in the country notes, with the findings from the visits. Further, in order to maintain traceability, all interviews and discussions were transcribed and documented for future reference and have been shared with the UNCDF Evaluation Unit. Similarly, client interviews and

FGDs were recorded in Excel templates to facilitate analysis, while scanned copies have been maintained for reference.

3.3.2 Case study approach to analysis

As a research tool, case studies are invaluable for studying complex phenomena within their context by using an evidence-based approach. Given that one of the objectives of the mid-term evaluation exercise was to examine the achievement of the partners to date, this approach complemented the analysis of data. The data/information requirements for the case studies were embedded in the four different data collection tools (discussed in **Section 3.2** above) and were used for triangulating the analysis for the selected case study themes. Each of the three case studies have been developed using an inclusive approach and hence provide insights on the varied perspectives of different stakeholder groups including divergent client segments.

Three themes chosen by the Evaluation Team in consultation with UNCDF and Advisory Panel for the MLE programme for developing the case studies are outlined below.

- Why FSPs should link with savings groups? Is there a business case for such linkages?
- Is technology reducing the cost of access for FSP clients? What are some of the lessons learnt on deploying technology and agent networks?
- What is the best way to cost-effectively add financial education components to rural outreach programmes conducted by FSPs?

3.4 MLE mid-term evaluation work-plan

The mid-term evaluation of the MicroLead Expansion (MLE) programme was structured in the following phases:

- Inception phase (1 April to 6 July 2015) involving literature review, development and finalization of the programme's Theory of Change, evaluation matrix and data collection toolkits, calls with PMU, Evaluation Unit and Advisory Panel;

- On-site mission (22 June 2015 to 9 October 2015) wherein the evaluation team visited Rwanda, Malawi, Uganda, Benin, Tanzania, Ghana and Cameroon and conducted telephonic meetings with stakeholders from Liberia, Burundi and Burkina Faso. Transcription of notes, preparing summaries of the country visits as well as recording and analysis of the survey and FGD data was done during this phase; FSP/TSP templates were analysed before the visit (wherever available) and before the visit phone calls were made to FSP/TSP to brief them about the evaluation and seek their support.

- Post-mission phase (12 October 2015 to 30 April 2016) included analysis, aggregation of findings (obtained through literature review, analysis of the data provided in the TSP/FSP templates as well as stakeholder interviews) in the evaluation matrix and preparation of the draft report, calls with PMU, Advisory Panel and FIPA Director, followed by reviews from the Evaluation Unit, PMU and Advisory Panel for report finalization and concluding with a debrief call on 30 March 2016. The first draft was shared with the Evaluation Unit on 6 November and comments were provided on 19 November. The second draft was shared for review from PMU on 4 December and it provided its comments on 24 January. During this period country reports were also drafted and shared with the Evaluation Unit. The third draft was shared with the Advisory Panel on 15 February and some comments were received by mid-March which were addressed to prepare for the debrief presentation on 30 March. The final round of comments from the Evaluation

Unit, PMU and Advisory Panel was shared with the evaluation team on 9 April for report finalisation. **Box 3.1** summarizes the deliverables of this assignment.

Box 3.1
Deliverables of mid-term evaluation of MLE programme

- Inception Report
- Meeting notes for all key informant interviews in each country
- Soft copy of completed survey questionnaires (75 interviews per country), filled FGD templated (6 FGDs per country) and consolidated excel data sheets used for analysis
- Completed FSP and TSP templates for each country
- Mid-Term Evaluation Report including,
  - 3 Case Studies
    - Why FSPs should link with saving groups? Is there a business case for such linkages?
    - Is technology really decreasing cost of access for customers? What are some of the lessons learned on deploying technology and agent network?
    - Building financial capability of clients in rural outreach programmes led by formal financial institutions?
  - 8 Country Reports:
    - Uganda, Tanzania, Ghana (two projects), Rwanda, Malawi, Cameroon and Benin

On site mission plan

All country visits were undertaken by two-three evaluators consisting of core & support members. Of the ten SSA countries, on-site visits were conducted in seven countries, while virtual interactions via phone calls and Skype were organized in Liberia (due to outbreak of Ebola), Burundi and Burkina Faso (unfavourable political environment). A summary of the mission plan is shown in **Table 3.2** below and the detailed country-wise mission schedule is provided in **Annex 7**.

Table 3.2: In-country mission schedule

In-country visits	Main Language	Location	Visit Dates
On-Site			
Rwanda	English	East	22-26 Jun'15
Malawi	English	South	13-17 Jul'15
Uganda	English	East	10-14 Aug'15
Benin	French	West	24-28 Aug'15
Tanzania	English	South-East	31 Aug-4 Sep'15
Ghana (CARE)	English	West	13-18 Sep'15
Ghana (OI)	English	West	21-23 Sep'15
Cameroon	English & French	Central	5-9 Oct'15
Off-site interactions			
Burkina Faso	French	West	2-9 Sep'15
Liberia	English	West	8 -11 Sep'15
Burundi	French	East	23 Sep-2 Oct'15

3.5 Limitations of the evaluation

This section enumerates the methodological and logistical challenges encountered by the evaluation team. The evaluation team realizes that on account of contextual and regulatory challenges, several programmes were unable to meet the stipulated targets. For example, political instability in Burundi and pervasive influence of government in Rwanda impeded the programme's performance despite the level of effort devoted by the implementers. In some cases, like Malawi and Cameroon, inaccuracies in baseline data resulted in underachievement or issues in judging quantitative progress. In such cases, the evaluation attempts to focus on the institution's commitment to the programme's objectives as well as the institutional changes introduced on account of MLE.

Another challenge was centered on the unavailability of stakeholders as some were out of the country at the time of the visit or were called away at the last minute. On a few occasions, the team realized that the meeting invitees were unaware or had a very basic understanding of the programme and hence were not in a position to contribute effectively to the discussions. In such cases the team set up skype/telephonic meetings post the completion of the onsite visit. It was particularly difficult to interact with the Board of Directors of most institutions and the evaluation team had to rely on the minutes of the last four Board Meetings to gain insights on the strategic focus, commitment and expertise of the Board members.

The evaluation team recognizes that the programme's end beneficiaries are the FSPs' clients, whose voices are an integral part of the evaluation. Thus the team visited clients as well as non-clients in all countries where on-site missions were conducted and attempted to ensure that the sample of interviewees was representative and inclusive. Nonetheless, time as well as availability of respondents limited the team's availability to interact with more clients. Language barriers were obviated by hiring teams of local and competent enumerators who were fluent in vernacular and had working proficiency in English/French. All enumerators underwent a three-hour training prior to the start of the data collection exercise, wherein they were familiarized with the survey tool and had their queries clarified. Further, client interactions were closely monitored by an evaluation team member to ensure that the data collection protocols are followed leading to high quality data.

Lastly, country visits in Liberia, Burundi and Burkina Faso could not be conducted due to the outbreak of Ebola and political upheavals. Though the team conducted telephonic interviews with the relevant stakeholders in these countries, the interviews and FGDs with clients could not be conducted.

The UNDP quality guide for evaluations recommends using counterfactual analysis through the use of control groups in order to conduct a robust assessment. However, identifying control group respondents not linked to the savings groups, cooperatives or FSP and having socio-economic characteristics and financial needs identical to the treatment group was an uphill task. The time and budget constraint acted as further barriers. Treatment group members could be easily identified and were randomly selected based on the FSPs' records. Realizing this challenge and at the same time not wanting to omit the counterfactual analysis, the team designed an individual interview questionnaire with questions on the respondents' savings behavior prior to their association with the FSP and post MLE. Secondly, the team relied on the respondents to help identify community members who were not clients of the FSP for conducting a round of focus group discussions where information on the prevalent livelihood sources, met as well as unmet financial needs, existing financial service providers, awareness of and reasons for not availing the services of the FSP and overall expectations from the FSP was solicited.

Chapter 4

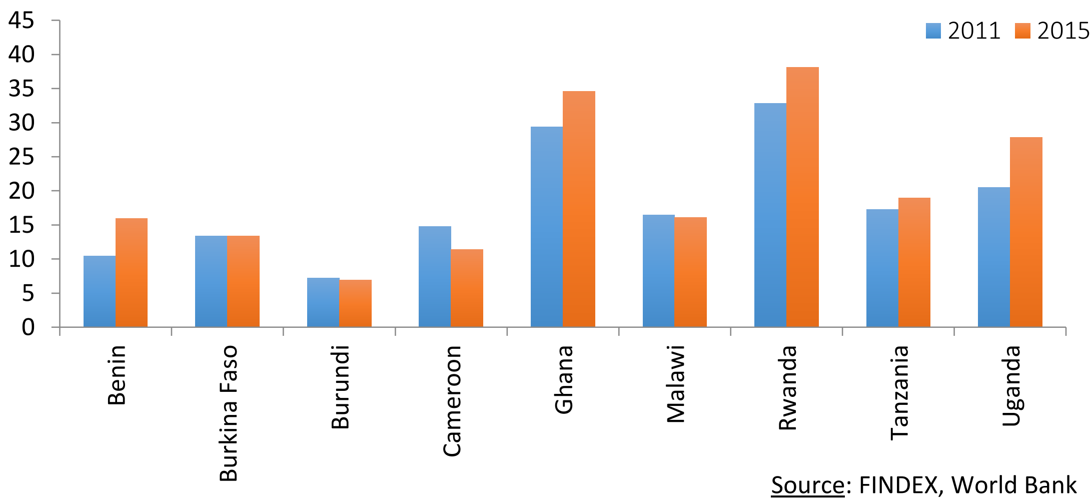
Relevance of MLE Programme

Programme relevance assesses how well the MLE programme is aligned with the broader mandate of Financial Inclusion Practice Area (FIPA) in UNCDF, and more specifically with the MLE programme outcome. Going further, it examines the demand for financial inclusion in project countries, relevance of MLE's reliance on promoting savings-led FSPs and alternative delivery channels, suitability of institutions and programme design to achieve the intended outcome of the MLE programme to promote savings-led financial inclusion through FSPs which are not only savings focussed but also accord priority to client centricity.

FIPA's work in inclusive finance is based on the overarching principle of adopting a sector development approach that supports governments and stakeholders in building a common vision for the development of inclusive financial sectors. In addition to Country Sector Programmes (CSP), FIPA has been working through Global Thematic Initiatives (GTIs) like MicroLead, YouthStart, CleanStart and MM4P. MLE continues the focus on promoting savings-led institutions like its predecessor ML with critical changes based on the learnings from implementation of ML. The emphasis on existing institutions to avoid gestation delays, promotion of branchless banking, financial education and bringing in a technical agency to support changes in FSPs being the key changes under MLE. In addition, as per the ML midterm evaluation recommendations, Social and Environmental Management Systems (SEMS) were embedded into all projects.

The overarching relevance of MLE in promoting savings-led FSPs in ten countries of Sub-Saharan Africa (SSA) is high as the index of inclusion in these countries continues to be low. **Figure 4.1** shows the proportion of adult population in these countries having an account in a financial institution in 2011 and 2014. The data shows that not much has changed over the years and financial penetration in these countries continues to be low with seven countries having less than 20% adults owning deposit accounts.

Figure 4.1: % of Adult population with account in financial institutions

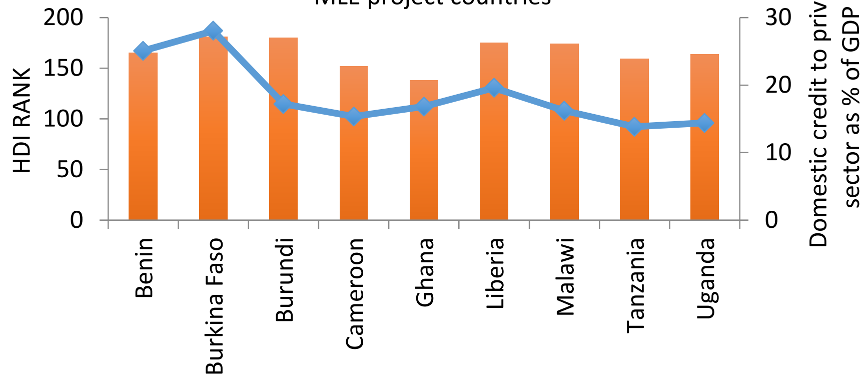


Source: FINDEX, World Bank

Promotion of savings-led institutions to increase levels of financial inclusion has to be accorded high priority and by doing so MLE fares high on relevance. The relevance is enhanced by its focus on rural and low-income women as these segments show higher exclusion levels than others.

The rationale of building inclusive financial sectors in these countries becomes more evident by analysing the HDI rank[1] and financial depth in these countries. Low HDI rank and shallow financial depth across the project countries shows the correlation between these two measures (**Figure 4.2**). This direct relation between financial depth[2] and level of development has been argued by various scholars [comparative analysis of the growth rates of various countries in Africa over three decades by Honohan and Beck, 2007[3] has brought out evidence regarding the correlation between deeper financial system and economic growth].

Figure 4.2: HDI Rank (Orange) & Financial depth (Blue, %) in MLE project countries



Source : 1) World Bank and 2) UNDP Human Development Report

The relevance parameter assessment has been done for all the ten countries including Burkina Faso and Benin, where the programme is relatively new. The relevance was analysed across five sub-parameters: (1) demand for financial inclusion in the project countries, (2) nature and type of FSPs/TSPs selected under MLE, (3) design of grant assistance, (4) cross cutting issues like gender and environment and (5) knowledge management strategy. The country - wide variations under these sub-parameters are discussed below.

4.1 Synergies between original MicroLead programme and MicroLead expansion

EQ1.1 & 1.1 a Transition from ML to MLE and integration of ML learnings in MLE design

The MicroLead programme aimed at development of innovative savings focused business models through the establishment of Greenfield institutions in Least Developed Countries (including conflict-ridden nations). Even though the MicroLead Expansion programme (MLE) also has a strong savings focus, unlike its predecessor, MLE concentrated specifically on low and middle low income Sub-Saharan nations recording high levels of poverty and social and financial exclusion. Also, having realized the challenges in obtaining government endorsements and requisite licenses for offering low balance savings products, advance endorsements were pursued post the preliminary application review. The focus of the programme was expanded to strengthen the capabilities of existing FSPs to boost or start offering low balance savings products and also develop technology driven delivery channels. This objective of cost-effectively increasing outreach to excluded communities is to be achieved with support provided from established TSPs, preferably having prior experience in the country.

[1]The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. HDI is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. In 2015 HDR, 188 countries were ranked - the higher the number of HDI Rank the lower the development.

[2] Financial Depth has been measured through ratio of domestic credit to private sector as percentage of GDP.

[3] Honohan P and Beck T – 2007, "Making Finance Work for Africa" The International Bank for Reconstruction and Development / The World Bank.

Further, the programme design focused on certain critical and oft neglected aspects related to (1) institutional strengthening to support the strategic shift, (2) financial education of clients in order to enhance their capabilities and (3) knowledge management for documenting and disseminating best practices and lessons learnt in order support replication and scaling of the programme.

The ML experience led to the realization that applicants tend to overstate targets, commit to deliver results which sometimes are beyond their capacity and often do not have the requisite savings focus. Accordingly, the TSP-FSP eligibility criteria were revised to shortlist candidates well-suited to work towards the programme objectives and external consultants were commissioned to conduct on-site due diligence missions to identify critical gaps in the submitted proposals. However, despite the efforts, targets were overstated and on some occasions related to the performance of the entire FSP instead of focusing merely on MLE. Despite being aware of this challenge, the achievability of institution-wide targets was not looked/examined in detail vis-à-vis FSP capacity as well as MIS challenges and this later led to amendment of PBAs in some countries.

The Performance Based Agreements signed by the grantees and UNCDF were well-defined and focused on

- institutional strengthening
- product development post needs assessment
- targets related to portfolio and outreach disaggregated by gender and location as well as performance indicators
- system upgrade & staff capacity building
- development of alternate delivery channels
- financial education of clients
- incorporation of environment protection policies and client protection principles in product underwriting and
- increasing the representation of women in the FSPs' senior management and BoD.

The programme tried to encourage diversity and innovation by funding FSPs of various forms, which was a recommendation from the MicroLead midterm evaluation, and limiting the number of programme implementers (FSPs/TSPs) per country. However, in Cameroon, which incidentally involves multiple TSPs (PAMIGA/BASIX/MIFED), TSPs were initially not clear as to who has to take the lead under specific activities.

The breakup of the programme budget shown in **Figure 2.4** indicates that the TSP/FSP grants accounted for approximately 70% of the funding followed by personnel expenses and programme delivery charges. With regard to grants provided to the implementers, it is evident that TSPs had a greater say in programme design and received the bulk of the funding, leading to lesser ownership in the initial stages of project implementation on the part of some FSPs. Details on the grant design and its resultant impact has been detailed in **Section 4. 3**.

From a design standpoint, conducting mid-term and end-term evaluations to assess the programme's progress towards achieving the stated impact and the results achieved at each level of the results chain and monitoring progress via monitoring missions by PMU and the quarterly reports shared by the programme implementers is sound. However, despite the development of a strong risk based programme monitoring framework and UNCDF's role in facilitating the conceptualization some of the projects, implementation challenges related to programme staffing at UNCDF and the limited capacity of UNCDF in providing requisite technical assistance hindered timely identification and resolution of issues in some countries.

The contextual variations were also adequately factored in and the strategic choices made in various countries reflect this. For example, the MLE programme in Liberia builds on the country specific factor that that Credit Unions (CU) are an effective financial intermediary in promoting savings among low-income clients and accordingly the MLE project in Liberia focused on revitalizing the Credit Union (CU) movement. However, based on the past learnings and considering the status of the market in Liberia at the inception of the project, WOCCU decided that it would be better to build four new Regional Credit Unions (RCU) rather than to work with existing CUs in the country. In Tanzania, CARE is supporting Mwanga Community Bank (MCB) in developing new saving products which can be offered to Village Saving and Loan Associations (SG) in the Kilimanjaro region. The targeting and linking of SGs (which are mainly groups of women hailing from low income households and located predominantly in rural areas) to mainstream financial institution is well synergised with the MLE programme design. The use of agents and mobile based service delivery channels, training of SG members as well as the staff of MCB are in sync with the MLE objectives.

Even though MLE places strong emphasis on branchless banking, considering the contextual situation in Rwanda, the focus of the project was on supporting the government in deciding the consolidation plan for Umurenge Savings and Credit Cooperatives (U-SACCOs), computerizing the U-SACCOs to facilitate inter-branch transactions and capacity building of U-SACCO staff. Integrating branchless banking in the project would not have been useful as the immediate need was to bring U-SACCOs to a level where they can play an effective role. In contrast, selection of Ugafode Microfinance Limited (UDI) which is one of the four deposit taking MFIs in Uganda as the FSP and non-selection of Rural Credit Finance Company Limited (RUCREF) by the Investment Committee as it did not have deposit licence shows the focus of MLE on avoiding regulatory issues impeding achievement of savings mobilization.

Most projects under MLE exhibit a strong focus on institutions that can expand savings outreach, integration of local context and emphasis on branchless banking. The relevance of this approach is evident not only from the macro data on inclusion discussed earlier but also from the client surveys conducted during evaluation. Across seven countries where client surveys were conducted, 66.4% of rural clients ranked their satisfaction “very high” or “high” with the saving products and even higher percentage (70%) of women clients felt so.

4.2 Demand for financial inclusion & TSP/FSP selection process

<u>EQ1.2 FSP’s perception of low-balance savings and importance of such savings in their future strategy</u>

For achieving the programme objectives, it is critical that FSPs accord primacy to low-balance savings in their business strategy. In absence of this critical factor, the success of the programme can be severely constrained after the end of MLE. The performance on this parameter is good overall, but displays country specific variations. In Cameroon, the two networks (UCCGN and A3C) of village banks focus primarily on low-income customers and MLE fits in well with their organizational strategy. Similarly, in Rwanda, U-SACCOs have been created by the government in each sector of the country to promote financial inclusion in rural and unbanked areas. In contrast, MLE in Malawi works with a mainstream commercial bank which has a history of working in smaller retail segments in its earlier days. The MLE project and the financial crisis of 2012 leading to sharp devaluation of Malawian Kwacha affecting NBS’s loan book has further strengthened its focus on low balance savings. Post crisis, NBS has changed its operational focus to concentrate on being a liability focussed bank and has set ambitious plans for expanding outreach under the Pafupi product developed as part of MLE.

While some institutions like NBS in Malawi have reoriented their strategy to focus on low-balance savings, in Ghana [Care-Fidelity Bank project] quite opposite results are seen. Fidelity Bank was the first bank in Ghana to receive the agency banking license from the central bank and set up a financial inclusion department to expand its agency banking savings accounts. Though some of the reasons for lack of progress in achievement of linkage targets were external including challenges in connectivity, change in regulations which required a change in the card technology and consequently additional time and cost, there has also been a lack of effort in acquiring knowledge, making investments in requisite resources and designing an appropriate management structure to link the SGs. In case of Burundi, the relevance of CRDB was questioned during the selection process as it had no retail microfinance experience; in addition, country choice of Burundi was noted as inherently risky since it was a post conflict country. The projections have proven to be unrealistic even without the political upheaval and CRDB's commitment to the lower end of the market has seen some concrete actions only after some time but the commitment remains to be tested.

<u>EQ1.3 Appropriateness of the programme design in terms of TSPs/FSPs selected</u>
<u>EQ 1.5 Appropriateness of the design process for TSPs/FSPs</u>

The programme has showcased good performance on this parameter. The selection process and eligibility checklist were quite extensive and the good performance reflects robustness of the process.

The choice of NBS and WWB in Malawi was appropriate as NBS had shown its willingness to downscale and WWB had the technical knowhow of customer research, product development and agent banking. Compared to other banks in Malawi catering to the BOP segment (Opportunity International and Malawi Savings Bank), NBS was a good choice given OIBM's weak portfolio quality was and government ownership of Malawi Savings Bank, which may have been more difficult to change. In Benin, Alafia as TSP is also an apt selection on account of its extensive work in training MFIs in the country on a variety of topics including the client protection principles. Alafia also has some experience in promoting the use of technology in financial inclusion. CARE in Ghana and Tanzania has similar advantages being a TSP with a strong local presence having ample experience and involvement in setting up SGs under various programmes. The choice of Fidelity bank as FSP fits in well with MLE's focus on alternative delivery channels as it had an agency banking license.

The project in Burkina Faso is based on a prior study conducted by Freedom from Hunger (FFH) in 2013 to better understand the potential opportunity for linking savings groups with MFIs. Further, FFH has a very long track record of experience working in Burkina with RCPB (since 1993).

Of the three applications, which were shortlisted in Tanzania, the CARE-MCB partnership received approval for funding from the investment committee. Even though, the number of depositors at baseline was far less than the stipulated 50,000 and the FSP was yet to report to MIX or integrate client protection principles in its product design, MCB was well-suited to meet the programme's over-arching objectives. Being a community bank with a predominantly rural client base, MCB was keen to work with SGs in order to advance financial inclusion in rural Tanzania, increase outreach and gain access to low cost deposits which could be deployed for further on-lending. CARE and MCB had also engaged in similar SG linkage programmes in the past in the Kilimanjaro Region.

Opportunity International and Sinapi Aba Trust had a long sustained relationship. The FSP is well-established with one of the most expansive branch networks in the country. The MLE grant was timely and well aligned with the FSP's intent to transform from a credit led NGO to a savings focused Savings and Loan Company.

Even though the strategy of selecting appropriate TSPs/FSPs is laudable, there are some observed cases of deviation from the norm. In case of Malawi, NBS bank did not meet the criteria relating to portfolio quality, as the initial proposal mentioned inaccurate PAR figures. Ugafode did not meet the eligibility of having a depositor base of 50,000 (at the 31 March 2013 baseline it had 30,757 depositors). Other discrepancies related to outreach numbers were observed in Cameroon and Rwanda, which dilute the veracity of leverage assumptions made by the Investment Committee (IC). In Uganda, Equity Bank and Centenary Bank are commercial banks (Tier 1) with microfinance as an important business activity and so are Credit Finance Institutions (Tier 2) followed by Microfinance Deposit Taking Institutions (Tier 3). So in this context, Ugafode did not seem to have a significant comparative advantage in the crowded local market.

<u>EQ1.4 Appropriateness of the choice of alternative delivery channels for promoting low balance savings</u>

The strategy of placing a strong focus on alternate delivery channels was well-suited to cost-effectively further financial inclusion in Sub-Saharan Africa. The choice of developing a mobile-based platform for delivering savings products to the target population by Ugafode was right in the context of the remote locations of the SGs (and therefore time & cost involved in reaching the branch) and also the safety issues that the groups were facing in storing cash in the box. In Benin, the project's aim to capitalize on the opportunity to formalize the Tontiniers, rather than training and deploying new agents of their own, is a specific example of merging an alternate delivery channel with the local context. In Burkina Faso, SOFIPE strongly acknowledges the value add of the project in reaching more remote areas and estimates it would have taken an additional 5 years to reach these areas without the TSP's support and MLE grant.

However, there are cases where choice of technology or channel selection was not best suited to the local context. In case of Care–Fidelity bank project in Ghana, while focus on alternate delivery channels was appropriate considering the demand for doorstep services and limited branch network, the choice of delivery channels and technology demanded better planning. A card-based technology proved expensive and lack of interoperability between Fidelity Bank and MTN and limited agent network has drastically reduced the effectiveness of the card-based model.

4.3 Grant design

The assessment of grant design is based on TSPs' value add in line with the budget, link between ownership of the project and budget allocation among FSPs and role of FSPs in TA sequencing and delivery.

<u>EQ1.8 To what extent have TSPs proven their value add to the FSP in line with budget allocation?</u>

The performance on this EQ shows strong variations across the eleven (11) projects. While the performance of TSPs in Rwanda, Malawi, and Ghana (OI project) has been very good, the Care-Fidelity project in Ghana as well as Alafia's support to CPEC in Benin has been acceptable especially in training but a bit deficient in agency banking. Given that the selection process accorded importance to the quality, relevant experience and suitability of TSPs, it is imperative to analyse the variations in TSP performance.

In Rwanda, WOCCU has been successful in navigating the challenges posed by the government's pervasive role and modifying its technical assistance as per the situation. For example, though validating the U-SACCO's books of accounts and member data was not included in the PBA, WOCCU having realized the criticality of this activity had taken upon itself the responsibility of validating their data. At the time of the on-site mission in late June 2015, the data of 58 U-SACCOs had already been validated against their books of accounts. WOCCU, also beyond the PBA, developed a concept note on merger options for U-SACCOs and possible technology options for the government. WWB in Malawi helped NBS bank conduct discussions with Malawi Post and Airtel and also facilitated a market study on savings product for low-income clients as well as setting up the entire process for agency banking.

On the other hand, the Ghana (Care-Fidelity) project has seen slow progress. The project designed by CARE's Access Africa team did not adequately take into account the card-based business model of Fidelity Bank. In hindsight, the bank feels that the choice of operational areas and fee structure of the savings products were unrealistic. Another factor constraining the project is that while CARE expected the Fidelity bank to focus on increasing the number of accounts and providing an agent network, the bank realized that the IT and HR resources did not have sufficient bandwidth to handle the large number of new accounts, to be opened as part of MLE, in a region with thinly spread out population. In Benin, the TSP (Alafia) encountered challenges relating to mobile banking. As Alafia does not have the requisite expertise, it is counting on UNCDF to bring in a consultant to provide support in this area or support through capacity building.

Though the evaluation shows that TSPs which have a history of working in the country and have local presence do well, the projects in Ghana (CARE-Fidelity Bank) and Benin highlight that well thought out project design and technical expertise are also a pre-requisite to the programme's eventual success in addition to local presence.

<u>EQ1.9 Has higher budget allocation to TSPs led to lesser ownership among FSPs?</u>

The MLE programme across ten countries has extreme variations ranging from no involvement/share of FSP in budget (Rwanda) to TSP/FSP belonging to the same group (Burundi) and the clear demarcation of budget among TSP/FSP in other countries. The general impression across countries was that the involvement of FSPs at the time of proposal submission was relatively low and the TSPs drove the proposal formulation process; which is also reflected in the budgetary allocation amongst the partners.

However, it has not led to any substantial issues in ownership across countries by the FSP other than initial reservations. In Ghana, out of a total grant of US$ 2,120,235, Fidelity bank is to receive a total grant of US$ 150,000 (7.1%). The bank realizes that the costs of operating in Northern, Upper East and Upper West regions of Ghana are much higher than what was envisaged earlier. Though it is a large bank with ample resources, the bank underestimated the requirement for the project and did not allocate adequate resources. NBS Bank's share of 23% in the overall project budget in Malawi did lead to initial resentment at NBS with the resource allocation primarily because the bank has been going through trying times and the management changed since the preparation of the proposal. However, the value add perceived by the FSP, post the rollout of the Pafupi accounts, has addressed these concerns to a large extent. MEDA's delay in placing fulltime staff in Uganda and providing less than optimal quality of TA and mentoring during the pilot has led to lower achievements.

Ghana (OI-SASL) project is an example of good ownership by the FSP and the same has been achieved due to the division of resources being mutually decided and agreed upon by OI and SASL. The proposal, activities, milestones and the components of the budget were jointly decided by OI-US and Sinapi Aba, while OI's-US proposal team put together the entire application. The budget was designed to cover expenses on design of savings product, marketing initiatives, staff training, upgradation of core banking system to include a biometrics module, conversion of outlets to full-fledged branches, use of netbooks and to develop an agent network and a cell phone banking product.

EQ1.10 Extent of involvement by FSPs in TA scope and delivery

The assessment shows that while FSPs had agreed on the areas where TA support would be provided at the proposal formulation stage, in some cases, extraneous factors have led to challenges in scope and delivery. In Burundi, the FSP and TSP are from the same group (CRDB) which leads to higher involvement of the FSP. Similarly, MCB in Tanzania has been deeply involved in the TA scope and delivery and it had started work with SGs even before the project. While the sequencing of the activities in the PBA did not have full ownership of NBS Bank in Malawi at the project's start, the actual roll out has reflected its priorities.

CPEC's slow decision making in Benin has led to delays in the proposed schedule and the TSP, Alafia, believes that the project will need to be managed very closely in light of the challenges encountered by CPEC. Though the project design was mutually decided by SOFIPE, RCPB and FFH in Burkina Faso, SOFIPE now feels that the partnership agreement is rigid leading to slackness in adhering to the planned timeframe. PMU (UNCDF) feels that SOFIPE's eagerness to go for MIS upgrade, which was not part of the commitment and can potentially delay programme achievements, is the reason for them perceiving the partnership arrangement as rigid. The selection of multiple TSPs and FSPs in Cameroon has also led to a situation where the TSPs have a predominant say in TA sequencing. Stakeholders in Liberia feel that the budget is not adequate for the PBA targets and the working relationship between WOCCU and LCUNA on the ground has been contentious. The situation in Liberia worsened due to a change in leadership at LCUNA after the initial launch owing to which the new management and leadership were poorly informed on the MLE programme. In the case of Rwanda, the FSPs (U-SACCOs[4]) had little say in sequencing of the TA with the TSP and Government deciding it and it was practically not possible to involve them considering their limited capacity.

Thus, the influence of FSP in TA sequencing across countries is moderate on account of multiple factors such as issues not anticipated at the time of programme design, availability of technical resources from the TSP and clarity on the role of TSPs. Overall, the involvement of FSPs at the time of proposal submission was, in the evaluator's opinion, also less than desired.

4.4 Cross cutting issues

The assessment of cross cutting issues is based on the integration of gender and environmental sustainability in programme design and the extent of support provided to the FSP in developing agency banking. As majority of the programmes focused on promoting savings-led financial services, the first dimension has been evaluated only on the aspect of integration of gender.

EQ1.11 Integration of gender and environmental sustainability in programme design?

Across countries, gender has been given primacy with regard to designing savings products, which is in line with MLE's focus on women. The performance across countries are uniform, which suggests a strong focus on gender in the programme despite differing country contexts. The inclusion of gender specific targets in the PBA along with mandating FSPs to capture and report quarterly progress on the proportion of women borrowers and depositors highlights the importance accorded to extending outreach to women. In Ghana, while the SG methodology has integrated gender issues in its design, Fidelity bank does not have a gender policy or targets in place. The project in Uganda gives emphasis to gender and supports the measurement of gender specific results. However, till mid-2015, the MIS of Ugafode did not have the capabilities to record gender or geography disaggregated data. The data

[4] U-SACCOs refer to Umurenges Savings and Credit Cooperatives created in 2010 as the result of a coordinated strategy by the Rwandan government to foster financial inclusion in the country. U-SACCOs are run and managed by the community and there are 416 such institutions spread across 30 districts.

provided was arbitrary and therefore inaccurate. The MIS has been upgraded recently and the feeding of relevant data is in progress. In the case of NBS Bank in Malawi, even though the Pafupi savings product focusses on women and rural clients and the promotional strategy targeting women has been introduced, the outreach to women is low at 37%.

MCB in Tanzania reports high outreach to women clients – nearly 75% of total depositors were women, as on June 2015. Among SGs linked with MCB, 70% of the groups consist of women. MCB has also focused on environmentally safe practices. In MCB's Board Meeting conducted in October 2014, the BoD ratified Social & Environment Management System (SEMS) policy. Sinapi Aba Trust in Ghana has integrated gender issues in its operations and provides training and product design support to its subsidiary SASL. 84% of its total depositors (reported to be 188,644 as on 30 June 2015) were women. U-SACCOs in Rwanda had 45% women depositors as on June 2015 and the figure is likely to be understated due to significant number of group accounts whose composition cannot be disaggregated gender wise. WOCCU has also integrated gender and environmental safeguards in policies developed for U-SACCOs and the lending policies mention activities which should not be financed due to their negative environmental impact.

EQ1.12 Level of support to FSP on alternate delivery channels

The performance across countries on this parameter reflects significant diversity in performance. The key constraining factors adversely impacting programme performance have been related to limited MIS capabilities and the lack of expertise of the TSP. The engagement in Malawi fares very well in this regard as WWB's support has been crucial for NBS bank and covered the recruitment of agents, laying down of processes including the commission structure and systems for monitoring transactions. WWB also played a key role in discussions with Airtel and Malawi Post and helped NBS decide to have its own agent network. BASIX in Cameroon has provided vital support to CEC in pilot of PoS based agent networks and the pilot is being closely monitored. Similar to Malawi, BASIX's support in Cameroon to CEC has gone beyond mere technical assistance and has been extended to focus upon systems and processes like redesigning of agent contracts. In Uganda, with MEDA's support, Ugafode has now 280 GroupSave accounts (accounts specifically designed for SGs), but the number of these groups using AirSave (the mobile platform based delivery channel) has been limited. Increased usage of AirSave requires building trust on the reliability of the mobile based channel, incentivising the sales team for expanding savings outreach and branding the FSP as a deposit taking institution.

CARE's Access Africa has not been able to support MCB in Tanzania adequately on the technology front. Similarly, the lack of TSP support has impeded progress in Burundi, though CRDB Burundi has received the license from the central bank for agency banking. The TSP, CRDB Technical Services, does not have the technical expertise to provide the requisite TA and CRDB Burundi is counting on UNCDF to help identify a consultant for providing technical handholding. Examples of MIS issues are evinced in Liberia and Benin. The project log frame in Liberia includes linking the Lonestar mobile money accounts with the MIS (Loan Performer) and thereby enabling mobile savings accounts. However, the slow progress in implementing the Loan Performer MIS with the integrated mobile money feature has hindered the progress. Mobile Tontiniers in Benin conduct transactions via a mobile phone application which is transmitted to a central server at the head office. The savings were yet to be automatically linked to the clients' accounts on account of MIS deficiency but as per recent PMU reports, the gateway solution has been found and will be rolled out in early 2016.

4.5 Relevance of Knowledge Management strategy

The assessment of knowledge management strategy is based on the plan, progress on documentation of lessons, sharing of experiences and also reviews whether the strategy is aligned with providing evidences pertaining to the programme's key hypothesis.

EQ1.13 Documentation of lessons
EQ1.14 Scope for improvement in KM; key aspects providing evidence for programme's objectives?

The trend across the countries shows that while the strategy is aligned to provide evidence that validates the programme hypothesis, additional aspects can be added to strengthen the focus on knowledge management (KM). Overall, the progress on KM activities attained at mid-term has been slow. A strong aspect of the KM strategy noted in all countries was by way of participation in the annual workshops organised by UNCDF ML PMU in 2014 and 2015; FSPs expressed their appreciation of the experience sharing especially on agency banking. UNCDF's support in specific events has also been appreciated by FSPs. For example, eight FSP staff are being sponsored by MLE to attend the SG2015 savings group conference organized by SEEP in November 2015 in Zambia (where MLE will moderate a panel with three of its partners) and five FSP/TSP staff were sponsored to attend the Helix Institute agent network management training in Dakar in December 2015. In addition, PMU staff delivered a session on lessons and impact of MLE at Boulder training institute and knowledge management videos have also been released in the annual MLE workshops. Three newsletters were released in June 2014, December 2014 and July 2015 where readers were updated on the overall progress of the programme, milestones achieved by the partners and trainings, conferences organized. In addition, nine webinars on reporting to MIX, client centric product development, design and rollout of alternate deliverable channels, managing agent networks, savings groups, financial diaries, rural banking and change management for deposit mobilization have been organized till date.

Reporting to MIX and toSAVIX (for SG linkage projects) was also part of the knowledge management agenda and is required in all PBAs. In most cases, the reporting has been achieved but the validity of that reporting remains questionable in light of data issues.

The knowledge management aspect in Malawi relates to drafting lessons learnt from the programme, with particular focus on challenges related to implementing alternate delivery channels. This is highly relevant and will provide evidence to project impact as rollout of Pafupi savings through agent banking has been the core of the project. However, not much progress has been made and with time the challenges of accurately capturing learnings will be impacted. Further, challenges encountered in partnership with Malawi Post and Airtel, if added, can provide learning on factors that influence partnerships. The case study on linking SGs with formal financial institutions has been identified as the KM product in Tanzania, which is the core of MLE intervention. In addition, CARE organised a seminar on its MLE programme in Moshi from 27-28 May 2015 to facilitate knowledge and experience sharing, identify challenges and best practices and prospects towards increasing access to formal financial services to institutionalize the project, through capacity building of community village agents and franchisees on financial linkages. SASL in Ghana has also identified its KM agenda which include i) case study of the transformation to be developed by OI, ii) plans to undertake client satisfaction survey in October 2015 iii) client journey mapping to identify challenges faced by clients and iv) documenting the history of Sinapi Aba Trust.

As the programme is scheduled to end in 2016 in most countries, it is important that the KM activities are taken in right earnest and the PMU should ensure that due importance is given to the programme's learning agenda. Documentation of MLE learnings will provide a stronger base for future programme formulation. All partners have submitted their case study outlines (in December 2015), two consultants have been hired to support on case study preparation, policy briefs and short articles.

4.6 Conclusion – relevance of MLE

This section assessed the programme's alignment with the broader mandate of UNCDF's Financial Inclusion Practice Area (FIPA) and also attempts to evaluate whether the programme design was well-suited to meet the MLE programme outcome based on the following sub-parameters-synergies, demand for financial inclusion in the project countries, nature and type of FSPs/TSPs selected under MLE, grant design, focus on cross-cutting issues like gender and environmental sustainability and the programme's knowledge management strategy.

Under the MicroLead Expansion programmes, grants were awarded to 11 projects in ten countries in Sub-Saharan Africa, where the degree of financial inclusion is low. Further, the MLE programme design incorporated lessons learnt from the previous ML programme and thus focused on existing institutions to avoid gestation delays, development of alternate delivery channels as a means of increasing outreach and bringing in a technical agency to support changes in the FSP. Overall, the relevance of the programme design is high and ensured that the implementation strategy of each country programme was designed in accordance to its local context. Further, the selection process and eligibility checklist were elaborate and shortlisted applications underwent rigorous scrutiny post an onsite due diligence by external consultants to ensure that the applicants chosen were well-suited to be potential market leaders promoting savings-led financial services. Also, efforts were made to ensure that the chosen FSPs were committed to the programme's goal of increasing outreach to low-income clients, including rural and female depositors. Thus, barring the two Greenfield projects, grants were sanctioned to existing institutions which either had a strong rural presence or were keen to downscale and target the BoP segment.

Despite efforts to choose grantees best placed to achieve the programme objectives, instances have been noted where grants were approved to FSPs which did not meet some of the FSP eligibility criteria. This was done so as to be flexible and place more emphasis on relevance rather than on eligibility criteria. Also, even though the programme rightly recognized the need to develop and actively promote alternate delivery channels in the form of agency banking and mobile financial services as tools for furthering outreach in remote locations, implementation challenges in the form of delays in obtaining licenses, recruiting agents, designing a suitable commission structure as well as technology failures impeded progress on this front. The implementation challenges in most cases like civil war in Burundi or Ebola in Liberia could not be foreseen, while in some cases the possible bottlenecks were identified during due diligence like dominant role of the government in Rwanda. However, the strategy of going ahead with the identified risks came from the standpoint of placing more focus on the intended positive outcomes of the programme. The PMU has responded well to implementation challenges by recalibrating deliverables, delaying release of grants in case of non-achievement of targets, negotiating amendments to the PBAs and identifying and contracting extra support when needed (eg, Ugafode).

Most of the FSPs appreciated the support provided by the TSPs in product development, conducting needs assessment, process and service delivery channel design as well as in strengthening systems and bringing about other institutional changes. However, in a few instances it was seen that the application formulation, identification of the areas of TA support, division of tasks, resources and budget were almost always driven by the TSPs. Selecting TSPs having local presence as well as prior experience in the country, coupled with a robust project design thoughtfully conceptualized by both partners as well as the provision of timely and relevant technical assistance are some of the key factors guiding the programme's success.

Chapter 5

Efficiency of MLE Programme

This section assesses the efficiency of programme management with regard to delivering the expected results within the stipulated timeframe and budget. The assessment primarily focuses on the quality of project cycle management and other institutional arrangements. Programme efficiency also includes an evaluation of the process of shortlisting proposals to identify applicants best suited to achieve MLE's objectives coupled with the quality of PBAs, quantum and timing of investments, monitoring and oversight from UNCDF and the support provided by TSPs, grantee reporting requirements and efficacy of knowledge management activities. Efforts were also made to appraise the adequacy of the grant funding, quality of human resource and management support provided.

Barring Benin and Burkina Faso, where the projects commenced only six months ago and hence are not likely to have generated results worthy of evaluation, the team assessed the overall efficiency of all nine investments, keeping in mind the unique nature and contextual variations within which the projects operated. The country level variations are discussed in the sub-sections below.

5.1 Quality and efficiency of programme management and monitoring

EQ2.1 Quality of Programme Management and Monitoring

In terms of the quality and efficiency of programme management and monitoring, MLE's performance is acceptable. Key achievements of the MLE programme, as on 30th June 2015 include the development of twenty-five products that can be directed attributed to MLE, extending outreach through its partner FSPs to 362,919 active voluntary depositors with an aggregate deposit balance of US$ 21 million [UNCDF Project Period Report, Q2 2015]. Key learnings from ML in the form of increasing the strength of the programme management team and development of detailed reporting formats have been incorporated in MLE. Further, in order to support implementers, PBA amendments were made to accommodate institutions, which despite best efforts were finding it difficult to meet their targets, on account of the unfavourable political climate, regulatory restrictions and other factors beyond their control. However, it should be noted that consolidated amended PBA targets of the 17 FSPs of reaching 3.43 million (originally 5.58 million) new depositors far exceed the programme target of increased outreach of 450,000 additional low income depositors. The key difference being 450,000 is the target for MLE induced savings products and 3.43 million is the entire institutional outreach.

EQ2.3 Adequacy of Monitoring and Evaluation Systems

Supervised by a Programme Manager based in New York and two Programme Specialists managing relationships in East and West/Central Africa, respectively, the quality of programme management and oversight has been reasonably good. Representatives from the PMU have conducted at least two monitoring visits in each of the projects supported under MLE and documented their observations for future reference. As per the protocol cited in the MLE ProDoc, on-site monitoring visits are to be conducted at least once a year in countries where no Country Technical Advisor (CTA) is on ground and at least twice a year by the CTA in other countries. Further, TSPs and FSPs share quarterly progress reports along with supporting documentation that evidence the successful completion of specified deliverables to UNCDF, based on which subsequent funding tranches are released.

Besides UNCDF, programme partners were also proactive in diligently monitoring performance. MLE investments in Rwanda, Tanzania and the Opportunity International (OI)-Sinapi Aba Savings and Loans

(SASL) project in Ghana have performed efficiently on account of the prudent utilization of funds and emphasis given to regular reporting and close monitoring of ground level activities. For instance, WOCCU deployed teams for visiting each Umurenge Savings and Credit Co-operatives (U-SACCO) and validating their records; an exercise that proved to be tremendously useful and led to the identification of several issues related to the quality of reporting and recording data. Likewise in Tanzania, CARE has established a robust monitoring framework wherein all data reported by the Community Volunteers are validated at various levels, post which it is entered into SAVIX. With OI's support, SASL upgraded its MIS to Temenos T24 and provided netbooks to the branches that were not connected to the MIS to facilitate regular end of day reconciliations thereby improving the FSP's reporting capabilities as well as overall programme efficiency. Likewise, with BASIX and WOCCU's support, the three FSPs in Cameroon and four RCUs in Liberia were also able to setup their computerized MIS. However, data entry and validation exercises are ongoing in both countries.

Despite being a well-established bank, a separate mini-MIS having limited capabilities is being used by Fidelity Bank's Financial Inclusion Department which constrains its abilities to accurately report the number and amount of low balance savings. The non-automation of the MIS in NBS Bank leads to data discrepancies and makes it difficult to report granular information. The Cameroon project aimed to upgrade the MIS of one FSP and automate the operations of the Federation of Village Banks, post which data correction activities ensued till June 2015. However, the quality of data reported continues to be an issue and calls for closer scrutiny. The M&E system in Liberia also needs attention; a more robust reporting framework could have helped in earlier detection of some of the implementation level challenges resulting from the coordination issues that existed between the partners in the initial phase of the project.

EQ2.2 Extent to which programme outputs are value for money

The projects selected under MLE were diverse and included bank downscaling in Malawi and Ghana, setting up a greenfield institution in Burundi, credit union creation in Liberia and strengthening the performance of savings-focused cooperatives in Rwanda, savings group linkages with formal financial institutions in Ghana, Tanzania, Uganda and Burkina Faso, MFI transformation into deposit-taking institution in Uganda and Ghana through human-centered product design, and deployment of alternative delivery channels such as mobile money, rural agents, susu collectors and point of sale devices.

Of the nine projects being evaluated for efficiency; maximum leverage[1] was achieved by SASL followed by the three FSPs in Cameroon. Though the project partners in Cameroon have not succeeded in completing the deliverables stated in the PBA, collective efforts of the three FSPs enhance the project's leverage. On the other hand, SASL, as an institution has been keen to offer savings products and hence opted to transform into a Savings and Loan company. After transformation, savings accounts were opened for all existing loan clients increasing outreach number. Further, the FSP is well-reputed and has succeeded in obtaining funds from various banks, social investors like Blue Orchard, ResponsAbility, Incofin, Triodos, Symbiotics and other individual investors. It also received funds and technical assistance to support the organization transformation exercise from REGMIFA. Given that the quantum of MLE investment in the OI-SASL project is modest as well as the organization's resolve to mobilize deposits, the high leverage cannot be solely attributed to the MLE programme.

[1] In the context of MLE, leverage is defined as ratio of savings balance mobilized from active voluntary depositors via the products developed under MLE to the overall funds that have been received till June 2015.

Table 5.1: Leverage of MLE grants by partner FSPs

Country	Proposed funding ($ million)	Funds received (till Jun'15)		# of savings products Developed under MLE	Active voluntary depositors reached via these products	Voluntary savings balance ($)	Leverage^
		Amount ($ million)	%				
Cameroon	1.7	0.7	41	4	135,704	8.1	11.633
Burundi	0.7	0.3	36	1	110	0.0	0.002
Ghana (CARE)	2.1	0.8	37	1	4,654	0.0	0.029
Tanzania	1.9	1.3	72	1	10,025	0.1	0.109
Malawi	1.7	1.3	76	1	11,864	0.2	0.123
Ghana (OI)	0.7	0.5	64	5	188,644	11.2	22.487
Uganda	0.9	0.7	75	1	4,662	0.0	0.013
Liberia	2.5	1.7	68	4	4,918	0.2	0.113
Rwanda	2.2	1.6	74	4	1,890	1.1	0.692
Total	**14.4**	**8.8**	**61**	**22**	**362,471**	**21.0**	**2.388**

Source: MLE-MCF KPI and Narrative Reporting Q2 2015; UNCDF Project Period Report, Q2 2015
Note: Benin and Burkina have not been included in the above analysis as the projects have just commenced
^ Leverage is the ratio of savings balance mobilized from active voluntary depositors via the products developed under MLE to the overall funds that have been received till June 2015

Despite challenges, U-SACCOs which are well-established and present in every sector in Rwanda were also able to mobilize savings amounting to approximately US$ 1.1million. Challenges in linking Village Savings and Loan Associations (VSLA) with the FSP have affected the leverage of Mwanga Community Bank (MCB) and Fidelity Bank. With Women's World Banking's (WWB) support, NBS Bank in Malawi has successfully rolled out the Pafupi account and has acquired approximately 12,000 depositors in the pilot phase along with the continual expansion of its agent network. Political instability in Burundi and a decrease in the depositor base of Ugafode Microfinance Limited (Ugafode) have resulted in negligible leverage for CRDB Burundi and Ugafode, respectively. **Table 5.1** provides a snapshot of the achievements of the programme partners, in terms of leveraging MLE grants to promote savings led financial services in Sub-Saharan Africa.

5.2 Quality and efficiency of oversight provided by UNCDF

EQ2.4 Relevance and Quality of Technical Assistance provided by UNCDF & E.2.5 Quality of Programme Governance and Oversight at regional and headquarter levels

The quality and efficiency of oversight provided by UNCDF's PMU as well as local UNCDF staff is good. A Programme Manager based in New York managed MLE's predecessor, ML, remotely. Having realized the challenges in overseeing and supporting a large and complex programme having multiple stakeholders remotely, a Knowledge Manager and two Programme Specialists have been recruited to manage the various investments made under MLE. The Programme Specialists based in Accra and Dar es Salaam oversee the programmes in West (6 projects) and East Africa (5 projects), respectively. Given that each Programme Specialist is responsible for managing five or more projects spanning multiple countries, conducting regular visits are a challenge. However, the Programme Specialists have undertaken at least two visits on an average from the time of PBA signing and have documented the achievements and roadblocks in detail in Back to Office Reports.

Further, TSPs and FSPs are required to document their performance in a narrative report and also provide details on the budget expended, activities undertaken and submit copies of the deliverables completed to UNCDF for review, every quarter. Disbursement tranches are contingent upon the quality and completion of the deliverables stipulated in the PBA. The two Programme Specialists regularly interacted with the programme implementers through virtual communication channels and hence were constantly updated on the progress and setbacks and were also able to provide need-based support. Further, quarterly monitoring reports including details of knowledge management activities and expenditures incurred are shared with The MasterCard Foundation.

Grantees are expected to provide quarterly updates on the targets achieved. TSPs and FSPs report information related to their overall outreach as well as data disaggregated according to gender and location, portfolio growth and quality and profitability. While grantees are also required to share information on the average loan and savings balance, gender and geography wise breakup on these indicators is not solicited. Tracking dormancy is also a huge challenge for the FSPs and most of them are not able to report information on dormant accounts due to limited capabilities of their MIS and savings groups of 20-30 members being registered under a single account (like in Rwanda), despite emphasis from UNCDF on this performance indicator, thereby providing an incomplete and possibly misleading picture of the programme's impact.

It was seen that the presence of Country Technical Advisors (CTA) in Rwanda and Malawi spurred the project's progress. UNCDF's former CTA in Rwanda was actively involved in proposal formulation and clarifying queries raised by the Investment Committee (IC), while the representative in Malawi was proactive in providing on the ground support including facilitating Social Performance Management (SPM) workshops for the FSP's (NBS Bank) management. However, the level of involvement of the UNCDF representative stationed in Uganda was low on account of being involved with the Mobile Money for the Poor (MM4P) programme.

However, UNCDF's experiences have guided the design of the projects in Uganda and Ghana. In Uganda, UNCDF played a catalytic role in shaping the proposal to link the informal groups created by various international NGOs with the FSP (Ugafode), while UNCDF's experiences with ML and YouthStart led to the conceptualization of the Smart Kids product by SASL in Ghana. The PMU has also helped organize exposure visits in Bangladesh and Uganda for a Greenfield FSP, CRDB Burundi, and engaged a short-term consultant to identify and obviate bottlenecks and thereby boost progress in Uganda. Upon recommendation from MLE, the governor of the Bank of Burundi was invited to participate in a learning mission to Tanzania organized by UNCDF's MM4P to better understand how the Tanzanian government brought branchless banking to its people. CRDB reported that the Governor was very involved in the mission and came away with a lot of ideas to implement in Burundi.

Overall, the programme implementation partners were appreciative of UNCDF's guidance. Though UNCDF proved to be highly capable in managing a complex programme covering multiple LDCs and low middle income countries, its ability to provide on the ground support through frequent visits was limited. Though increasing the strength of the MLE PMU helped improve the quality of oversight, the lack of regular on the ground support has impeded the overall effectiveness of the programme. It has been evidenced that projects operating in countries where UNCDF representatives are situated have benefitted significantly from the timely on-the ground support provided and have also succeeded in obtaining support from other national level stakeholders.

5.3 Technical services providers

<u>EQ 2.6 Quality of Technical Assistance</u> & <u>EQ 2.7 Perception of TSP support from FSP point of view</u>

The quality of technical support provided by the TSPs is good. TSPs supported the financial institutions in strengthening their systems, providing capacity building support, conducting needs assessment, market research, product development, financial education curriculum development and conducting training of trainers, Social and Environmental Systems (SEMS) policy formulation and design of alternate delivery channels.

OI's partnership with SASL in Ghana exemplifies a strong working relationship between the TSP and FSP. Being an OI partner institution, SASL has been receiving the TSP's support in capacity building, knowledge management, incorporating Social Performance Management in their practices, training on cross-cutting issues and the FSP also continues to use the OI platform for raising funds. The MLE grant was opportune given the devaluation of the Ghanaian Cedi against US$ as well as the reputational risk suffered by the microfinance sector on account of the collapse of several microfinance institutions engaged in dubious lending practices and supported the organization's transformation from a NGO to a Savings and Loan Company.

WOCCU's support to U-SACCOs in Rwanda and WWB's support to NBS Bank in Malawi are also examples of positive TSP support that has helped both organizations develop new products and increase outreach. NBS Bank is also focusing on expanding its agent network as a part of its endeavor to broaden outreach. Though the involvement of the government and the indecision regarding the consolidation structure for U-SACCOs have impeded WOCCU's progress and have delayed disbursements, the TSP has been efficient and has undertaken activities (data validation of the U-SACCOs) not included in the PBA as it realized how critical they were for achieving other key milestones. WOCCU has been judicious in expending its budget and aims to complete the data validation exercise with the unspent corpus, if a six month no-cost extension is granted. Despite initial hiccups, the project in Uganda is also gradually picking up and relations between the two partners have improved substantially.

In Tanzania and Ghana, CARE International has been creating and training Village Savings and Loans Groups (VSLAs) that are subsequently linked with the FSP, while CARE's Access Africa was to facilitate the development of a platform to provide mobile financial services. Despite setbacks resulting in delayed disbursements, both partners in Tanzania are working towards speeding up the linkage activities through a concerted marketing campaign. However, work on developing alternate delivery channels has not progressed, post the resignation of Access Africa's key point of contact who was championing this initiative on behalf of the programme implementers. Funds earmarked by Vodacom Foundation Tanzania for developing the group e-wallet were no longer available and thereby delayed the development and rollout of the M-Pesa wallet. Further, MCB was yet to receive an agency banking license and was in the process of incorporating Bank of Tanzania's comments in response to the initial application submitted by the FSP, at the time of the evaluation team's visit. The partnership between CARE Ghana and Fidelity Bank has not been smooth. The original FSP proposed by CARE Ghana was replaced with Fidelity Bank, a strong financial institution that had already set up its Financial Inclusion Department. Given the bank's limited understanding of the VSLA model as well as unfamiliarity with North Ghana where the project was to operate, centralized decision making by the bank's senior management, currency devaluation, technological glitches coupled with a weak and non-integrated MIS, unforeseen expenses due to regulatory changes demanding a change from mag stripe cards to pin and chip based cards and challenges in appointing agents and designing a suitable incentive structure as well as the TSP's inability to adapt the VSLA methodology with the bank's requirements, the project performance has been severely constrained and has affected the relationship between the partners. In addition to Fidelity Bank, the TSP, with UNCDF's support, has partnered with SASL and GN Bank in December 2015 for additional savings group linkages. Of note is that the two new partners have joined the MLE project with no external funding.

In Cameroon, the project's progress slowed down due to presence of multiple partners and due to need for replacement of key resource employed by Basix during the initial phase of implementation. However, post the replacement of the BASIX representative with a more experienced resource, project activities are being undertaken more effectively. On the other hand, the two Greenfield institutions lag behind their established counterparts on account of multiple factors. Coordination issues exacerbated by the offsite presence of the TSP during the Ebola crisis had affected the relationship between the TSP (WOCCU) and project beneficiaries (4 Regional Credit Unions and Liberia Credit Unions National Association) in Liberia. However, these issues were subsequently resolved following a stakeholder workshop conducted in March 2015. Even though CRDB Bank shares a cordial relationship and is appreciative of the support provided by CRDB Microfinance Services, the offsite presence of the TSP makes it difficult for the FSP to receive on-time support. In Malawi too, the project's progress spurred after WWB's consultant relocated to the FSP's location.

EQ 2.8 Grantee Reporting Requirements

In addition to the difficulties encountered on account of the TSPs providing remote support, reporting requirements were also a challenge for a few grantees; many of whom were reporting to MIX for the first time. Efforts were made to train the FSPs on using MIX and SAVIX. Nonetheless, challenges have been manifold. While some FSPs did not have a MIS in place, others (including established banks like NBS Bank and Fidelity Bank) had to manually extract information as their MIS was not equipped with advanced reporting facilities and thereby found it difficult to disaggregate data based on gender and location. Also, both NBS Bank, Malawi and Fidelity Bank, Ghana are expected to report the overall bank's performance, while the project's scope is limited to only agency banking and financial inclusion, respectively. Likewise in Uganda, Ugafode is providing information on the total number of voluntary depositors instead of focusing on the GroupSave and AirSave products, which have been created on account of the MLE investment. One also needs to recognize that the FSPs in Rwanda (U-SACCOs) and Cameroon (federation of village banks) are many in number and have limited capabilities. Thus extracting and cleaning their information for regular reporting purposes is an uphill task. Likewise, post completion of the data validation exercise in Cameroon, it is expected that data integrity issues will soon be resolved.

5.4 Efficiency of RFA/PBA process

EQ2.9 Efficiency of the RFA process

MLE's performance with regard to the efficiency of the application process as well as subsequent formulation of the PBA has been good. Applications were generated and shortlisted in accordance to the criteria listed in the ProDoc. Overall 65 Expressions of Interest (EOIs) were received by UNCDF from 27 applicants in response to the RFA for MicroLead Expansion issued in October 2011. This translated into 54 applications from 22 applicants of which 31 applications were in the first shortlist. After scrutiny of the applications with respect to the eligibility criteria of the TSPs and FSPs and alignment of their proposed activities with MLE objectives, 17 applications were finally shortlisted for due diligence. Of this 9 applications were approved for MLE grants and signing of PBAs.

In order to award the remaining unspent budget, a new RFA was issued in April 2014 for four LDCs- Togo, Benin, Burkina Faso and Madagascar. Eighteen EoIs were received; of which 13 were invited to submit detailed applications and 10 applications were reviewed and ranked on the following parameters- value add of the proposed innovation, knowledge management, staff experience and institutional governance, target market and client protection and ability to reach scale during the project's lifetime. Post the assessment, the highest ranked applications from organizations which are currently not being funded by The MasterCard Foundation were awarded grant funding.

The shortlisted TSPs were experienced institutions and broadly satisfied the eligibility criteria. However, some of the shortlisted FSPs did not meet the selection criteria fully as several were very small and had limited scale. Portfolio quality was another area that was overlooked in case of a few institutions, while Greenfields as well as some established FSPs did not have deposit taking licenses and the requisite number of depositors in place at the time of application. Having said that, it is also important to acknowledge that though a few FSPs did not meet the stated eligibility criteria in entirety, the selection committee ensured that grants were awarded to institutions best suited to achieve the MLE objectives while operating in less than ideal conditions in SSA.

EQ2.10 Effectiveness of consultant reviews, due diligence missions and ICs & EQ2.11 Appropriateness of candidates selected
& EQ 2.12 Ability of IC to foresee future risks
& EQ2.13 Efficiency of PBA design

External consultants, in addition to FIPA staff (RTAs and CTAs) reviewed the shortlisted applications, undertook due diligence missions and ranked the proposals to provide insights to the Investment Committee for making decisions and thereby awarding grants. The qualities of the consultant assessments as well as IC discussions were good and identified several critical issues. For instance, IC rightly pointed out the limited value add of the MLE investment given that Sinapi Aba had already received funds from other donors and had initiated the process of transformation, post which the budget was significantly reduced. In Uganda, Rwanda and Cameroon, the applications were revised to limit the number of FSPs to only those, which were best suited to meet the MLE objectives. In Burundi and Malawi, the consultant feedback and IC recommendations aptly recognized that the absence of agency banking license as a foreseeable impediment. Anticipated delays in project implementation due to government's involvement in Rwanda, capital adequacy challenges and low leverage of CARE's partnership with Mwanga Community Bank in Tanzania, limited FSP involvement in proposal formulation in Uganda, CRDB Tanzania's inexperience in conducting microfinance activities and unrealistic projections and the unfavorable regulations, weak internal capacities and absence of MIS in Credit Unions in Liberia were among the issues highlighted in the consultant assessments. IC also rightly pointed out that without the MLE grant, Fidelity Bank would not have the impetus or resources to invest in setting up operations in the country's Northern region.

Despite the high quality of the consultant reviews, the consultants failed to take note of the poor portfolio quality in Malawi as the figure reported by the FSP as a part of the regulatory requirements was incorrect and highly understated; a challenge which was subsequently detected and incorporated in the PBA. Furthermore, even though the scope of the applications were revised on a few occasions- the number of U-SACCOs being raised from 60 to 90 in Rwanda and Ugafode was to be the only FSP in Uganda, necessary modifications in the budget or targets were not made thereby compounding the challenges faced by the FSP. Even though the consultant assessments anticipated delays in meeting the proposed targets in Rwanda, a contingency plan or risk management framework was not drawn up and incorporated in the PBA thereby delaying the disbursements made to WOCCU.

The Cameroon project is unique as it involves two international TSPs, one national TSP, and three FSPs. Given the complexity of the task at hand, a project task matrix was prepared and each partner signed a separate contract with UNCDF, though there was considerable overlap in the tasks assigned. The PBA design had an adverse impact on the achievement of deliverables as implementers were not very clear about individual responsibilities. Furthermore, all TSP payments were to be made to BASIX and subsequently transferred to the other TSP- PAMIGA, attracted a 20% deduction of tax at source as per Indian laws leading to financial loss for PAMIGA. However, this issue was addressed within a span of six months with a PBA amendment citing PAMIGA as a direct recipient of funds.

Another issue noted in many of the projects related to the incorrect baseline figures, which resulted in significant over-estimation of the targets by the FSPs. After a year into the project, BASIX/PAMIGA realized that the baselines provided by the FSPs were incorrectly assessed during data migration from a manual to a computerized CBS at all three FSPs. Consequently, the targets provided by the FSPs were also unrealistic and needed revision. In Rwanda, the presence of group accounts in the U-SACCOs, whose member composition cannot be disaggregated gender wise along with the eventual detection of large number of dormant accounts by WOCCU, resulted in under-reporting the proportion of women members and exaggerating the number of active clients. These issues could have been avoided if the figures reported by the partners were not accepted prima facie and instead were verified by the consultants during the due diligence missions. Having realized the above mentioned challenges, which have contributed to delays in the disbursement schedule in Cameroon and Rwanda, amendments are being made to the PBAs and it is expected that a six month no-cost extension will be granted to WOCCU in Rwanda.

Barring the CARE Ghana-Fidelity Bank project which substituted the originally shortlisted CARE-EcoBank Accion Savings and Loan partnership in Ghana, due diligences by external consultants had been conducted for all MLE awardees. However, it may have been prudent to conduct a second round of assessment for all potential awardees in order to make a realistic estimate of portfolio quality, readiness and commitment level of the FSP to work towards the MLE objectives, relationship between the programme implementers, extent of government support and influence as well as the likelihood of obtaining the requisite licenses necessary for taking the projects forward.

5.5 Efficiency of KM activities

EQ2.14 Efficiency of KM activities being produced under MLE

MLE's performance with regard to the efficiency of knowledge management activities has been moderately acceptable. A Knowledge Manager responsible for documenting and disseminating the learnings from three UNCDF GTI programmes was appointed during the early phase of the programme.

The programme aimed to generate and disseminate the programme learnings among FSPs, TSPs, policy makers, donors and other stakeholders related to savings mobilization, Greenfield operations and technical assistance provision through annual workshops, case studies and policy briefs, regular performance reports shared by grantees and uploaded to MIX/SAVIX and meetings with policymakers and other industry stakeholders. In addition, newsletters and quarterly webinars and an online community of practice are in place.

Though UNCDF was keen to share the lessons learnt from the MicroLead programme and facilitate interactions amongst the different project partners, the ML mid-term report was finalized after the PBAs were negotiated with most partners. However, from a design standpoint, UNCDF did incorporate the feedback received from ML while putting in place a knowledge management strategy for MLE, which can be evinced in the formalization of narrative as well as financial reporting templates, publishing short actionable articles on the programme impact and mandating case studies on the experiences and lessons from the various country support programmes and greenfield investments to channel subsequent programme and management guidance. The PMU has also been proactive in ensuring that high quality deliverables are submitted within the stipulated timelines, post which they undergo rigorous scrutiny.

Amongst all the programme implementers, Opportunity International leads on the knowledge management front having drafted a case study on SASL's transformation experience. OI is also in the process of conducting a client journey mapping exercise in order to understand the impact of SASL's products on the lives of clients and has sponsored a volunteer for documenting the organization's history in the context of its transformation narrated from the perspective of its founders.

All programme implementers have submitted case study topics to UNCDF. CARE Tanzania has hired interns to support the documentation exercise. Other partners have also started codifying the learnings from the programme. In addition, ML will engage a consultant to conduct research during the final year (see TOR provided as an annex to Q3 2015 report to MCF).

As a part of the handholding support provided, partners have been trained on using the MIX platform for reporting purposes. Partner feedback solicited to identify possible topics for knowledge sharing indicate that client-centered product design, social performance management, developing gender focused savings strategies and managing risks in delivering mobile financial services were areas of interest, which were subsequently covered in the MLE workshops. All implementers have participated in the MLE workshops titled “South-South Knowledge Sharing” and “Reaching Rural Areas with Digital Financial Services” conducted in Kigali and Kampala in 2014 and 2015, respectively and were expected to attend a workshop organized by the SEEP Network on linking informal savings groups with mainstream financial institutions in November 2015. In addition, ML sponsored five grantees to attend the Helix Institute agent network management training in Dakar in December 2015. Several others like CARE in Tanzania and Ghana and UGAFODE in Uganda have organized regional workshops where representatives from the respective Central Bank, relevant ministries, financial institutions and other stakeholders involved in advancing financial inclusion were invited. While CARE Tanzania’s workshop in Moshi focused on sharing its experience on linking VSLAs with banks, UGAFODE aimed to train CBOs on linking informal savings groups with the MFI. While participants appreciate the value of these learning events, feedback shared by partners suggest that greater usage of case studies and grantee experience sharing in these events could help improve partner engagement.[2]

TSPs having global presence, like OI and CARE International, have organized learning events where partner institutions are invited to participate, share their experiences and network with other financial institutions, investors and technical support providers. WOCCU in Rwanda shares a good rapport with the various industry stakeholders and participates in regional learning forums and the Technical Steering Committee meetings, whenever the government extends an invitation. Given that the programme has a strong learning agenda, efforts need to be put towards ensuring all partners are enthused about generating timely and high quality outputs with regard to meeting the knowledge management targets.

5.6 Conclusion – efficiency of MLEP

Overall, the efficiency of programme management has been reasonably good. Particularly, the quality and efficiency of oversight provided by UNCDF as well as the process of issuing RFAs, shortlisting applicants, identifying technical assistance requirements and formulating the PBAs, have been effective in identifying candidates well-suited to fulfil the programme objectives within the stipulated time and budget. The programme is being managed by a team comprising the MLE Programme Manager and two Programme Specialists based in East and West Africa, respectively and is supported by a knowledge specialist and Country Technical Advisors based in Malawi and Uganda and formerly based in Rwanda[3]. Though the quality of oversight and programme management provided by on-site monitoring missions and quarterly reporting by the programme implementers has been adequate, it is not surprising that the projects operating in countries where UNCDF staff are based have benefitted significantly from timely, on-the ground support. For example, UNCDF’s former CTA in Rwanda was instrumental in furthering dialogue between WOCCU and government stakeholders as well as crafting the scope of the project. In Malawi, the CTA organized trainings on Social Performance Management (SPM) and Client Protection Principles (CPP) for the management of NBS Bank. Programmes in Burundi and Benin will benefit if UNCDF were able to directly provide or link the programme implementers with digital finance consultants. Likewise, greater involvement of UNCDF in project design and ensuring smooth and timely delivery of technical assistance would have spurred progress Cameroon.

A robust process involving UNCDF FIPA staff, representatives from MCF as well as external consultants was used to award proposals having the greatest potential of achieving the programme’s objective of setting up sustainable savings-focused FSPs in the countries. Though the programme tried to select

[2] MLE Workshop Summary present in MLE MCF Reporting Q1 2014
[3] UNCDF’s former CTA in Rwanda is currently based in Uganda and manages the MM4P programme

the best suited applicants, it is seen that some of the FSPs selected (MCB, Ugafode, greenfield institutions) did not fully meet the eligibility criteria stated in the MLE ProDoc. Efforts were made to draw up PBAs aligned with the grantees' TA requirements and funding tranches were linked to it. However, the involvement of multiple partners having overlapping responsibilities in Cameroon, absence of a contingency plan in Rwanda where the deliverables were inordinately delayed on account of the government's involvement as well as in Burundi where progress was halted due to a civil war have led to delay in subsequent disbursements and work cannot be undertaken in the absence of funds. Having realized the impact of these externalities on project performance, targets were revised and PBA amendments have been negotiated with 9 grantees.[4]

The quality of technical assistance provided by the TSPs has been reasonable and most FSPs appreciated the support provided by the TSPs in helping them upgrade their systems, develop new products and establish alternate delivery channels. Instances of friction were also noted in some partnerships. However, given that programme implementers' focus is on successfully completing the deliverables, most differences have been ironed out. The PBA targets were set in accordance to the baseline data provided by the FSPs, which in most cases were not verified. As a result, some of the figures were inflated and were detected when the projects had already started; thereby proving to be a challenge for the partners. These challenges were subsequently addressed through PBA amendments. Several FSPs are also in the process of setting up/upgrading their MIS/CBS, while data cleaning is in progress for others. These exercises, when completed successfully, should help resolve many of the data quality issues that currently affect the quality of reporting. In addition, data quality issues in the form of incomplete information and on some occasions, highly overstated figures significantly differing from the field observations were also noted in the KPI sheet prepared by UNCDF and shared with MCF every quarter, based on data reported by the TSPs and FSPs.

Integral to the core objective of setting up sustainable, resilient, savings-focused financial institutions in SSA, the programme has a strong learning agenda. MLE's performance with regard to the efficiency of knowledge management activities has been moderately acceptable; one of the challenges on this front being that the learnings from ML could not be shared with the partners prior to the start of MLE. A Knowledge Manager has been recruited and two workshops focusing on savings and branchless banking have been conducted, where grantees have participated enthusiastically. Other knowledge management initiatives include quarterly webinars, semi-annual newsletters, sponsorship of conference attendance and an online community of practice. All grantees have identified case study topics and are expected to codify the programme learnings and prepare case studies. Given that this is an end-term deliverable, most partners are yet to start documenting the programme experiences and learnings. In order to be on track with the targets related to KM activities, it is imperative for UNCDF to work closely with the partners and help them collate their experiences, conduct knowledge sharing events and start documenting the programme learnings.

[4] **2015 Q3-**PBA amendment signed with CARE-MCB, Tanzania, tranches disbursed; **2015 Q4**- Amendments signed and disbursements scheduled for WOCCU Liberia, WOCCU Rwanda, CARE-Fidelity Ghana, CPEC-Alafia (Benin),WWB-NBS Bank Malawi, MEDA-Ugafode(Uganda), BASIX and partners (Cameroon); **2016 Q1-**Amendments to be negotiated with CRDB Burundi.

The programme also aimed to integrate gender and environment sustainability in the practices of the FSPs. The targeted approach ensured that gender was given due importance and most FSPs, barring those facing challenges in using their existing MIS for reporting purposes, provided quarterly progress information on the same. Also, the MLE programme has a strong learning agenda and all grantees are expected to document lessons learnt, prepare case studies and participate in various learning events and regional workshops. While grantees have unanimously participated in the two MLE workshops, progress on documenting learnings has been quite slow at the mid-term stage and emphasis needs to be devoted towards ensuring that the programme's knowledge management objectives are met by the time MLE activities culminate in 2016.

Chapter 6

Effectiveness of the MLE Programme

The evaluation analysed effectiveness at two levels: (i) effectiveness in supporting organisational change of MLE-supported FSPs and (ii) the programme's contribution to broader inclusive finance systems through aspects such as policy influence, market demonstration and support to upscaling.

The MLE programme had the intended objectives of affecting changes at the micro (client), meso (FSP) and macro (country/regional) level. This chapter evaluates the extent to which the MLE programme has been able to contribute to the changes in the strategy and attitudes of the FSPs in serving the low-income rural population, particularly women and, as a result create, to create a demonstration effect for further replication. The changes at the micro level which pertain to FSP clients are addressed in in **Chapter 8** on impact.

6.1 Effectiveness: organisational change of supported FSPs

The evaluation team, in all programme countries (except Burkina Faso and Benin), has assessed the strategies adopted by the FSPs under the MLE programme to understand the needs of the clients targeted and to design suitable products/services, develop channels and to internalise responsible financial services. It has attempted to determine the extent to which these have contributed to increased client outreach. The evaluation also looked into how MLE knowledge management activities were valued by the partner TSPs and FSPs in relation to making their country project more effective.

At the mid-term stage some of the countries have just completed their pilot programme while some are still figuring out the most effective ways of delivering savings (& other) products and services to their clients. The country level variations are discussed below.

6.1a Understanding of financial needs & tailored services & gender integration

<u>EQ3.1 Changes in FSP strategy & capacity of staff</u>

The contribution of MLE in bringing about changes in FSP strategy to target low-income rural population, particularly women has been good.

The MLE project has sharpened the focus of NBS bank to go downscale. This has to be seen with its change in focus after the 2012 economic crisis, after which NBS strategically decided to give more importance to liabilities. The MLE component provided a good fit with this changed focus. The exposure visits organised by WWB helped create buy in of the NBS management to tap the lower income population through agent banking. The attitudinal change is apparent from this initiative being led by the Head of Personal Banking and the appointment of staff exclusively for agent banking as well as an emphasis on marketing through an external agency.

In case of Ugafode Microfinance Limited (Ugafode) which transformed from an NGO to one of the four microfinance deposit taking institutions (MDIs) in Uganda, the process of changing from a credit focused institution to a deposit led one has been slow. However, there are signs of increased interest through the appointment of a savings champion, changes in staff job descriptions to include performance indicators related to savings and a conscious involvement of other non-sales staff at the branch in creating awareness about the savings products developed. Mwanga Community Bank (MCB), Tanzania which initially treated microfinance as a project, has created a separate department in March 2015 once it was realized that microfinance groups (SG and solidarity) would play a crucial role in the bank's long term strategy. In the Ghana (OI) project, MLE has played a critical role in transformation, especially in aspects related to capacity building of human resources and in upgrading technology.

The Umurenge Savings and Credit Co-operatives (U-SACCOs) in Rwanda, Federations of Village Banks in Cameroon, MCB in Tanzania and the Credit Unions in Liberia, were providing services to the rural population due to their location but not necessarily to low-income persons/women. MLE has led to the harmonisation of policies, preparation of organisational charts & data validation of U-SACCOs, though the implementation of the changes is yet to gather momentum due to a lack of internal capacity. Similarly, future strategy & business plans were prepared for the three FSPs (UCCGN, A3C and CEC) in Cameroon for targeting the low-income rural population/women, and these are being revised due to inaccurate baseline figures on which the plan was based.

Strategic changes have been limited in CARE's project in Ghana and WOCCU's in Liberia. In Liberia, even though Regional Credit Unions (RCUs) have been established, a major challenge has been LCUNA's misunderstanding of its role and expecting the 4 RCUs to be cash centres or branches of LCUNA. The absence of regulations that clarify the roles and responsibilities of LCUNA have been key factors leading to the misunderstanding. MLE PMU has supported WOCCU to resolve the misalignments with LCUNA by supporting the CBL in putting a new regulation in place in Q3 of 2015 as well as by organizing a stakeholder workshop in March 2015.

EQ3.2 Design of appropriate products & services

MLE's contribution to product development/refinement targeting the low-income rural population/women, has varied significantly from country to country.

A strong link was observed between market research and development of new products in the projects. IDEO.org research was the basis for the design of the GroupSave saving product and the mobile banking platform AirSave in Uganda. Then, 17 Triggers developed a comprehensive marketing plan for product promotion and also for rebranding of Ugafode as a deposit taking institution. In Malawi, the Pafupi product was designed through market research done by WWB. The research covered three segments of potential clients – rural subsistence farmers, rural cooperative farmers and urban entrepreneurs. In Ghana (CARE project) market research was conducted to fine-tune lessons from earlier findings of the Visa funded projects which led to the design of the savings group product that is offered as part of the linkage.

A detailed market research exercise was not conducted in Rwanda and Tanzania. In the case of Rwanda, WOCCU had obtained feedback from the clients of the U-SACCOs (on the request of the Rwanda Cooperative Agency, RCA) it was supporting to develop standard savings as well as credit products which could be applied at these institutions with some customisation. However, most U-SACCOs continue to offer three main types of deposits (current, security and term deposits) which were pre-existing. In Tanzania, the product was refined based on the experience of CARE day-to-day interaction with the SGs, MCBs dealing with SGs and from informal feedback from clients before the start of MLE. In Cameroon, among the three FSPs, a special savings plan for women was developed for UCCGN while A3C was assisted by Basix/Pamiga in refining their existing products and CEC considered using its existing basic savings product 'Compte Sur Livret' for the MLE pilot.

EQ3.3 Client satisfaction on products & services

In order to understand the satisfaction level of the clients of FSPs, a survey was conducted in 7 of the 10 project countries where on-site mission were undertaken. The survey covered 604 FSP clients of which 59.9% were women and 56.8% were rural. **Figures 6.3** and **6.4** show the reported satisfaction level of clients with the savings and credit products offered by their FSPs.

Figure 6.3: Client satisfaction on savings prds.

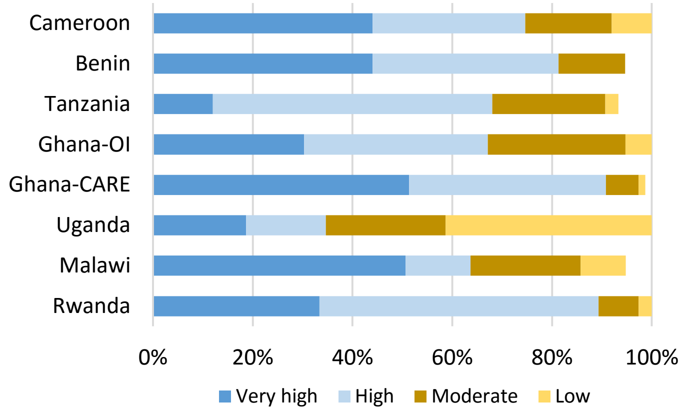
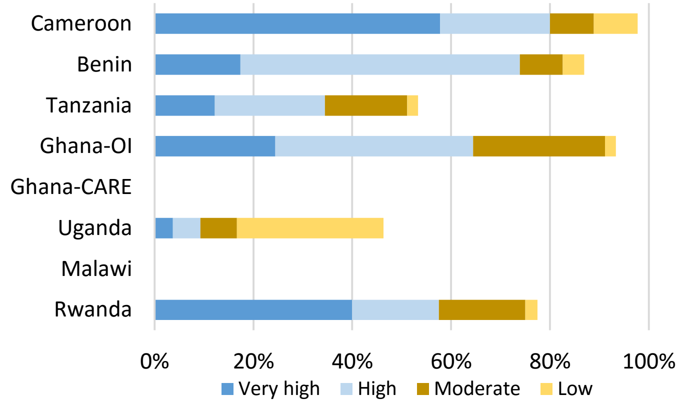


Figure 6.4: Client satisfaction on credit prds.



Note: In Benin, Tanzania, Ghana (CARE) and Malawi the satisfaction on savings products does not add up to 100% as some of the respondents did not provide their opinion. Responses from respondents for satisfaction on credit products were not obtained in Ghana (CARE) & Malawi as none of them had obtained any loans from the FSPs. In Ghana (CARE) development of credit products was not a stated objective. Similarly, it does not add to 100% in all other countries due to lack of response. Also in case of Benin, since the satisfaction survey was conducted within a few months of project initiation the response on satisfaction levels may be a complete reflection.

It is clear from the above analysis that most of the clients seemed satisfied from the savings and credit products offered by the FSPs. In Uganda, the satisfaction level has been lower in comparison with other countries as the clients have hardly been able to use their GroupSave accounts and the AirSave channels. However, the level of satisfaction of clients has been in the context of the availability of savings services from other sources. The survey indicates that before the MLE project, nearly 56% of all respondents were using informal methods of saving (at home, with groups) and about 11% were using the semi-formal channel with MFIs/local NGOs. So it is natural that clients would value services which were not existent earlier. It is only when the clients become more aware about features of the savings products and the market matures to provide them with options that they would be able to articulate and qualify their satisfaction levels better. However, during the FGDs conducted with the field survey, the opinion voiced by clients on the main reasons for satisfaction or dissatisfaction are presented in **Table 6.1**.

Table 6.1: Observations based on client FGDs

Reasons for	Rwanda	Malawi	Cameroon	Uganda	Tanzania	Ghana (CARE)	Ghana (OI)	Benin
Satisfaction								
Safety of money	✓	✓	✓	✓	✓	✓	✓	✓
Opportunity to save for future use		✓				✓	✓	✓
Proximity to bank/ease of access	✓	✓	✓		✓	✓		
No ledger (A/c maintenance) fee					✓			
Low transaction cost		✓						
Competitive interest rate					✓			
Dissatisfaction								
Far-off location of the branch		×		×				×
Low product awareness			×	×			×	×
Network issues & transaction failures		×	×		×			
Unavailability of cash with agents		×						
High transaction charges				×		×		
Insufficient loan amount	×							

From the FGDs, the safety of money emerged as the unanimous reason for the satisfaction with savings services offered by FSPs in all the project countries. The opportunity to save for future use (like children's education, investment in household business and for emergency needs) was also an important reason for the high level of satisfaction. In countries where ease of access was good either due to a nearby bank branch/agent or due to a functioning ADC, this was another reason for satisfaction but was a cause for dissatisfaction as well in a couple of countries. Since the ADC was being tested in most countries there were some teething issues related to network connectivity, lack availability of agents and low liquidity with them.

6.1b Delivery channels and linkages of FSPs

EQ3.4 Extent of support from TSPs to FSPs for development of ADCs

MLE has been instrumental in facilitating support from the TSPs in conceptualising and developing alternative delivery channels in 7 countries (except Rwanda; Burkina and Benin have not been considered as the project is at an early stage). However, progress has been limited at the mid-term stage in 4 out the 7 countries for various reasons including the tie-up with MNOs not working out, time taken in getting regulatory approvals and regulatory barriers not allowing financial institutions to set up their agent networks. Some specific examples are discussed below.

The role of WWB in helping NBS bank roll out Agent Banking has been immense and covers the recruitment of agents, laying down processes, determining the commission structure and monitoring transactions. WWB also played a key role in discussions with Airtel and Malawi Post, though this did not work out on account of commercial considerations. Both want to maintain their exclusivity and fear cannibalisation of their customers/agents. This has led to NBS introducing its own agent network, which has issues of viability linked to volume. Interoperability is not operational in Malawi and as such for each channel, the agent requires a channel-specific POS. In order to reduce cost WWB and NBS have planned to shift the agent interface from POS to smartphone.

Ugafode credits the development of AirSave channel (a mobile based USSD interface between the FSP & the MNO) to MLE, though the role of MEDA has been mainly in facilitating tie-ups with Pegasus (the interface developer) and MTN. However, the intended use of this channel by the GroupSave account holders (product for the SGs developed under MLE) has been negligible due to various operational reasons including the low literacy level of group members and the resulting lack of comfort in handling mobile applications, due to the remote locations of groups a limited number of live demonstrations to build awareness on using AirSave, low level of trust in the mobile channel, network issues, absence of agents in many areas and liquidity issues.

CEC Cameroon was involved in the use of agents for collection for many years but was facing issues of loss of cash and the idea for branchless banking emerged from this need. CEC received valuable inputs from BASIX/PAMIGA for the development of its branchless banking model in terms of selection of new MIS software which led to the designing of the branchless banking application which can be used on smartphones as well as a POS device.

In Ghana not much progress has been made due to regulatory restrictions. The central bank of Ghana favours MNOs to lead agency banking services and has liberalized regulations keeping them in mind. The new regulations allow MNOs to form financial institutions and to provide payment services without having to partner with a bank. MNOs also have an edge over banks in terms of technology and agent network. In this background, the partnership of Fidelity Bank with MTN did not work out and it is now working on creating its own mobile based banking system "Mistral", the success of which will depend a lot on building an agency network. Similarly, SASL is piloting agency banking through

Susu (mobile agents) who are facilitating funds transfer, balance enquiries and printing account statements with the help of the mobile handset. The channel would be the key to the growth of the SASLs customer base. In Burundi, CRDB was granted the mobile banking license by the central bank recently while in Liberia LCUNA and the Regional Credit Unions (RCUs) are at present functioning as agents for the MNO Lonestar for providing á cash-in and cash-out facility to members. The linking of members' accounts with the mobile banking platform is yet to be done.

EQ3.5 Financial education for the FSP clients

The contribution of MLE in financial education initiatives by the FSPs has been reasonable. Two types of financial education models were adopted by the FSPs (i) Embedded – where financial education is part of the marketing strategy & (ii) Standalone - which involved group based training of the clients on various aspects of financial awareness.

The financial education component is in all country projects but the implementation is at various stages. The embedded model has been adopted in Malawi, Uganda, Ghana (OI) and Liberia while the standalone model was used in Tanzania, Cameroon, Ghana (CARE) and Rwanda. Financial education has been institutionalised in some of the countries except Cameroon, Ghana (CARE), Liberia and Rwanda. While the progress in Cameroon has been limited to training of trainers (TOTs) of the three partner FSPs and the development of training modules, in Ghana (CARE) the financial education training is part of its standard SG promotion methodology and CARE has not been able to internalise this in Fidelity Bank's operations. WOCCU has provided TOTs on financial literacy to the SACCO managers in Rwanda and RCU staff in Liberia, though the focus of their training programme has been more on building the institutional capacity for governance, business planning, credit management and improving their knowledge of products and policies. **Table 6.2** below illustrates the awareness level of the surveyed clients who have undergone financial literacy training on types of products offered by their FSP, pricing and on client protection principles.

Table 6.2: Effect of financial education on client awareness

Country/ Project	Respondents trained in FL		% FL trained respondents aware of						
	#	of % surveyed	Savings products	Interest Savings	Credit products	Interest Loans	Over-Indebtedness	Data privacy	Grievance redressal
Rwanda	36	48.0	58.6	25.3	60.0	52.0	89.3	86.7	74.7
Malawi	6	7.8	63.6	10.4	10.4	2.6	81.8	28.6	36.4
Uganda	47	62.7	40.0	30.7	32.0	29.3	94.7	34.7	32.0
Ghana-CARE	69	90.8	89.4	36.9	NA	NA	88.1	47.4	39.5
Ghana-OI	63	82.9	40.8	18.4	39.5	21.0	77.6	84.2	57.9
Tanzania	67	89.3	62.7	70.6	69.3	68.0	88.0	92.0	90.6
Benin^	17	22.7	45.3	9.4	33.3	8.0	58.8	16.0	29.3
Cameroon	47	62.7	54.7	29.3	36.0	42.7	62.7	9.4	42.7
Total	**352**	**58.3**	**56.9**	**28.8**	**34.9**	**27.9**	**81.4**	**49.8**	**50.3**

Source: Survey of FSP clients; ^ The financial education initiatives in Benin are yet to be fully rolled-out

It appears that the most significant progress has been made in Tanzania. The support that MCB has received from WeEffect (a Swedish NGO) along with CARE's involvement has catalysed the financial education efforts. CARE has provided a TOT on financial education to the Franchisee/Village Agents, who in turn are responsible for imparting trainings to the SG members. MCB staff is involved in providing financial education to the VICOBA/Solidarity groups which includes topics on record keeping, importance of savings and managing loans. So far 300 VICOBA groups comprising 6,000 members and all 125 solidarity groups comprising 1,875 members have been given training on financial education. However, MCB feels that in the future it will have to integrate the financial education component with its marketing activities to make it viable.

In Malawi, financial education was embedded with its marketing activities. One of the components was outsourced to an advertising agency (Exp Momentum) which did road shows and women's club gatherings to create a buzz and awareness about Pafupi savings accounts developed under MLE. The 230 women's club meetings covered 5,665 women resulting in opening of 1,740 accounts while 28 road shows covered 7,770 men and 6,180 women of which 570 men and 120 women opened accounts. Apart from this, radio was also used for financial education in which scripted audio dramas were played for 30 minutes twice a week. The messages that were emphasised through both these modes were first to make people aware about their problems, then linking this to savings as a method of addressing the issues and finally linking it to Pafupi as the product on offer which can help them save.

The financial education module for Ugafode was prepared by 17 Triggers, embedded with the marketing strategy. A site seller (flip book) was prepared for demonstrating the benefits of GroupSave & AirSave but was hardly used by branch/sales staff during pilot. A mobile van was also used to relay messages as part of promotional activities. During pilot FM radio messages were also relayed but did not have much impact. Radio talk shows (8 shows of 1 hour each) were also organised in which the CEO of Ugafode interacted with customers and answered their queries. Overall, the plan for financial education seemed good but did not work well in implementation as is apparent from the limited outreach achieved by Ugafode and the low awareness levels of its target clients.

EQ3.6 Linking with informal savings groups

The presence of informal savings groups involved in savings and lending activities is well known in many countries, including the MLE programme countries. In five out of nine MLE projects (not counting the just commenced programmes in Burkina and Benin), the mainstreaming of informal groups was part of the strategy for increasing outreach to low-income rural populations and in particular women. In Tanzania and Ghana (CARE), the strategy of linking informal savings groups with the FSP was articulated in the initial application while in Uganda the idea came about during market research which identified the potential for targeting several existing groups. The other countries where such groups are important are Cameroon, Rwanda and Liberia.

A3C and UCCGN, the federation of village banks in Cameroon, have around 25-30% of their members organised in groups. However, they do not have a specific strategy to link with informal savings groups to increase outreach as both these institutions have been associating with such groups for many years.

In terms of linkage progress in the programme countries where informal savings groups were targeted, the contribution of MLE has been moderate. In Uganda, targeting of existing SGs was a key strategy for increasing outreach but during an extended pilot from June 2014 to May 2015 at 4 branches of Ugafode, only 280 groups were enrolled for GroupSave and it was noted that many of these groups were the existing credit groups of Ugafode. The reported dormancy (accounts not operated for >1 year) was at 7% but around 20% accounts were zero balance. Ugafode has now rolled out the product in all 13 branches and is developing strategies for engaging CBOs for linking with informal groups, but it is still to be seen how this unfolds in the remaining project period.

In Tanzania, due to the delayed start of the project and the initial focus of CARE on Voluntary Savings and Loans Association (SG) formation & strengthening, till September 2015 only around 450 SGs were linked with MCB against an overall target of linking 2,000 SGs by end-2016. With 15 months to go it is a difficult proposition to link another ~1,600 SGs with MCB since, at their current strength, Franchisees/CBTs can at best link 75 SGs a month. MCB and CARE are banking on the Mawanchi day strategy (village meets) to reach close to the target of linking 2,000 SGs by the end of this project.

Similarly, under the CARE project in Ghana, Fidelity Bank has opened 3,185 accounts of SG members by June 2015. However, most of the accounts are dormant due to the lack of an agent network and distance from the branches. The FSP is in the process of sorting out technological glitches to allow the opening of more accounts. However, a solution to provide adequate liquidity to clients, is still a big concern.

In Liberia, the four RCUs are working with around 300 SGs & Cross Border Women's Associations (CBWAs) which include existing groups as well as newly formed groups. The main challenge has been in working with the existing SGs because of their expectation of receiving free money as provided in the past by other development organisations. The structure that was conceptualised by WOCCU was that a group is linked to an RCU by opening an account and then as clients mature they become individual members of the RCU or, if enough groups are formed in a certain area, then RCU can start a branch there.

For further details on the savings group initiative under MLEP, refer to Case Study #1 of this report on "Why FSPs should link with savings groups? Is there a business case for such linkages?".

6.1c Responsible financial services

EQ3.7 Initiatives to promote CPP & SEMS & their institutionalisation

Development of Social and Environmental Monitoring Systems (SEMS) was included in the PBA of all the grantees and was a recommendation in the midterm evaluation of the initial MicroLead programme. Similarly, endorsement of SMART Campaign's Client Protection Principles (CPP) and incorporation of these principles in the policies and practices of the FSPs was a key requirement of the grant agreement. The programme's role in this context has been moderate and most partners FSPs now endorse CPPs through references in their policy documents. However, full integration in practice as well as spirit would need a concerted effort from the FSPs, particularly on ensuring transparency, responsible pricing, adherence of policies related to data privacy and mechanisms for complaint resolution.

The limited achievement so far has been because in the case of some countries like Liberia & Cameroon, activities related to CPP & SEMS are scheduled in 2015/2016. In other cases, activities related to CPP have not received due priority. WOCCU had facilitated the endorsement of CPPs by the U-SACCOs in February 2014. While all 7 principles were emphasized, with regard to the client grievance redressal mechanism, WOCCU expects to reinforce the principle and incorporate in the member policy soon. The current practice at the SACCOs is that the Board receives member complaints and forwards these to the supervisory committee, which is responsible for monitoring the number of complaints received and action taken in response to the complaint. The supervisory committee is also responsible for monitoring the performance of the U-SACCOs with regard to CPP.

Ugafode endorses CPP and it is part of their policy documents. It has also undergone SMART assessment by ACCION and as informed it may come on Board of Ugafode with an equity investment by end-August 2015. Ugafode has also undertaken Microfinance SP4 Assessment by Cerise which is used to access compliance with USSPM. In practice, the design & pricing of the GroupSave product & the use of the AirSave channel developed under MLE was difficult for the clients to understand and limited efforts were made during the pilot to ensure better awareness among them. The pricing seems not-so-responsible as depositors have to pay for withdrawals and also for making deposits in addition to a monthly account maintenance fee.

In Tanzania, two of MCB's staff were trained by Oikocredit at the bank's expense. Policies related to CPP are included in the credit policy but not highlighted separately (references at relevant places). CPP related topics are also integrated with the financial education modules for the clients. In practice, the group product was refined to remove the monthly account/ledger maintenance fee. These changes were based on CARE's advice and MCB's own experience as clients were often disappointed to see a reduction in deposit balance on account of the ledger fee. MCB has also developed a SEMS policy which has been ratified by the Board in August 2015.

In Ghana, CARE has worked with Fidelity Bank in developing a savings product with relatively low charges. However, switching of funds from earlier savings product to new products has not been smooth. Due to initial technical glitches savings balances of all the clients could not be tracked, but has now been rectified. Also the charges are still being deducted in the field and both the TSP and FSP are unsure of the current product details including charges, interest paid, the frequency of payments and such other details. These issues reflect an inappropriate and rigid MIS that the financial inclusion department used (now being changed) and also a lack of focus of the bank's management on low balance savings accounts.

In the other project in Ghana, CPP aspects are yet to be integrated in SASL's loan and savings products and policies. However, OI is imparting training on CPP to SASL staff, after which policies would be revised. Also, the organization already provides a customer helpline along with suggestion boxes in the branches, where clients can register their complaints. The SAT team responsible for client transformation has also started working on CPP. Training on cross-cutting themes (gender, livelihoods, etc.) has not been provided until now and the SEMS policy is yet to be developed.

6.1d Effectiveness of KM activities

<u>EQ3.8 Value of KM activities/products to the partner TSPs and FSPs</u>

The role of MLE programme was appreciated by the partner TSPs & FSPs. One of the aspects of KM was reporting of performance data to MIX and this was integrated with the PBAs making it compulsory for the FSPs to report quarterly to MIX Gold. This has helped most of the institutions to look into their data collection and reporting systems to be able to supply the required information to MIX. Most FSPs are at the stage of revamping their MIS for ensuring the accuracy of data and also disaggregation of data by gender/location, to be provided to UNCDF/MIX.

FSPs	Diamonds	
	2013	2014
NBS Bank, Malawi	1	2
Ugafode, Uganda	4	2
MCB, Tanzania	2	2
Fidelity Bank, Ghana	NR	1
SASL, Ghana	4	2
CRDB Bank, Burundi	4	2
CEC, Cameroon	3	NR
A3C, Cameroon	3	NR

<u>Source</u>: MIX Market [www.mixmarket.org/]
NR – Not reported on MIX website

The level of disclosure of data, as reflected by the diamond ranking (on a scale of 1 to 5, with 5 being the highest level of disclosure) on the MIX website is shown in the chart alongside. This shows that FSPs are facing data accuracy issues with three having their diamond ranking reduced from 2013 to 2014. With the updated MIS of many MLE partners in 2015, these rankings should improve.

As part of its KM initiative UNCDF has so far organised two regional workshops. The first 3-day workshop titled "South-South Knowledge Sharing" was organised from 26-28 February 2014 at Kigali. The objective of the workshop was to facilitate the sharing of experiences among financial inclusion partners (TSPs and FSPs) of the programme. Working sessions on product development, branchless banking and youth financial services were led by international experts [*http://www.uncdf.org/en/content/south-south-knowledge-sharing*].

The second workshop titled "Reaching Rural Areas with Digital Financial Services" was organised from 23-27 February 2015 at Kampala. As the topic suggests, the main focus was on exposing the participants to the latest developments in the use of technology for branchless and agency banking for increasing the depth of client outreach, both in terms of income levels as well as remote rural locations [*http://www.uncdf.org/en/dfs/dfs-go-rural*]. The representatives of all partner TSPs and FSPs of MLE participated in these workshops. FSPs CEC Cameroon, NBS Malawi and MCB Tanzania were unequivocal in acknowledging the information gained at the workshops, particularly on digital financial services, and ideas that they could implement in their own project.

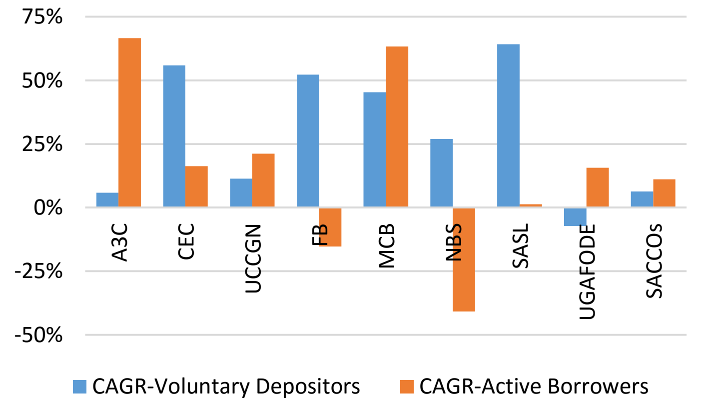
Apart from the UNCDF initiated workshop, CARE in Tanzania and MEDA in Uganda also organised their local workshops. CARE's workshop at Moshi in May 2015 was focussed on best practices in group linkage activities while MEDA's workshop was an initiative to engage CBOs in assisting Ugafode in increasing its outreach through SG linkages. In addition to annual partner workshops, there are newsletters and quarterly webinars as well. Also, MLE sponsored 8 partner staff to attend SG2015 conference in November 2015 and 5 partner staff to attend the Helix Institute agent network management workshop in December 2015. Further, due to their affiliation with MLE, most partners were invited to the MCF ADC workshop in November 2015.

6.1e Outreach/access at the client level

<u>EQ3.9 Contribution of savings products & services development under MLE in extended outreach & improved access to savings, credit & financial education training</u>

From the data available on the overall number of voluntary depositors and borrowers of the FSPs at the baseline and as on Q2 2015 (June 2015), the growth has been encouraging. **Figure 6.5** alongside analyses the compound annual growth rate (CAGR) of voluntary depositors and active borrowers of FSPs whose baseline and Q2 2015 data was available.

Figure 6.5: Growth trend of FSP clients



Source: MLE MCF KPI reporting, June 2015

It shows that the compound growth of voluntary depositors of CEC, Fidelity Bank, MCB and SASL has been high at >40% p.a. Similarly, the growth in active borrowers has been >60% p.a. for A3C and MCB. Other FSPs have shown moderate or low growth. However, these are overall numbers for the FSPs, a significant proportion of which might have been achieved even without the MLE programme. MIS related issues at many of the FSPs has limited the level of disaggregated data available for a more detailed analysis to determine the extent of co-relation between overall growth and creation/refinement of products and the capacity building support to FSPs under MLE. Some examples (based on the information collected during country missions) are discussed below.

CEC has shown a CAGR of 55.9% for voluntary depositors during the period September 2012 to June 2015. However, the product that was piloted at Kribi branch from Jan-Sep 2015 under the MLE programme, has led to the opening of around 700 daily savings accounts. Therefore, this product cannot be said to have contributed to the overall growth of the number of depositors at CEC. Similarly, in the case of Fidelity Bank the depositors grew by 52.2% p.a. whereas the number of accounts opened of SG members was just ~3,200 during December 2013 to June 2015. Ugafode experienced a negative growth rate while its GroupSave account contributed around 280 new accounts (covering ~4,600 members). Pafupi savings product developed under MLE by NBS Bank, which was piloted in late 2014 resulted in opening of 11,864 accounts by June 2015 and accounted for a comparatively higher proportion of the 26.9% CAGR recorded by the institution.

The MLE Q2 2015 report to MCF on FSP voluntary depositors reached through products developed under MLE shows an outreach of 362,919. Around 90% of this is due to the outreach of 4 FSPs (A3C, CEC, UCCGN and SASL) and 52% just because of SASL. There are also issues of attribution as the entire outreach of these four institutions has been shown as MLE's contribution. However, despite this ambiguity at the mid-term stage in determining the contribution of products developed under MLE in increasing the outreach of FSPs, these products have potential to increase outreach when they are rolled out. Further, when the MIS of these institutions becomes fully equipped to capture and analyse data for closer monitoring of progress, it will be easier to establish and measure the correlation between outreach and support under MLE.

6.2 Effectiveness: market demonstration, up-scaling, policy influence

The evaluation team acknowledges the potential of the MLE programme to influence broader financial inclusion in the countries where it operates. In countries where the policymakers (including the central bank, ministry of finance & other related departments) are a direct or a secondary stakeholder like Rwanda and Liberia, the policy influence is more evident at the mid-term stage. Market demonstration is most likely to happen in the use of digital financial services (DFS) to reach remote rural areas as in some countries like Malawi, Cameroon and Tanzania where the partner FSP is the first mover and their experience may also become a guiding factor in the development of policies related to (DFS) and agency banking. The demonstration effect of savings group linkages as a means of increasing outreach and addressing financial inclusion is also beginning to happen and in the future may become a good business model for the FSPs. Market demonstration in terms of other similar FSPs adopting savings-led financial services is not so evident at the mid-term stage but there is a good chance of it happening in the future. The interest that has been created through the MLE Programme and its predecessor MicroLead and the variety of institutions (TSPs and FSPs) that are associated in this programme, reinforces UNCDF's strong positioning in the area of low-savings balance accounts. The performance of MLE on three broad sub-parameters of the effectiveness of market demonstration is analysed in the following sub-sections.

6.2a Potential to influence policy change

<u>EQ4.1 Extent to which MLE is on track to influence the broader financial inclusion system in the countries where it operates</u>

One of the key focus areas of the MLE programme was the involvement of stakeholders that can influence policy changes for supporting savings-led financial services. The endorsement by the government of the countries where MLE programme is being implemented was a step in this direction. The programme performance has been good in terms of involving relevant stakeholders at various levels of the results chain, though the level of involvement varied by country. Regional workshops organised by UNCDF in Kigali & Kampala and by the TSP/FSP in Tanzania were done not only to share lessons learned but also with the intention to influence policy change. These workshops were attended by the target audience including policymakers but the change process takes time to become apparent. In this context, the ability of MLE to influence policy change in future can be enhanced by organising similar programmes and dialogues with the relevant stakeholders. Some country examples are discussed below.

The Pafupi product of NBS Bank is available through the bank's agent banking. The Reserve Bank of Malawi has approved NBS Bank's use of the agency banking channel. At present, the two regulations which will shape the future of payments in the country (National Payment regulation and E-Payments regulation) are at the draft stage and hopefully the roll out of Pafupi Savings will inform policy. The other policy level influence comes in the form of strong endorsement of the product by the Finance Minister during the launch of Pafupi in 2014.

In Rwanda, WOCCU is proactively coordinating with various government agencies including the central bank, cooperative department and the ministry of finance for finalising the model for consolidation of U-SACCOs in which their merger into district level SACCOs and formation of a national level cooperative bank is being considered. U-SACCOs are an important component of the government's financial inclusion strategy in Rwanda and MLE's contribution will be significant in shaping this through the development of the governance structure of U-SACCOs.

MLE is potentially making a major contribution in terms of influencing policy in Liberia. WOCCU has done significant work on the draft regulations for the credit unions and has created four regional credit unions in the country. While there are issues among the RCUs and their apex LCUNA and also between Central Bank of Liberia (CBL) and the Cooperative Development Agency (CDA) – the two regulatory bodies in Liberia – MLE's role will be crucial in determining how CUs are regulated in future.

In Ghana, where two MLE projects are being implemented, awareness about the programme at the policy level as well as amongst major international donors working in the space of financial inclusion (like GIZ) seems low. The promotion of agency banking by the FSPs, which is an essential feature of both projects, has not progressed as expected. One of the reasons has been the central bank's preference for MNOs playing a more active role in agency banking for which regulations were liberalised to allow them to provide payment services without the involvement of banks.

In 2014, MM4P organized a field visit to Tanzania for policy makers interested in branchless banking. MLE was invited to add participants and extended an invitation to the governor of the Bank of Burundi who attended the mission. The exposure visit provided the governor with a lot of insight into putting forward regulations on agency banking.

6.2b Market demonstration effect

EQ4.2 Influence of MLE on other FSPs to adopt a savings-led approach

The market demonstration effect in terms of influencing other FSPs in the programme countries to adopt a savings-led approach to providing financial services has been limited. At this juncture, most programmes are just completing their pilot and have started rolling out the products/services developed under MLE. Some programmes are still in their pilot phase so it is too early to have a demonstration effect. However, some of the products and delivery models/channels that have been developed under MLE have good potential for replication by other FSPs. In particular, the demonstration effect of savings group linkages with the FSPs to provide financial services to the group members is beginning to happen and may become a good business model for expanding outreach.

The Pafupi product (of NBS Bank Malawi) was launched only in late 2014, so it is difficult to gather its impact on other players. However, with national radio broadcasts and posters it has been able to generate attention. The idea of agent banking by NBS has possibly set Malawi Post thinking to start using its own agents to do remittances and set up a subsidiary for the mobilisation of savings. It seems to have seen the potential in its pilot with NBS. The involvement of Reserve Bank of Malawi has been limited to giving approval and it has not engaged closely with the project. It is expected that after the national level roll out, there will be wider sector involvement.

Familiarity with MLE among stakeholders was relatively high in Rwanda due to the direct involvement of the government. WOCCU was supposed to support 90 U-SACCOs under MLE, and was able to garner support from Access to Finance Rwanda (AFR, a DFID programme) for supporting an additional 90 U-SACCOs. In the case of Uganda, it is difficult to attribute the demonstration effect on other FSPs through Ugafode's programme. Neither is Ugafode the first mover to initiate the use of the mobile channel for providing financial services to the rural population, nor was the pilot programme able to build a positive experience. Its counterparts including Pride Microfinance and PostBank also received support from Pegasus (the aggregator that designed the AirSave platform for Ugafode) to use mobile channels to provide financial services.

In Tanzania, linking SGs with the MCB was a critical component of MCB's long term strategy. The presence of a large number of SGs in Kilimanjaro added to the business case for working with SGs and MCB expected that in the medium to long term many of the group clients would transition to regular individual clients. While it is not evident at present, MCB indicated that Tanzania Bank and NMB which also operate in Mwanga may soon start targeting SGs aggressively.

CEC is piloting the agency banking model and it has created interest among the other FSPs (A3C and UCCGN) supported under MLE. They are probably one of the first financial institutions (the other being Ecobank) in Cameroon to pilot this model and feel that other institutions would learn from them and soon adopt this model. Moreover, two other community bank networks in Cameroon have adopted the same CBS (Perfect software) after successful implementation by A3C and UCCGN.

In Ghana, the MLE programme has not been able to build much experience so far. But the presence of a large number of SGs has attracted the attention of MNOs like MTN. There is the likelihood that they may like to link SG members with their products in the near future. However, they are hesitating in adopting the SG model as these institutions are unclear of the internal dynamics within SGs. They seem more comfortable with opening accounts for individual members rather than for whole groups. Similarly, there is limited progress in creating a demonstration effect in Liberia due to the Ebola crisis and in Burundi due to the civil war.

<u>EQ4.2a Extent of involvement of government & UNDP (where applicable) in making a wider sector level impact and fostering policy changes</u>

UNDP's involvement as well as their familiarity with the MLE programme has been limited in all the programme countries, except Rwanda and Liberia. In Rwanda, the project received direct grant support under its Building Inclusive Financial Sector in Rwanda (BIFSIR) programme. In Rwanda the programme has also seen the active involvement of the central bank, cooperative department and Ministry of Finance in the consolidation of U-SACCOs through an apex structure & in the harmonisation of their policies and procedures. Similarly, the involvement of the central bank and the cooperative department was significant in Liberia in the development of policies for regulating the credit unions.

UNDP Officials in Malawi rely on the UNCDF representative for briefings on MLE. After the closure of FIMA in June 2012, which was a joint project of UNDP and UNCDF, UNDP is not directly involved in the inclusive finance space. The UNDP Resident Representative suggested that after the restructuring of

UNDP's focus areas, exclusion and private sector engagement will be the key areas of work, and it will work more closely with UNCDF in the near future.

In Ghana, the approval of the central bank in reducing KYC requirements for Fidelity Bank's clients and in relaxing the business license required for becoming an agent in rural areas may in future provide direction on policy related to these issues. On the other hand, the Central Bank prefers a MNO led agency banking model and is yet to approve the agency banking license to SASL. This is proving a challenge for the FSPs as the new regulations allow MNOs to form financial institutions as subsidiaries and to provide payment services without having to partner with a bank. MNOs also have an edge over banks in terms of technology and agent networks.

On 28 July 2015, Care Ghana held an annual workshop to review project achievements to date and share their learnings. The workshop which was attended by all partners and equally by a representative of the Ministry of Finance and the Central Bank of Ghana was a first step to formalizing the learnings of the project and initiating a dialogue with the regulatory and policy makers on the opportunities of the SG linkage to broaden financial inclusion.

UNDP in Uganda was also not familiar with the MLE programme in the country. The DIMAT project of UNDP which is related to financial inclusion involved the creation of Rural Producer Organisations (RPOs) and SGs for linking to SACCOs. UNDP indicated that if it was more aware of MLE it could have linked these SGs to Ugafode.

Similarly, the awareness of UNDP about MLE in Cameroon was limited, mainly due to the departure of the focal point person in charge of the program at UNDP. Nevertheless, UNDP was involved in the development of the national financial inclusion strategy in collaboration with the International Fund for Agricultural Development (IFAD) and UNCDF.

6.2c UNCDF's positioning in the area of low-balance savings accounts

<u>EQ4.3 Extent to which the partnerships have enhanced UNCDF's comparative advantage and positioning in the area of low-balance savings</u>

Overall 65 EOIs were received by UNCDF from 27 applicants in response to the first RFA for MicroLead Expansion issued in October 2011. This translated into 54 applications from 22 applicants of which 31 applications were in the first shortlist. After scrutiny of the applications with respect to the eligibility criteria of the TSPs and FSPs and alignment of their proposed activities with MLE objectives, 17 applications were finally shortlisted for due diligence. Of this 9 applications were approved for MLE grants and signing of PBAs.

The second RFA for MLE was issued in April 2014 to award the remaining MCF funds. However, this time the RFA targeted four SSA LDCs (Benin, Burkina Faso, Madagascar and Togo). This resulted in the generation of 18 EOIs from MFIs, Commercial Banks, Credit Unions, etc. of which 13 EOIs were eligible to respond to the full RFA. Of the 13 eligible applicants, 10 submitted full applications and due diligence was conducted for the top four investible applications. Finally, two applications were approved for grants and signing of PBAs.

The process of selecting the institutions for the MLE grant has been extensive and applications were scrutinised at various levels. The choice of institutions (FSPs and TSPs) by UNCDF from among those who submitted the applications was appropriate and enhances its comparative advantage and positioning as a promoter of low-balance savings. The range of partner FSPs under MLE includes commercials banks (Malawi, Ghana & Burundi), community banks (Tanzania), deposit taking MFIs

(Uganda, Ghana & Burkina Faso), Federations/Cooperatives (Cameroon, Benin), SACCOs and Credit Unions (Rwanda & Liberia). Each of the country programmes engaged a multiplicity of stakeholders including the central bank and government departments, MNOs, microfinance associations, local community based organisations, international NGOs, aggregators and MIS software companies.

The implementation strategy also varied in each country but for the common objective of reaching out to the low-income rural population & women through savings-led financial services. In Malawi it was downscaling of a commercial bank through a low-balance savings product while in Uganda the emphasis was on facilitating the transformation of a credit focused institution to a deposit led institution through linkages of SGs. Similarly, in Tanzania & Ghana, SG linkage was an important feature of the programme for downscaling the bank's services with a focus on low-balance savings. In Rwanda capacity building and consolidation of SACCOs was a key strategy for facilitating appropriate savings services for the rural population.

While the choice of institutions and the diversity of implementation methodologies provides a strong base for strengthening UNCDF's positioning as a promoter of low-balance savings, it would also be dependent on how smoothly and successfully the individual projects have been able to roll out their products/services developed under MLE and achieve the programme's goals by the end of term.

6.3 Conclusion – effectiveness of MLEP

This section of the report analysed the DAC criteria on effectiveness of the MLE programme in supporting organisational change of the partner FSPs and in creating a demonstration effect.

The contribution of MLE in bringing about changes in FSP strategies to target the low-income rural population, particularly women has been good. This has been made possible in some countries through the initial market research exercise conducted to understand the financial needs of target clients and a strong link was observed between market research and the development of new products. Other country programmes continued to use the existing products with some modifications which limited the overall role of MLE in the development of appropriate products for low-income populations, especially women.

However, the field survey conducted with clients of FSPs revealed that they are satisfied with the products and services offered to them. The level of satisfaction of clients has been in the context of the availability of savings services from other sources. Before the MLE project, nearly 56% of the respondents were using informal methods of savings (at home, with groups etc.) and about 11% were using the semi-formal channel with MFIs/local NGOs. So it is natural that clients would value services which were not existent earlier. The level of client awareness of product features was found to be low and it is only when awareness builds up that clients will likely be able to articulate their level of satisfaction better. Clearly, the financial education efforts of the TSPs and FSPs to develop client awareness has not gathered pace. From the limited experience gained by the TSP/FSP partners, the preference is for an embedded model (integrated with a marketing plan) for delivering financial education though group based trainings to obtain an effective transfer of knowledge.

MLE has been instrumental in facilitating support from the TSPs in the conceptualisation and development of alternative delivery channels for FSP products. However, progress has been slow for various reasons including tie-ups with MNOs not working out, time taken in getting regulatory approvals and regulatory barriers not allowing financial institutions to set up agent networks.

MLE has also tried to promote linkages of informal groups (like SGs & SILCs) with the FSPs as a strategy to increase their outreach and also to mainstream many such existing groups to the formal financial system. It has been partly successful; there have been challenges in ensuring the use of alternative delivery channels developed for them due to low literacy levels, lack of agent networks etc. and due to the need for a substantial initial focus on basic group formation & strengthening.

The project has helped in an increasing the understanding of FSPs of responsible finance services. Most partner FSPs now endorse CPPs through references in their policy documents. However, full integration in practice as well as spirit will need a concerted effort by the FSPs, particularly in ensuring transparency, responsible pricing, adherence to policies related to data privacy and in applying mechanisms for complaint resolution.

The role of the MLE programme was appreciated by the partner TSPs & FSPs in knowledge management activities, in particular, the usefulness of the two regional workshops organised by UNCDF in generating ideas and sharing knowledge. Reporting to MIX was an important part of knowledge management activities but their effectiveness on this aspect was restricted due to MIS issues with most FSPs, which limited the accuracy and level of disclosure of data to MIX.

In terms of market demonstration, MLE's role seemed more effective in countries where the policymakers (including the central bank, Ministry of Finance & other related departments) were a direct or a secondary stakeholder. One aspect, on which there is high potential for market demonstration, is the use of digital financial services (DFS) to reach out to remote rural areas. The experience gained through these activities may become a guiding factor in the development of policies related to DFS and agency banking. Other similar FSPs adopting savings-led financial services are not so evident at the mid-term stage but the interest that has been created through the MLE Programme and its predecessor MicroLead as well as the variety of institutions (TSPs and FSPs) that are associated in this programme reinforces UNCDF's strong positioning in the area of low-savings balance services.

Chapter 7

Likely Impact of MLE Programme

MicroLead Expansion programme was initiated with its first RFA in October 2011 and the programme is scheduled to end in 2017. It was end of 2012 by the time the implementation of the first project started in Rwanda. The second round of RFA started in April 2014 which resulted in approval of two more grantees in Burkina Faso and Benin but it was not until mid-2015 when the projects in these countries could commence. The programme cycle (based on the project design) varied by country and on an average each has a timeframe of 3 to 4 years (except Burkina and Benin that have around 2 ¼ years), as illustrated in **Table 7.1** below, to achieve the deliverables agreed in the PBAs.

Table 7.1: MLE project life cycle by country

Year	Rwanda	Malawi	Cameroon	Uganda	Tanzania	Ghana CARE	Ghana OI	Liberia	Burundi	Burkina	Benin
2017	MLE Programme Culminates										
Q2											
Q1											
2016											
Q3											
Q2											
Q1											
2015											
Q3											
Q2											
Q1											
2014											
Q3											
Q2										Second RFA	
Q1											
2013											
Q3											
Q2											
Q1											
2012											
Q3											
Q2											
Q1											
2011	First RFA										

Note	Schedule as per signed PBAs
	First tranche paid and country programme starts
	Programme implementation period
	Last tranche & country programme ends
	PBA amendments were signed for Rwanda, Malawi & Cameroon with new end dates of 28 February 2017, 30 April 2017 and 31 December 2016, respectively.

It is also to be noted that the project life cycle was 3 to 4 years but in some countries crucial implementation time was lost to external crisis, notably Ebola in Liberia and the civil war in Burundi. In Tanzania the project had a delayed start due to issues in identifying the right team and in Rwanda delays due to bureaucratic requirements which were not anticipated. Furthermore, the pilot in many countries went on till mid to late 2014 (Malawi) and in some countries it was completed recently (Uganda, Cameroon) or is still ongoing (Burundi). So it gives just around 1 to 2 years for the roll out phase in most of the countries and in the opinion of evaluation team this is too short a timeframe to create an impact by end-term, particularly at the client level. Therefore, the evaluation team's opinion on the likelihood of the programme achieving the intended outcomes, based on the programme design and performance so far, is not only till the end-term but beyond it.

In order to understand the likely impact, the evaluation analysed the growth that has happened so far in the programme countries in number of depositors, savings mobilised, active borrowers, loan portfolio. The likelihood of the impact also improves if the TSPs, which were a new addition to the programme, were able to provide technical assistance to the FSPs as per expectation and as reflected in the progress made so far. The evaluation also looked into the usefulness of the knowledge management activities in terms of lessons that could be learned for improving the likelihood of impact. Observations on these parameters (policy influence, client centred approach and knowledge management) are presented below.

7.1 Policy influence

EQ5.1 Likelihood of the programme contributing to expected final outcomes (programme impact) as set out in the programme document

If the progress at the mid-term stage in terms of growth in number of depositors & borrowers etc. is an indicator, the possibility of the programme achieving the expected outcome of reaching 450,000 low income people looks reasonable. Analysis in **Table 5.1** in Chapter 5, shows that FSPs have reached out to more than 362,000 voluntary depositors (~81% of the expected outcome) through savings products developed under MLE. Though individually, each country project may not be able to achieve the expected outcome/targets, the programme as a whole appears well set to achieve the outcome. **Table 7.2** shows the progress that has been made in various countries so far vis-à-vis end-term targets (amended for some FSPs) for growth in depositors as agreed in the PBA.

Table 7.2: Voluntary depositors – achievement v/s amended PBA targets

FSP, Country	Amended Baseline (BL)		Amended targets (Proposed)		Achievement (June 2015)		
	Year	# of Savers	End-term (2016)	Net⇧ over BL	# of Savers	Net⇧ over BL	% of end term net⇧
Fidelity, Ghana	Dec-13	424,378	936,829	512,451	729,536	305,158	60%
NBS, Malawi	Sep-12	363,777	484,644	120,867	428,438	64,661	53%
SASL, Ghana	Jun-13	70,000	255,076	185,076	188,644	118,644	64%
RCPB, Burkina	Dec-14	1,000,046	1,308,471	308,425	1,091,853	91,807	30%
WOCCU, Rwanda	Jun-12	312,841	648,527	335,686	376,684	63,843	19%
CEC, Cameroon	Dec-12	25,832	75,000	49,168	50,301	24,469	50%
UCCGN, Cameroon	Dec-12	42,746	33,300	-9,446	38,982	-3,764	40%
MCB, Tanzania	Dec-12	20,599	60,027	39,428	15,433	-5,166	-13%
CRDB, Burundi	Dec-12	-	60,000	60,000	7,282	7,282	12%
A3C, Cameroon	Dec-12	33,879	65,000	31,121	46,421	12,542	40%
WOCCU, Liberia	Jun-13	-	30,000	30,000	4,918	4,918	16%
SOFIPE, Burkina	Dec-14	24,507	45,277	20,770	28,435	3,928	19%
CPEC, Benin	Dec-14	33,887	110,000	76,113	37,434	3,547	5%
UGAFODE, Uganda	Mar-13	22,299	96,013	73,714	25,960	3,661	5%
Total		**2,374,791**	**4,208,164**	**1,833,373**	**3,070,321**	**695,530**	**38%**

Source: MLE MCF KPI report Q2 2015 for Baseline and end-term targets. MIX Q2 2015 for # of savers reported by FSPs except WOCCU, Liberia and CPEC Benin for which MLE MCF KPI report Q2 2015 was referred.
Note: The baseline data for number of voluntary savers was amended in case of Fidelity Bank, NBS, CEC, UGGCN, A3C and UGAFODE while the proposed targets were amended for Fidelity Bank, NBS, CEC, UGGCN, A3C and WOCCU Liberia. All the targets were set by the FSPs and formed a part of the PBA deliverables.

Having reached nearly 0.7 million additional depositors (through various savings products including those developed under MLE), it is evident from the above table that the programme as a whole is well poised to substantially exceed the expected outcome of reaching 450,000 additional depositors by the end of the project. However, it is noticeable that the contribution of 4 FSPs (Fidelity Banj, NBS, SASL and RCPB) in the total net increase of voluntary depositors over baseline is around 83%. The progress on some of the other key performance indicators (KPIs) is shown in **Tables 7.3a** (savings KPIs) and **7.3b** (loan KPIs) – refer Tables 2.5a & b (Chapter 2) for growth of depositors and borrowers since MLE inception.

Table 7.3a: Savings KPIs – mid-term progress Vs overall PBA (minimum) targets

FSP, Country	% of target savings	% of women depositors		% of rural Depositors		Av. savings balance (USD)		Av. savings/ GNI/Capita	
	mobilised	Target	Jun-15	Target	Jun-15	Target	Jun-15	Target	Jun-15
Fidelity, Ghana	27%	51%	NA	38%	NA	1,115	300	<50%	27%
NBS, Malawi	53%	48%	29%	51%	19%	76	154	33%	108%
SASL, Ghana	32%	72%	84%	84%	68%	141	60	9%	4%
RCPB, Burkina	83%	30%	38%	20%	14%	NA	201	NA	30%
WOCCU, Rwanda	60%	60%	41%	80%	82%	55	51	10%	9%
CEC, Cameroon	67%	77%	55%	34%	20%	589	124	<50%	9%
UCCGN, Cameroon	69%	43%	40%	90%	100%	100	5	<50%	1%
MCB, Tanzania	24%	65%	NA	70%	59%	192	153	36%	30%
CRDB, Burundi	25%	45%	NA	50%	NA	207	369	<150%	751%
A3C, Cameroon	20%	45%	45%	90%	62%	138	37	<50%	3%
WOCCU, Liberia	2%	55%	NA	60%	NA	49	39	25%	NA
SOFIPE, Burkina	82%	57%	56%	46%	41%	NA	67	NA	15%
CPEC, Benin	35%	48%	36%	80%	24%	NA	99	NA	19%
UGAFODE, Uganda	10%	55%	33%	64%	75%	129	40	55%	14%

Source: MIX Q2 2015 data reported by FSPs; for average savings balance MLE MCF KPI report Q2 2015 has been referred as the MIX data reports total savings to total depositors and not voluntary savings per voluntary depositor

Note: NA means data not available/reported; Data estimated for NBS based on overall stats as it does not track gender or rural clients at an institutional level; U-SACCOs in Rwanda report in voluntary depositors and not active voluntary depositors; Data for CPEC not available as it had not started reporting to MIX in Q2 2015.

In terms of realising the KPI targets related to savings (amount mobilised and savers reached) as set out in the PBA, evaluation team observes that the programme as a whole is lagging behind. The following points support these observations

- By mid-2015, the FSPs have achieved around 38% of the amended target net increase of voluntary savers as shown in Table 7.2 (in terms of original self-determined target, the achievement is 22%). The total number of voluntary savers with the partner FSPs at the baseline level was around 2.2 million (later amended to 2.4 million), which was expected to grow to 5.6 million by end-term (later amended to 4.2 million). In terms of amended end-term targets this amounted to an increase of 77% over baseline. As on June 2015, the FSPs have together reached 3.07 million voluntary savers which is an increase of 29% over baseline.

- In terms of mobilisation of voluntary saving, the 14 FSP partners had a deposit balance of USD 555 million (refer Table 2.6 in Chapter 2) as on June 2015, which is about 44% of the combined end-term target of USD 1,251 million. This has marginally increased by 6% in comparison to the voluntary deposits with the FSPs of USD 525 million at the baseline level. At the end the project, the FSPs projected an increase in deposits mobilised of 138% over baseline, which seems unachievable now.

  It should be noted that part of the underachievement of deposits mobilisation is due to devaluation of the currency in many of the project countries and in particular Malawi and Ghana during the implementation period. While reporting, the deposit balance is converted into USD by the FSPs using the existing exchange rates, which decreases the deposit balance in USD than it actually would have been without currency devaluation. However, this also points out to the weaknesses of the contracts between UNCDF and TSPs/FSPs, which should have specified the targets in local currency and if USD was to be used for conversion then it should have been fixed for the exchange rate at the time of contract signing for better comparison.

Table 7.3b: Loan KPIs – mid-term progress Vs overall PBA (minimum) targets

FSP, Country	% of target # of borrowers added	% of target loan portfolio achieved	% of women Borrowers		% of rural Borrowers		Av. Loan (USD)		Av. loan/ GNI/Capita	
			Target	Jun-15	Target	Jun-15	Target	Jun-15	Target	Jun-15
Fidelity, Ghana	34%	89%	32%	NA	30%	NA	11,682	11,682	<75%	660%
NBS, Malawi	19%	148%	45%	12%	34%	28%	6,628	6,628	61%	2455%
SASL, Ghana	86%	59%	80%	89%	68%	64%	144	144	15%	8%
RCPB, Burkina	41%	97%	NA	32%	NA	6%	2,136	2,136	NA	298%
WOCCU, Rwanda	26%	37%	50%	27%	75%	NA	683	683	75%	113%
CEC, Cameroon	56%	32%	60%	38%	34%	10%	475	475	<75%	35%
UCCGN, Cameroon	69%	53%	43%	NA	90%	100%	83	83	<50%	6%
MCB, Tanzania	188%	63%	45%	NA	35%	77%	318	318	<50%	50%
CRDB, Burundi	43%	486%	45%	20%	40%	NA	5,082	5,082	<150%	1955%
A3C, Cameroon	97%	51%	45%	46%	90%	79%	130	130	<50%	10%
WOCCU, Liberia	NA	NA	50%	NA	NA	NA	NA	NA	61%	0%
SOFIPE, Burkina	79%	83%	NA	54%	NA	49%	388	NA	NA	52%
CPEC, Benin	122%	62%	NA	NA	NA	62%	359	NA	NA	31%
UGAFODE, Uganda	27%	50%	55%	30%	82%	72%	653	653	69%	116%

Source: MIX Q2 2015 data reported by FSPs except for average loan for which MLE MCF KPI report Q2 2015 has been referred
Note: NA means data not available/reported; The minimum targets for loan portfolio has been significantly amended downwards for Fidelity Bank by 78%, CEC by 61% and UCCGN by 51%.

Similarly, the FSPs are lagging behind in achievement of KPIs related to borrowings, as analysed below

- Total number of borrowers of the partner FSPs were 0.48 million at baseline level and was expected to increase by 57% to 0.75 million at the end of programme. At the mid-term stage (as on June 2015), the number of borrowers have actually decreased by 17% to 0.40 million in comparison to the baseline. This is about 53% of the target number of borrowers by end-term.

- The combined loan portfolio of the 14 FSPs as on June 2015 has also witnessed a downfall by 43% in comparison to baseline. At baseline, the total loan portfolio was USD 1,297 million which was expected to grow by 84% to USD 2,383 million (total end term target recently amended downwards to USD 801 million, mainly due to substantial target revisions for Fidelity Bank, CEC and UCCGN). However, the current portfolio of USD 740 million (refer Table 2.6 in Chapter 2) is even below the baseline portfolio.

  This is partly due to the devaluation of currency (like in case of savings balances, discussed above) in some of the programme countries (in particular Ghana and Malawi) and also because of high inflation in some countries and portfolio quality issues which impacted portfolio growth. The devaluation along with high inflation (like in Ghana) affects the cash flow of the target households because of which loan repayment becomes difficult as they are able to save less. In Malawi, due to the currency crisis in 2012, many loans of NBS bank became NPL and the bank had to hike the interest rate which further exacerbated the situation. The increase in interest rate not only affected repayments but also demand for loans. Therefore, growth in loans has been slow for last couple of years. In Uganda, due to a conscious effort by Ugafode to maintain good portfolio quality, its portfolio has grown at a relatively slower pace (CAGR of 20% since baseline). In Tanzania, MCB had started to face portfolio quality issues with reported PAR 30 of >5% which is considered high by Bank of Tanzania, and this has impacted portfolio growth. The main reasons for the PAR has been the agricultural loans and individual business loans (most of which are related to agriculture sector). Many of the agriculture loans were directed by the government with a political motive and hence the borrowers are not so keen to pay back. Similarly, SASL was also facing portfolio quality issues in their agriculture-loan portfolio.

With a year and a half to go, it will be difficult to attain the PBA KPI targets for some of the countries where only about 25-30% of the targets have been achieved. Further, a major question is whether this increase can be fully attributed to MLE as the FSPs would have anyway expanded in the normal course of their operations. The increase due to the products developed under MLE has been limited as most of them are being piloted or have been rolled out recently. Also, increase in outreach segregated by women and rural population are not being captured by many FSPs due to MIS issues and therefore while the overall outcome numbers may be achieved, there is uncertainty around what proportion of these are women and rural clients (according to the ProDoc outreach of 450,000 additional depositors should include at least 50% women and at least 50% from rural areas).

MLE design expected that the outcomes when achieved, would lead to short (financial awareness of clients and understanding of their own needs), medium (increased access to savings & financial services & development of strong inclusive finance sectors) and long-term impacts (poverty reduction, women empowerment etc.). As discussed above, the programme has not reached the stage where outcomes would start translating into impact. However, there are indications that the awareness of clients on products terms and conditions and also on CPP aspects has started to improve (refer to Table 6.1 in Chapter 6). With the increased emphasis on internalising the products developed under MLE, as discussed in Section 6.11, it is expected that FSPs would be able to improve access to savings & financial services to the target clients. Other medium & long-term impacts would need a longer timeframe to become evident.

In the context of above observations, it is arguable that for the programme to have a lasting impact in some of the countries, the TSPs/FSPs would have to make extra efforts during their product rollout phase. This assertion is borne out of the fact that in most of the countries the pilot has been completed and full-scale product rollout has started along with realignment of strategies based on the pilot experience, and this should take the country programmes closer to their targets by end-term.

EQ5.2 Likelihood of any unintended impacts

Unintended impacts are those that were not visualised in the programme design but happened in course of project implementation. At this stage, it is difficult to comprehend the likelihood of any unintended impact in most of the countries. However, a few examples of unintended impact that may happen are presented below.

If the CARE-MCB project in Tanzania is successful, it would bring the community banks to the centre stage, particularly because of their suitability in contributing to financial inclusion. At present there are 8 regional unit banks (including community banks that are licensed to operate in a specified region) in the country and more may come up in future. The project could also result in change in norms for community banks which currently allows them to work only in one region and open a certain number of branches. Until recently, community banks having at least TZS 500 million as minimum capital were allowed to have single branch operations. Bank of Tanzania (BOT) revised it to TZS 2 billion for community banks with single branch operations and they are required to comply by 2017. And, community banks that intend to operate additional branches/have an agency banking network should have a minimum capital of TZS 5 billion. MCB's experience with agency banking could provide a foundation for policy guidelines and also replication by other institutions with similar mandates.

In fact, contribution to development of policies related to agency banking and digital financial services is one aspect which was not directly intended in most of the programme countries. Uganda does not have a digital finance service policy as present. UNCDF is already working with Ministry of Finance and BOU in this regard and the challenges faced by UGAFODE while piloting the project may provide insights to the policymakers (via UNCDF). Similar is the case in Cameroon which does not have regulations for branchless banking.

In Ghana, the central bank was not satisfied with the bank-led agency banking model in the country, and favours MNOs to lead agency banking services and has liberalized regulations keeping MNOs in mind. The new regulations allow MNOs to form financial institution subsidiaries and to provide payment services without having to partner with a bank. Despite these bottlenecks, OI-SASL project is going ahead with their agency banking model in tie-up with MNOs with a focus on reducing transaction cost for the clients. If successful, this could provide a different perspective to the central bank to have a more balanced approach in regulations for digital financial services.

<u>EQ5.3 FSP grantees that have the potential to impact low-income clients</u>

The field survey conducted by the evaluation team tried to find out the clients that are targeted by the FSPs for the products/services developed under MLE by using the Progress out of Poverty Index (PPI) for various countries. PPI is a poverty measurement tool that is statistically-sound, yet simple to use: the answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the defined poverty line. **Table 7.4** shows the PPI analysis for the countries where client survey was conducted.

The analysis shows the probability of the target clients in each country to fall under a particular poverty line. For example, in Uganda, the PPI analysis of households surveyed shows that around 39% of the respondents (enrolled for GroupSave) are likely to be below the poverty line of $2.5 a day. The proportion of clients likely to be below the poverty line of $1.25 a day is just 6.8%. So it can be inferred that targeting has been mainly of borderline poor that are low-income households but may not be very poor clients, and therefore the potential for impacting very low-income clients will be limited.

As such, based on the PPI analysis for each country, the FSPs that are most likely to impact the low-income clients are in Rwanda, Tanzania, Benin and to some extent Cameroon, Ghana (CARE) & Uganda. The results are in sync with the area of operations of the FSPs in these countries and their traditional clientele. In Rwanda SACCOs are generally located in rural set-up and provide services to low-income clients and MCB in Tanzania also operates in remote rural areas and through their savings & loan products for SGs targets low-income people. Even in case of Malawi where the target clients under $2.5 a day is on the lower side at 18.8% in comparison to 50.7% (WB, 2014) people living below poverty line at the national level, it has been a positive sign. Considering that NBS is a commercial bank and for them to have a poverty outreach of nearly 20% with a strategy of further building on it, augurs well for the MLE programme. Similarly, Ghana (OI) may not reflect a low-income targeting but the project is focused on serving such clients. As the numbers build up with implementation, progress in its low-income targeting should become evident. Overall MLE's potential for impacting low-income clients seems good.

Table 7.4: PPI analysis

Programme Countries	Poverty Line		
	NPL	$1.25	$2.5
Rwanda	33.1%	49.4%	81.6%
Malawi	7.8%	2.3%	18.8%
Cameroon	22.3%	13.7%	45.0%
Uganda	2.2%	6.8%	39.3%
Tanzania	16.6%	45.1%	81.1%
Ghana CARE	40.3%	10.8%	42.3%
Ghana OI	11.1%	1.6%	11.6%
Benin	15.3%	18.4%	60.8%

Note: NPL is the national poverty line for a country which usually reflect the line below which a person's minimum nutritional, clothing, and shelter needs cannot be met in that country. $1.25 and $2.5 are the global poverty lines at purchasing power parity (PPP), and measures poverty in all countries by the same standard.

[For more details refer http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq]

The observations of the evaluation team on impact at the client level in terms of satisfaction related to products and services offered by the FSPs (EQ3.3) and financial education (EQ3.5) have been discussed in detail in Chapter 6. Some of the key aspects are summarised below and the **Box 7.1** captures the interesting 'client voices' on how the MLE programme has impacted their lives.

- The client survey with 604 FSP clients including 59.9% women and 56.8% clients based in rural areas indicates that most of the clients are satisfied from the savings and credit products offered by the FSPs. The satisfaction also stems from the fact that these clients did not have adequate access to savings services from other sources. Survey indicates that before the MLE project, nearly 56% of all respondents were using informal methods of savings (at home, with groups, etc.) and about 11% were using the semi-formal channel with MFIs/local NGOs.

- The main reasons for satisfaction included safety of money, opportunity to save for future use (like child education, investment in household business and for emergency needs) and the ADC. However, ADC was also a cause for dissatisfaction in some cases, since it was being tested out in most of the countries and there were teething issues related to network connectivity, presence of agents and availability of liquidity at the agent locations.

- Financial education was a core component of MLE and was being implemented in all country programmes. The implementation was at various stages in different countries and the survey showed that 58.3% of the 604 respondents had received training. Their level of awareness seemed good on over-indebtedness (with >80% aware), moderate on types of savings product (~ 57% aware) and on CPP aspects related to grievance redressal (~50%) and data privacy (~50%) and low in credit products (~35%) and interest rates provided/charged on savings (~29%) and loans (~28%). While the approach for providing financial education has been of two types, embedded (along with product marketing initiatives) and stand-alone training, it appears that the embedded method is more likely to be a viable option for the FSPs.

Box 7.1: Client Voices
(based on interviews and FGDs with FSP clients in various countries)

Cameroon

1 **Ms Onya Marie** aged 58 is a resident of village Zima. She indicated high satisfaction with the timing of the loan. She got a loan of CFA 250,000 from Zima Village Bank (ZVB, part of A3C federation of village banks) which helped her to complete the construction of her house. She also holds a voluntary savings account with ZVB and saves irregularly. She expressed her intention to save more and in a regular manner due to increased confidence with ZVB.

2 **Mr Ombala Edzoa** has a moderate level of satisfaction with savings and credit products offered by the FSP. He is a 47 year old married man from village Zima who along with his wife supports a seven member household. He has a savings account with ZVB which he opened as a compulsory requirement to avail the loan from the FSP. He is concerned with the fact that he is unable to withdraw the money from his savings account at the time of need as the village bank staff are not always available and the bank is open only once a week.

3 43 year old **Yebom Teum** of CEC Cameroon expressed his satisfaction with both the loan and savings product of the FSP. The loan from CEC Village Bank (the FSP) helped his business to grow as it provided the required cash flow. He also added that the compulsory savings account linked to the loan has proved to be very beneficial for the household. He also expressed his full confidence on the credibility of the FSP which encourages him to save more.

Ghana

4 **Ms Kachono Badaani,** a 60 year old woman from the village Kayilo, holds a voluntary savings account in Fidelity Bank. She expressed her satisfaction over the concept of depositing money using the POS device. She is very happy for the fact that she doesn’t have to walk long distance to deposit her savings. She also expressed her expectation of getting a higher interest on her savings with the FSP.

5 **Ms Kabooga Awora,** aged 37 from Kayilo village, has a moderate level of satisfaction from the savings product of Fidelity Bank. Her savings group has a voluntary savings account and she complained that the interest rate on her savings is much lower than what was promised by the FSP before opening the account. She also expressed that the FSP should have some insurance products that will benefit her children.

6 **Yaa Afrakoma,** who lives in Old Estate Obuasi, is a 43 year old single woman supporting a household of three members. She obtained a loan of GHS 1,500 from SASL to support her household business. She is not happy with the repayment terms of the FSP and feels there is too much pressure from the FSP staff for repayments and strongly mentioned that the repayment terms should be made more flexible. She also wants the FSP to train their clients on various income generation activities to help them better utilise the loan amount.

7 **Ibrahim Sulemana,** aged 51 years, is a self-employed man who lives with his family of seven members in Obuasi. He indicated high satisfaction with the savings product of Sinapi Aba but was dis-satisfied with the loan products. He feels that the rate of interest on the loan is too high in comparison to other FSPs in the area. He also expressed his dissatisfaction over excessive time taken by Sinapi Aba in disbursing subsequent loan after successful repayments. This delay directly effects the cash flow of his business.

Uganda

8 38 years old **Ms Nakafero Grace** lives in a rented premise in a village which falls under the operational area of Lyantonde branch. She holds a group saving account with the FSP from 2015 and is satisfied with the product. She is not happy with the high interest rate the FSP is charging on its loan products and suggests a review. She expects the FSP to provide some trainings on their various financial products and motivate clients to save more. She also feels that the loan process of the FSP is very lengthy and needs to be simplified.

9 **Mr Mukasa Charles** is a 48 year old educated man residing in Lyantonde. He is self-employed and supports a joint family of nine members. He has voluntary saving account with the FSP since 2005 and uses the account mostly for business transactions. Being a regular user he is very satisfied with the way the bank attends its customers. He feels that the savings account had a great impact on his household savings and suggested an increase on the rate of interest on savings. He also expects the bank to provide larger loans and trainings on financial literacy and livelihood/skill development to its clients.

Tanzania

10 35 years old **Ms Mary Bosco Ndakidemi** from Kirima village is associated with the Shujaa group since 2015 and holds a compulsory savings account linked to her loan. She expressed satisfaction over the fact that the branch is located very near to her house adding to the comfort of easy banking transactions. She is also very satisfied with the loan product of the FSP because of its easy repayment terms. However, she expects the bank to lower its interest rate on loans and increase the interest rate on savings. She also feels the need of guidance from the bank on proper use of the loan in income generation activities.

11 **Ms Asia Wilson,** a 60 year old woman from Mgigri/Kwakoa village, is associated with MCB since November 2014. She is very happy that her savings account in MCB gave her the opportunity to avail a loan from the bank which is much more than what she is saving. She expressed a very high satisfaction level on the savings and loan products of the bank and is very comfortable with the interest rate and repayment terms of the bank.

Rwanda

12 **Mr Kayibanda Charles** is 50 years old and lives in Kanombe, an urban belt in Rwanda. Since his association with Kanombe SACCO dating back to March 2011, he never had any difficulties with the banking transactions. He appreciated the savings scheme of SACCO which he feels is very effective to boost the household savings. He suggested that SACCO should have more service outlets in the area for a wider coverage.

13 **Ms Akayezu Colette,** aged 36, is a married woman residing in the village Nyabikenke with her husband and four children. She holds a voluntary savings account with Bumbogo SACCO since 2011 and expressed her satisfaction with the product due to the extended period of her regular deposits on a monthly basis. Her high satisfaction also stems from the loan from SACCO which helped her rebuild her house. She is keen to know about fixed deposit accounts and wants SACCO to give regular updates and briefings on its various financial products.

<u>EQ5.4 FSPs having the potential to have benefited the most from TA provided by TSPs under MLE</u>

The FSPs have benefitted from the TA provided by the TSPs under MLE. There have been variations in the extent and quality of TA provided in each country and some perceptions are provided below.

NBS in Malawi has benefitted immensely through the guidance provided by NBS in agent banking as well as institutional and IT diagnostic. The relationship remains cordial despite initial misgiving of NBS on the budget allocation. The quality of TA provided by WWB has had a distinct impact on roll out of Pafupi savings product and training of agents and staff. The most productive part of TA came when WWB consultant was onsite in Malawi.

UGAFODE appreciates the role of MEDA & other partners i.e. IDEO.org and 17 Triggers in initiating the mobile financial services channel, even though it has not been very successful so far. The quality and intensity of TA from MEDA seems to have improved since the placement of full-time staff of TSP at UGAFODE since Q3 2014 and it is hoped that the roll out of GroupSave and AirSave would be successful, having learned lessons from the challenges faced during pilot.

In Cameroon, CEC benefitted from the support provided by BASIX/PAMIGA consortium in helping them understand the branchless banking through use of mobile/POS. Before MLE, CEC was using agents but financial transactions were manual. The role of the TSP in identifying the vendor for MIS, development of the mobile application for smart phones/POS was valued by CEC. Similarly, UCCGN and A3C were appreciative of the business strategy developed for them and the trainings received by their staff and board members.

The deliverables for CARE's project in Ghana included formation of SGs, financial literacy training to clients and linkage with Fidelity Bank. The programme envisaged savings led financial services by the bank – wherein it will start with providing savings services and extend the range going forward. While TSP, with the support from local partner institutions, has been successful in formation of SGs in the remote and underdeveloped northern region of Ghana, FSP has been grappling with increased cost of technology, poor agent network and dependence upon CARE and local institutions to provide its services.

The SACCOs in Rwanda have benefitted through trainings, harmonisation of policies and data validation services provided by WOCCU. At the sector level, the key government stakeholders including the central bank, cooperative department and the ministry of finance immensely value the contribution of WOCCU in consolidation and capacity building process of SACCOs.

MCB, Tanzania also seemed satisfied with the TA provided by CARE, though the progress on linkages of SGs has been slow and the assistance for development of mobile/agency banking services has almost stopped after the resignation of Access Africa (a CARE initiative for promoting financial inclusion throughout Africa) staff who was facilitating this endeavour. The area of TA that was specifically appreciated by MCB was training on SG methodology, product development for SGs and an opportunity to participate in the MLE workshop at Kampala & Kigali.

7.2 Knowledge management

<u>EQ5.5 Institutions that would be relevant to profile for case studies near programme end</u>

The knowledge management activities like development of case studies would start in the final phase of the project implementation. While some institutions have already decided the themes for their case studies, others are still in the process of identifying appropriate themes for their programmes.

Evaluation team feels that the selected case studies are relevant. So far WWB in Malawi has submitted the case study topic and OI in Ghana has completed Phase 1 of its case study.

In June 2015, Women's World Banking submitted a case study topic to UNCDF that explores how a commercial bank uses customer insights to design a tailored product (Pafupi) combined with agent banking that helps women save more. Final case study is due in February 2017. The case study is apt but needs to include the aspect of cost structure. Further, another case study could be worthwhile relating to experiences in changing the MIS at bank from manual to automated. OI has drafted a case study on the transformation experience and will be published in January 2016.

CARE/MCB would be working on the case study topic "linkage experiences" which is relevant to their initiative in Tanzania and can provide insights into the feasibility of increasing outreach to women and rural areas through informal savings and credit groups.

MEDA/UGAFODE are discussing the case study topics with UNCDF. Its pilot experience in promoting the GroupSave product and AirSave channel is a good recipe for a case study, particularly on the challenges faced by them (related to linkages & making clients aware about product & usage of services) and the strategies that are now being adopted to overcome them. Similarly, learning from CARE-Fidelity bank can be used in case study on alternate delivery channels. The challenges faced by the project in selection of technology, building agent network, design of products to offer value to clients while providing adequate agent incentive can be analysed in the case study.

7.3 Client-centred approach

<u>EQ5.6 Extent to which clients are satisfied with the products/services offered & find them relevant</u>

On the basis of the PPI analysis (refer to Table 7.4), there is high probability that the clients reached out by the FSPs under MLE are low income households living below the international poverty line of $1.25 to $2.5 a day. However, it will be difficult to predict other characteristics of the clients like gender or location as many FSPs are not capturing this information or not doing it accurately. Similarly, at the mid-term stage, it is premature to assess & also attribute any changes in the client's income levels, ability to withstand shocks, consumption smoothening and women empowerment to MLE. The satisfaction level of the clients, as analysed from the field survey (refer to EQ3.3 in Chapter 6), indicates that most of the clients seemed satisfied from the savings and credit products offered by the FSPs.

During the evaluation team's visit to the two U-SACCOs in Rwanda, several clients cited that the introduction of inter-branch transactions would be highly convenient. This is in alignment with MLE's plan to computerize the U-SACCOs and thereby help U-SACCOs increase outreach and benefit clients resulting in increased client satisfaction and eventual sustainability.

In Tanzania, overall the clients seemed to be satisfied with the services provided by MCB with the hope that mobile banking services would soon be enabled. In Uganda, the project (so far) has not been able to build client awareness on financial aspects as expected. The satisfaction levels were also limited as the clients have hardly been able to transact on their GroupSave accounts.

In CARE's Ghana project the aim is to reach out to low income unbanked families with the use of alternate delivery channels. The clients' selection was done by CARE in Northern Ghana. The clients lack safe avenues to save and expressed demand for savings with a formal financial institution. TSP and FSP are still in the process of modifying the existing SMART savings product of Fidelity Bank for the requirements of SGs. Being low savings balance accounts, the fee structure is still being decided and there is a lack of transparency around it. The product has not been popular among the SGs as they need frequent cash-outs for their internal lending needs while the product has not been able to provide such a facility with reasonable cost. This is mostly due to the insufficient overlap between the agent and the SG location. This issue is being resolved now with synchronization and better overlap of the SG creation and agent deployment.

The SASL project also aims to reach out to low income unbanked families with the use of alternate delivery channels. About 68% of SASL's depositors are in rural locations and require doorstep services. This is a key reason for the attraction of Susu savings products despite having a fee for withdrawal and no interest on the deposit amount. This highlights the need for alternate delivery models which can offer similar convenience to the clients. Discussions with group loan clients revealed that the loans were perceived to be expensive (5% per month flat interest rate, 3.5% processing fee, a minimum 10% cash collateral, 1% client welfare fund as well as training and loan application fee of GHS 5 and GHS 20, respectively). An elaborate client satisfaction study has been scheduled for Q4 2015 and SASL is currently in the process of shortlisting consultants to conduct the exercise, which should offer useful insights.

7.4 Conclusion – likely impact of MLEP

The MLE programme was initiated in October 2011 and ends in 2017. The first country programme commenced in end 2012 and other projects began gradually afterwards. On an average each programme has a timeframe of 3 to 4 years, of which, a substantial time was to be spent on piloting the products & delivery channels developed. This provided around 1 to 2 years for the products roll out phase which is too short to create an impact by end-term. Therefore, the likelihood of the impact has to be seen in this context. For the purposes of this evaluation, impact has been defined as the (i) (likely) changes in lives of beneficiaries and (ii) (likely) changes in the functioning of the broader inclusive finance system in which MLE is present.

Though individually each country project may not be able to attain the expected outcome, the programme as a whole has a high likelihood of achieving the expected outreach of 450,000 low income people, with FSPs reported to have already (June'15) reached more than 362,000 voluntary depositors through savings products developed under MLE. PPI analysis for each country also shows a reasonable probability of targeting of low-income households by the FSPs. The combined additional voluntary depositors outreach of FSPs (through all products) is nearly 0.7 million which substantially exceed the expected outcome. However, the major contribution to this has been from 4 FSPs and it will be incorrect to solely attribute the growth to MLE as the FSPs would have anyway expanded in the normal course of their operations.

In terms of realising the KPI targets (self-determined by FSPs) related to savings as well as loans as set out in the PBAs, the FSPs achievement on these is lagging behind. By mid-2015, the FSPs had achieved just 22% of (original) target net increase of voluntary savers and 38% of the amended targets. The bulk (nearly 46%) of the increase (based on original targets) was supposed to come from Fidelity with their 5 by 5 strategy (which means reaching 5 million accounts in 5 years). This strategy has been scaled back and the recently signed MLE amendment gives revised (and much lower and realistic) targets. However, at the mid-term stage the contribution of Fidelity has been 44% of the net increase of voluntary savers (based on amended targets). Similarly, there has been a marginal increase in voluntary deposits mobilised in comparison to baseline. The total number of borrowers as well as combined gross portfolio of FSPs have actually decreased from the baseline level, though this could be partly attributed to currency devaluation & high inflation in some countries and portfolio quality issues which impacted growth. With a year and a half to go for the projects, it will be difficult to attain the PBA KPI targets for some of the countries. Further, increase in outreach segregated by women and rural population are not being captured by many FSPs due to MIS issues and therefore while the overall outcome numbers may be achieved, there is uncertainty around what proportion of these are women and rural clients.

MLE design expected that the outcomes when achieved, would lead to short (financial awareness of clients and understanding of their own needs), medium (increased access to savings & financial services & development of strong inclusive finance sectors) and long-term impacts (poverty reduction, women empowerment etc.). The programme has not reached the stage where outcomes would start translating into impact. However, there are indications that the awareness of clients on product terms and conditions and also on CPP aspects has started to improve. With the increased emphasis on internalising the products developed under MLE, it is expected that FSPs, benefitting from the support provided by the TSPs, would be able to improve the access to savings and financial services to the target clients as also provide needed financial education. Other medium and long-term impact as well as any un-intended impact would need a longer timeframe to become evident.

Chapter 8

Sustainability of results achieved through the MLE Programme

In this context, sustainability addresses the extent to which programme results are likely to continue beyond the end of the project. The MLE sustainability assessment measures the likelihood of the continuation of the planned and expected outcomes after programme funding ends. It has four broad components

- Financial strength of the FSP to continue its operations and grow without grant support and, in particular, the contribution of low balance savings accounts to the growth and financial sustainability of the FSP. The latter affects the ownership and intent of the FSP's leadership in carrying the objectives of the programme forward
- Adequacy of management and systems to carry on operations without the support of the TSP
- Design of products/services to generate demand from clients, and
- Linkages with other programmes and institutions and contextual factors that may affect the programme's sustainability.

The sustainability of the MLE programme appears reasonable. A number of parameters were included to assess the degree to which the products and services offered under this programme have been institutionalized and the likelihood that the FSP has the management capacity to carry them forward without TSP's support. While the FSP might be financially strong, for instance Fidelity Bank, Ghana, the programme performs low on sustainability mainly because the contribution of low balance savings accounts to their growth and sustainability is minimal and the products have not been adequately institutionalized.

8.1 Financial sustainability and growth

EQ6.1 Financial sustainability & growth

This parameter assesses the FSPs on their overall financial sustainability and growth and the extent to which the low balance savings products have led to improved growth rates and financial sustainability.

Table 8.1: Progress on sustainability KPIs

Country/FSPs	Baseline		Q2 2015		Comments
	PAR>30 days	OSS	PAR>30 days	OSS	
Rwanda - USACCOs	2.1%	268%	8.6%	138%	Weak MIS – unreliable data
Malawi – NBS*	58.0%	121%	48.0%	110%	Different from data reported by PMU which shows losses for 2013 and 2014
Cameroon – A3C	12.4%	95%	10.3%	87%	
Cameroon – CEC	18.0%	165%	25.7%	85%	
Cameroon – UCCGN	18.4%	95%	5%	134%	
Uganda	4.1%	101%	3.0%	108%	
Tanzania	9.5%	105%	6.0%	104%	
Ghana – Fidelity	12.0%	95%	5.3%	>128%	Weak MIS of the financial inclusion department
Ghana – SASL	3.2%	101%	3.2%	96%	A low yield to APR ratio suggests weak portfolio quality
Liberia					**No data available**
Burundi	New	New	-	100%	PAR data not available

*As reported by PMU

While almost all FSPs except Cameroon's A3C and CEC have achieved financial sustainability (SASL has also achieved 100% OSS by the end of September 2015), there are concerns with the reported data quality of a number of institutions. WOCCU in Rwanda does not have a good MIS. The quality of reported data of NBS Bank is also doubtful, the data reported by PMU to The MasterCard Foundation shows negative RoA for 2013 and 2014 as against positive figures reported by NBS Bank. Similarly, the reason behind an extremely low yield to APR ratio of SASL is unexplained and indicates issues with loan portfolio quality. Discussions with staff at the visited branch and Opportunity International indicate that this could be due to an adverse economic environment in Ghana. Multiple issues mar the mini core banking system used by the financial inclusion department of Fidelity Bank and the data reported by it to the TSP suffers from inconsistencies. In Liberia, there is a lack of information on the financial performance of the 4 RCUs.

Rwanda, Malawi, Tanzania and SASL Ghana perform well on the financial sustainability parameter. In Rwanda, the USACCOs are well-capitalized, as their operating expenses were subsidized by the Government during the initial 3 years (2008-11). NBS Bank in Malawi and MCB in Tanzania have been able to maintain profitability despite high PAR. SASL has also managed to reach the breakeven level in August 2015. The FSPs in Rwanda, Malawi and Tanzania and SASL in Ghana have also seen increasing dependence upon member savings. Member savings portfolio with USACCOs has increased by 16.1% in 2014. Low balance savings has contributed well to the growth and financial sustainability of NBS Bank. In Tanzania, the SGs contributed about 32% of the increase in the total number of depositors during December 2012 to June 2015, while the contribution to the volume of deposits mobilized was around 10%. As on 30 June 2015, SG depositors were 21% of the total depositors. Though SG deposits were a mere 2.6% of the total deposits of MCB, the large depositor base offers good potential for growth. It indicates a growing focus on low balance savings at MCB in terms of numbers, though it may not be contributing significantly to profitability yet. By the end of Q2, 2015, SASL had a deposit balance of GHS 60,958,357 (approximately US$14 million), of which, GHS 14.8 million (~USD3.7 million) was on the Susu Savings product alone which was developed as part of the MLE along with all other savings products which were either refined, developed and/or marketed as part of the program. Voluntary deposit accounts, launched 2 years ago, now constitute more than 60% of its total deposit accounts. The total deposit balance has risen to 60% of total assets. For all these FSPs, it is expected that as the volume of low-balance savings increases, it will provide economies of scale and improve margins.

Ghana's Care-Fidelity project, Burundi and Liberia perform below acceptable levels while Uganda's performance is acceptable. Fidelity Bank is a large bank with a total savings base of USD 500 million by the end of 2014. It has a high OSS but the low savings balance of USD 13,600, mobilized as part of this project from SG members, by the end of August 2015, constitutes a minuscule part of its total savings portfolio. There has been no impact (negative or positive) on the sustainability or growth of Fidelity Bank because of these savings. Similarly, while Ugafode has managed to remain profitable, the profitability has not been because of the GroupSave product developed under MLE but due to a conscious effort by Ugafode to maintain the good quality of its loan portfolio. The reported dormancy of depositors has been high at around 25% despite a lenient definition of dormancy (accounts not active for >365 days).

CRDB Bank Burundi and RCUs in Liberia are facing financial stress with low OSS and portfolio quality challenges. Due to political instability and instances of fraud in both countries and the slow down of implementation due to Ebola in Liberia, current loans to SMEs and micro clients have low repayment rates. The scale of savings is still low and does not yet have a positive impact on sustainability.

8.2 Improvement in institutional and management capacity of the FSPs

EQ 6.2 Improvement in institutional and management capacity of the FSPs

It is essential that the FSPs have the required management and technical skills to carry on providing the products and services introduced by the programme after support from the TSPs ends. This parameter assesses the degree of institutionalization of the products and services developed as part of the MLE programme.

SASL in Ghana has done well on this parameter. Transformation from a not for profit, non-deposit taking institution required significant changes. It received capacity building support through training on Change Management, Governance and Risk Management, Banking, Treasury Management and IT. It has also done well to institutionalize the savings products and technologies developed as part of this project. Deposits financed around 60% of its total assets by the end of June 2015 compared to 33.5% on 31 December 2013, netbook technology is well integrated while mobile banking technology is being developed with support from Opportunity International.

Malawi, Uganda and Tanzania also perform well on this parameter while the performance of Care-Fidelity in Ghana and Liberia is below acceptable levels.

As with SASL, the likelihood of NBS Bank continuing a focus on Pafupi or similar products and MEDA/Ugafode’s GroupSave product and AirSave channel targeted at low income poor people is strong as the FSPs have seen the potential and these products fit well with their current focus on liabilities. FSPs have assumed ownership and are trying their best to review their strategies and systems to align with this new focus.

Mwanga Community Bank in Tanzania and Fidelity Bank in Ghana are both aiming to provide deposit services to SGs promoted by CARE. In Tanzania, the Board of MCB was involved in the conceptualization and diligently monitors the progress of MLE. The grant was included in MCB’s annual budget, which is reviewed carefully by the Board of Directors. Both the Board and the senior management of MCB are convinced about the business case of low balance savings and keen to take it forward. However, unlike MCB, Fidelity Bank, Ghana lacks adequate ownership of the project. It is yet to develop a business and operational model to service these clients in a sustainable manner. While the TSP has focused upon formation and training of SGs, limited effort has been made to build FSP’s management and institutional capacity in understanding the SG model and to build an appropriate agency-banking model around low-income clients in the underdeveloped regions. The FSP is yet to institutionalize the products and the currently limited services being offered are with the active support of the staff of the TSP and its local partner institutions. Similarly, in Liberia, though LCUNA has improved in terms of its commitment and ownership of the project, it has made no convincing efforts to achieve sustainability. Efforts have been made in the past to create a business plan including income generation, but till now, no such plan has been institutionalized.

8.3 Potential for scaling up products and services

EQ 6.3 Potential for scaling up products and services

This parameter assesses the design of products, services and processes from the perspective of client satisfaction and their acceptance and demand by clients which is crucial for the sustainability of the programme. The programme’s overall performance on this parameter is good.

Malawi, Uganda, Tanzania and Ghana's OI-SASL projects perform well on this parameter while Ghana's Care-Fidelity and Burundi perform below expectations. The other three assessed projects are reasonable.

In Malawi, Pafupi low cost deposit accounts have enormous potential for scaling up and are accepted well by clients. The bank's projections show that the cost incurred in roll out of Pafupi will be recovered in 2-3 years' time and profitability will start accruing to NBS Bank. Similarly, for SASL, Susu savings product, flexi savings, and Smart Kids account seem to offer good potential. Susu Savings product is already the most popular and has mobilized the highest amount of deposit for SASL among all its savings products.

Fidelity Bank, Ghana has a single product, SMART savings product, a voluntarily withdrawable savings account offered to the SGs and their members. The product suffers from lack of understanding and transparency around fee/charges, interest paid to the clients and agents' incentives. A number of FSPs are struggling to provide a good agent network to their low balance savings account clients. These clients often have higher cash-out requirements, thus there is a need for agents to put in more working capital while the capacity to pay charges/fees is lower. The model needs to work on economies of scale which is difficult in sparsely populated places like the northern region of Ghana. Here the SGs hesitate to put their money with Fidelity Bank, as the agent network is weak and has inadequate liquidity and proximity to enable easy withdrawals of money.

8.4 Linkages and contextual factors

The programme has overall good performance. In all the countries and regions where it is operational, the sparse presence of bank branches in rural areas raises the demand for agency banking services and is likely to provide strong traction. SASL in Ghana is among a few institutions with a strong presence in all the regions which compensates for its lack of an agency banking license.

Overall, all the FSPs have a favourable policy environment on account of a strong thrust of the Central Banks and Governments to promote financial inclusion especially safer avenues for low income households to save. However, on account of recent changes in the agency banking regulations in Ghana, Fidelity Bank and SASL are likely to face tough competition from the MNOs which have the advantage of robust technology, lower cost on account of scale and favourable regulations and central bank policy support. The MNOs are also aggressively promoting mobile money offered by them and people are increasingly being informed and educated about the use of mobile money. Though Ghana has been a slow starter, it is likely to catch up on the use of mobile money on account of its high mobile penetration. MCB in Tanzania faces regulatory uncertainty on the use of IT. The Bank of Tanzania is planning to introduce a shared MIS for all community banks in which case MCB will have to switch to the CBS chosen by the central bank. The progress of its mobile banking initiative is dependent on this decision being taken in the near future.

<u>Linkages with lenders and investors</u>

Some FSPs including SASL, Ghana and MCB, Tanzania are over leveraged and need to raise equity to expand and to meet the regulatory requirements of central banks for deposit taking institutions. Community owned institutions like U-SACCOs, A3C and UCCGN cannot raise equity from external investors and this impacts their growth. For other FSPs, the present adverse economic environment on account of the global slowdown and sharp currency fluctuations has increased risk perceptions among investors making it relatively difficult to raise equity. Almost all FSPs are reaching out to social investors like ACCION, Incofin, ResponsAbility to raise equity and/or tier-2 capital. In Tanzania, in order to meet the capital requirement of TZS 2 billion (by 2017) stipulated by Bank of Tanzania for all community banks, MCB is considering the option of either obtaining listing on the Dar es Salaam Stock Exchange, which is a lengthy and expensive affair, or raising funds through new and existing shareholders. MCB has already reached out to its existing shareholders on this front. MCB is also on the lookout for strategic investors like Nordic investment firm and MTI Investments. SASL, Ghana also needs to expand its Tier 1 capital base as it has hit a ceiling on Tier 2 capital.

8.5 Conclusion – sustainability of MLE results

Overall while the reported figures on sustainability indicate that the FSPs have improved their performance, there are concerns about the quality of reporting especially underreporting of portfolio at risk for some FSPs including SASL (which has an extremely low Yield to APR ratio of less than 50%). FSPs in Cameroon have manual MIS and the data flows through village banks are prone to errors. Similarly U-SACCOs, on account of their manual MIS and mixing of group and individual loan accounts, are not able to report on portfolio quality accurately.

The evaluation team also observed that while a few FSPs are profitable, their dependence upon low balance savings is negligible, raising doubts on the continuance and improvement of these newly developed products once the project ends; while on the other hand, there are FSPs such as SASL Ghana which may not be profitable yet, but as low balance savings now constitute a sizable component of their total sources of funds, they are expected to retain their focus and thus perform better on sustainability. However, overall the contribution of MLE in bringing about changes in the FSPs' strategies to target low-income rural populations, particularly women, has been good. This was evident in the buy-in of top management of some of the FSPs (like NBS Bank Malawi and MCB Tanzania) to reach lower income clients particularly through the digital finance channel.

In terms of the design of products and services, a number of FSPs are struggling to provide a good agent network to their low balance savings account clients. These clients often have higher cash-out requirements, thus a need to put in more working capital either by the FSP or by the agents while the capacity to pay charges/fees is lower. The model needs to work on economies of scale which is difficult especially in sparsely populated places.

Some FSPs are also highly leveraged and need to be better capitalized especially considering the high level of external risk and the short duration of liabilities as well as the credit risk and liquidity risk that they face. FSPs may also find it difficult to mobilise long-term deposits which is needed for them to manage the ALM risk.

While there has been an improvement in the management and organisation capacities across the projects, the degree of ownership and institutionalisation of the savings products, developed as part of this project, varies considerably. The role of the Board and leadership is important and it is essential that they see these products adding to the strength of the institutions in terms of expansion in the number of clients, improved diversification of sources of funds, geographical diversification and opportunity to expand the market of their other financial products as well.

Chapter 9

Conclusion and Recommendations

The mid-term evaluation of MLE in ten countries analysed the programme's performance based on OECD/DAC criteria of relevance, efficiency, effectiveness, likely impact and sustainability. The objective of the evaluation based on these criteria was not only to assess the performance so far but also to provide recommendations for the remaining period of the programme. This concluding chapter summarises the broad programme evaluation findings and provides recommendations for action against each of the evaluation criteria.

9.1 Evaluation summary

The overall performance of the MLE programme based on the five evaluation criteria is good, while across countries the performance is varied. The country missions show that the thematic focus of MLE on promoting savings led institutions is context-specific and has high relevance, especially its focus on promoting branchless delivery channels. Its savings led financial inclusion strategy has the potential to make a significant contribution in these countries where exclusion is high and financial depth is limited. The field realities and findings from client surveys provide strong support to the focus on a savings led model. The cost and time savings associated with alternate delivery channels make it quite favourable for the clients as well as the institution. The choice of institutions also seems appropriate in most countries as the grantee institutions either had pre-existing focus on low-income people and low-balance savings or have changed their focus with MLE intervention. While the MLE is well situated within the overall context of high financial exclusion in Africa, better linkages with programmes of other agencies working in similar areas could have strengthened programme performance.

The selection process for FSPs was elaborate and backed by an exhaustive and relevant eligibility checklist. Shortlisted applications had to undergo rigorous scrutiny following onsite due diligence by external consultants. However, three factors, namely a) errors in baseline data, b) inability of due diligence to pick vexatious issues like high PAR or the extent of adverse environmental impact and c) a limited choice of shortlisted applications, led to relaxations and dilution of investment norms in some countries like Uganda, Malawi and Cameroon. The application process also had a strong influence of TSPs who, barring a few instances, drove the sourcing of applications, identification of areas of TA support, division of tasks, resources and budget. The programme's emphasis on integrating gender in the practices of the FSPs is strongly apparent. The targeted approach ensured that gender was given due importance and most FSPs, barring those facing challenges in using their existing MIS for reporting purposes, are tracking gender outreach.

Managing a multi country programme like MLE involving multiple TSPs/FSPs is a challenging task. The performance of PMU's programme management starting from inviting applications to due diligence to monitoring has been good given programme complexity and (small) team size. The detailed and appropriate laying down of eligibility criteria for applicants followed by two-tiered due diligence added to the rigour of the screening process. MLE's focus on institutions where the value add was higher as against choosing stronger FSPs limited the strict adherence to eligibility criteria for FSPs in some cases. Despite these issues, it is significant that the MLE has been able to increase its depositor base by 362,919 clients across ten countries. Programme monitoring has not been able to meet the field mission frequency specified in ProDoc, probably on account of the limited number of PMU staff. Findings from the country visits show that the short duration of field missions by programme staff constrained the possibility of deep dives into issues. The local presence of UNCDF staff in country has a positive influence on implementation and the sorting out of local issues as seen in Malawi and

Rwanda. TSPs performance in delivering the programme efficiently has positive correlation with "feet on the ground" and the short term consulting approach's usefulness is limited to evaluation or diagnostic studies. In the case of technical assistance in areas like migration to an automated MIS or roll out of agency banking the feet on the ground approach yielded better results. The achievement of long-term changes in operations and policy of FSPs and help in introducing and rolling out new systems demands the onsite presence of the TSP.

Progress monitoring through submission of quarterly reports was found to be too broad and there is a need to make it more focused in covering MLE specific achievements/shortcomings and not just FSP results as a whole. The ability of the programme to adjust to country specific issues affecting implementation by suitably modifying the PBA has been crucial: the revision of the PBA in Rwanda to account for the inability of WOCCU to influence policy change and the process underway in Cameroon to adjust for inflated baseline and TSPs/FSPs targets serve as good examples.

The contribution of MLE in influencing FSPs positive perception of the importance of low balance savings has been significant. In case of FSPs with existing focus on low-income clients and rural areas, this focus has been sharpened, while in the case of mainstream FSPs low balance savings now have a strategic place in operations. The stage of project progress and visible impact on FSPs has had a direct correlation with change in strategic outlook within the FSPs. Cases like NBS in Malawi and Ugafode in Uganda stand out; NBS has ambitious plans to tap into rural low-income segment, while Ugafode has now a balanced strategy in place of its earlier credit focused strategy. However, the strategic shift is not so evenly matched by progress on means of making the shift; whether this is done through the linking of VSLAs or alternate banking channels, it will take some time. Though external factors like regulation have impacted progress in countries like Ghana, in other countries a slow start and process related aspects like agent commissions have adversely affected progress. The evaluation team feels strategic changes are more critical and once the mindset changes, operations will follow the strategic shift in due course. Similarly, demand-side issues like financial education of clients and making them aware of digital transactions has not fully kept pace with roll out of products. Now that financial education is being put in place and alternate delivery channel issues are being resolved, outreach is likely to increase substantially in 2016. To put it succinctly, the first phase of MLE has been more effective in inducing strategic changes in the FSP's business strategy; it will likely take some time for these changes to be reflected in the improved outreach (numbers of clients) targeted under MLE.

The effectiveness of MLE in influencing policy has been varied. Countries with strong involvement (in MLE) of the government and regulators have better performance. Rwanda is a case in point where the central bank and ministry are directly involved in the programme. In other countries, the situation varies from absence of any knowledge of the programme beyond endorsement to passive approval of the programme. As concrete outputs like increase in number of clients reached through alternative delivery channels will begin to have critical mass, it is expected to influence policy. The potential of MLE to influence policy is undeniable but its full impact will be realized later. The same is the case with the demonstration effect on other market players. The involvement of UNDP country offices in MLE was found to be weak except in Rwanda where UNDP has contributed funds to an MLE supported project under its BIFSIR programme.

Programme impact as per the theory of change was evaluated across macro, meso and micro levels. Considering factors such as the lesser involvement of other stakeholders in several countries, the delay in launching specific products or policy flux or political uncertainty in some countries and less focus on financial education in the first years of implementation, the programme is yet to realize its impact potential at the macro and micro level. The major impact has happened at the meso level in FSPs. Incremental outreach to 362,919 depositors achieved by the programme across ten countries is 80% of the programme target, but the numbers do not tell the real story. The outreach numbers in some cases are of the entire organization and cannot be solely attributed to MLE and there is also the issue of data accuracy resulting from wrong baseline and MIS limitations. However, the real impact is in organizational change and the outreach potential thus created is likely to be fully realized in the next 2-3 years as the pilots begin to be mainstreamed. The distinct possibility of exceeding the overall target comes from the satisfaction expressed by clients and the contextual relevance of offering savings services through innovative channels to reduce operational difficulties. Poverty outreach measured through the PPI tool shows that outreach is deeper in the case of institutions with a pre-existing focus on lower income segments; the outreach depth of mainstream FSPs like NBS bank in Malawi will improve over the years. What is encouraging and provides strong evidence of the suitability of FSPs is that even a mainstream bank like NBS has nearly 20% of its clients below the $2.5 poverty line.

Sustainability was a key evaluation criterion and the reported figures indicate that the FSPs have improved their performance. The reported figures in several cases point to concerns about the quality of reporting and under-reporting of portfolio at risk as indicated by low yields. Most FSPs are also high on debt leveraging and need to be better capitalized especially considering the high external risk, short duration of their liabilities, credit and liquidity risk that they face. The small proportion of savings products designed under MLE in the overall FSP portfolios limits the evaluation team's ability to offer any comment on MLE's impact on improving financial sustainability of FSPs. The other measure of sustainability seen through improvement in the managerial and organisation capacities across the projects and the degree of ownership and institutionalisation of the savings products developed as part of this project, shows acceptable performance. The organisations which foresee growth and sustainability from these new products and market segments have performed well to integrate these new products.

The overall impression that the evaluation team forms of the programme backed by different lines of evidence shows high relevance, good management and its effectiveness in tackling the inclusion challenge of rural low income clients and women. As the programme has not gone beyond pilot in almost all countries, it is too early for impact to be visible both at institutional and client level. However, certain suggestions have emerged from the evaluation, which can be embedded in future programme design/implementation for higher impact and sustainability. While making suggestions to improve the impact, the evaluation team is conscious of the ground level challenges and constraints in making things work optimally.

9.2 SWOT analysis

Strengths	Weaknesses
• Highly relevant programme operating in LDCs and low-middle income countries in SSA having low depth of financial inclusion • Robust programme design; lessons learnt from ML incorporated to improve the programme performance • Programme focuses on savings-led financial services coupled with the integration of alternate delivery channels • Rigorous process of shortlisting grantees; choice of FSPs well-suited to further MLE objectives • Focus on strengthening FSP's performance through the provision of TA by experienced	• Discrepancies in baseline data reported by some FSPs leading to inflated targets and higher leverage assumptions • Due diligence conducted by the consultants missed identifying critical aspects in a few cases • Inadequate attention given to sequencing TA deliverables; focus on other activities related to market research, product design, etc. over development/upgrade of the MIS • Limited number of PMU staff affecting the frequency of monitoring • Limited knowhow of some TSPs on some of the PBA activities have impeded progress

Strengths	Weaknesses
TSPs; no. of greenfield projects reduced on account of high gestation period • Comprehensive reporting requirements; targets monitored on a quarterly basis and linked with the disbursement of subsequent tranches • Strong gender and rural focus; financial education of clients is an important part of programme design • Cross-country experience sharing through regional workshops	• Proposal formulation was largely TSP driven leading to lower budget allocation for FSPs which in some cases affected the 'ownership' of the project by the FSPs. • TSPs not having a local presence • Extensive reporting requirements; MLE needs to focus more on capturing programme specific data • Despite MLE having a strong learning agenda, KM activities have been left in many countries for the programme's end-term.
Opportunities	**Threats**
• Highly relevant programme that can attract additional donors; programme has the capability to be replicated in newer markets • Strong potential for being linked with other UNCDF GTIs and CSPs • Ability to influence policymaking with regard to the provision of low balance savings and development of ADCs in SSA • Knowledge sharing of implementation lessons in non-programme countries • Scope of market demonstration in the programme countries thereby encouraging other FSPs to introduce low-balance savings products for low income clients	• External risks caused by political factors and epidemics resulting in severe impediment to the programme's progress • Regulatory restrictions and government involvement in certain countries have impeded the achievement of targets related to development of MIS and agency banking • Excessive focus on targets diluting the emphasis on softer goals like the institutional changes resulting from MLE • Crowded-markets in a few countries constraining FSPs from achieving their targets.

9.3 Recommendations

The recommendations emanating from the evaluation for improving the likelihood of the overall programme objectives and outcomes being achieved are discussed below. The recommendations also include suggestions for UNCDF for similar programmes in future.

a) Deep dive in due diligence; Need for technical expertise

The due diligence process adopted by MLE is adequate for proposals with accurate figures and transparent reporting of operations. This is more than often not the case as seen in MLE. In such cases, the due diligence process needs to incorporate an independent review of the FSP's operations and financials and the review should be done by technical agencies/persons with prior experience. In cases where external rating reports are available, these should be made use of. In cases where rating reports are not available and there is significant doubt about the FSPs' reported figures, audits (portfolio/MIS) should be carried out as part of the due diligence process. This will ensure that baseline figures are accurate and problems are identified before investment committee decisions are taken.

b) Higher FSP involvement in proposal formulation

TSP driven project proposals wherein the TSP has the main responsibility for determining the scope of the TA, the allocation of tasks and resources leads to lower ownership by the FSP. Though a majority of the FSPs appreciated the support provided by the TSPs, many felt that they had limited say in deciding upon the programme deliverables, budget allocation or operating areas. In this regard, it would be prudent for UNCDF to request applications directly from the FSPs, specifically on the areas of TA support required. In the event the FSPs do not have the capability or capacity to submit detailed applications, UNCDF could nonetheless request them to explain the areas where they need TA support and issue RFAs, to which interested TSPs could respond and collaborate with the FSP to refine the activities. However, while making this suggestion the evaluation team is conscious of the fact that this approach may be difficult in the case of smaller community based institutions like SACCOs and village banks.

c) Synergy with existing country programmes to maximise impact

The design of thematic programmes needs to factor in linkages with existing programmes of other agencies to avoid duplication and build synergy. As proposals are formulated by TSPs/FSPs that have adequate knowledge of the country context, one of the key preconditions of proposals should be on detailing how the programme intends to work with other similar programmes. In cases where no specific programme/s are operational, the design should incorporate synergies with donors and multilaterals with a similar thematic/sector interest. Building a collaborative approach to achieve common goals can also mitigate the budgetary constraint in case of large financial outlays like the purchase of an MIS. Leveraging collaborative efforts and resources should be given priority while selecting proposals. A project with significant collaboration among agencies also has the potential to enhance market demonstration.

d) Need to have a **fine balance between numbers and organizational change**

In order to improve effectiveness, efforts need to be made at the design stage of the country programmes to balance emphasis on organisational change and achievement of quantitative targets. Having over-ambitious targets diverts the learning curve of the organisation and programme monitoring to achieving numbers rather than focusing on addressing challenges and making the product and delivery channels more robust for achieving long term impact. The due diligence process needs to be more thorough and analytical to be able to identify appropriate targets for pilots as well as for the roll outs/endlines and should be based on the capacity of the institution, its experience and past achievements.

e) Monitoring programme implementation; no substitute for field visits

As each Programme Specialist is responsible for managing approximately 5 country projects under MLE, it is understandable that their ability to undertake frequent monitoring visits is limited. While the UNCDF MLE PMU closely scrutinizes the TSP/FSP reports to identify critical issues, fewer on-field missions constrain their ability to deep-dive and develop a nuanced understanding of country-level issues. Projects operating in countries where UNCDF representatives are situated have benefitted significantly from the timely on-the ground support provided. Increasing the strength of the PMU and mandating quarterly monitoring visits will strengthen UNCDF's engagement with the partners and also provide deeper insights on the contextual challenges. Such visits will also serve to reinforce the involvement of other national level stakeholders. In this context, it may be useful for the PMU to review and increase its staff strength accordingly as well as build technical capacity.

f) Higher priority to MIS and reporting systems for informed management decisions

Cases where the MIS and reporting systems are not robust enough to provide accurate data, the programme will benefit from according priority to streamlining the reporting architecture so as to generate accurate data. Going ahead with introducing new products and channels in such cases not only leads to difficulties in monitoring the progress of the project but also adds to the existing problem. TA to the FSPs should be more focused on streamlining the MIS & other systems.

g) Rationalization of reporting requirements; Focus more important than breadth

Grantee reporting requirements have been an area of challenge especially for FSPs with manual systems, and affected the quality of monitoring. The programme attempts to capture quarterly performance data related to the entire financial institution instead of focusing on information directly related to the products developed and clients reached under MLE. While it is understandable that the programme managers and donors should also assess the impact of the intervention at an institutional level, focusing on data of the entire financial institution, especially in case of FSPs with data challenges, dilutes the focus. The PMU should be more concerned about data quality relevant to MLE rather than the breadth of data.

h) TSPs should have a "Feet on the ground" approach for providing TA

It is advisable to have an on-site presence of the TA providers rather than a predominant short-term consulting approach. Short-term consulting may work for some activities like institutional diagnostics and training of trainers but implementation of processes and systems is more effective if the TSPs have on-site involvement. This difference in quality and timeliness of inputs was clearly evident in some of the country programmes when the TSPs increased their on-site presence after initially providing support in a short-term consulting mode.

i) Financial education to be embedded from the start

Financial education is an important component of the MLE programme design in the context of reaching out to low-income populations, particularly women and those living in rural areas. It is necessary to make the target clients understand their financial needs, which can then feed into product design. A financially aware client is also likely to understand and use the products and delivery channels specifically developed for her. In the country programmes, financial education efforts have not been accorded primacy from the start and are only beginning to be mainstreamed now. The low effectiveness of group linkage activities and issue of dormant accounts faced in some of the programmes could have been mitigated by focusing on client education from the start.

j) Temper sustainability expectations

One of the objectives of the MLE programme is to establish sustainable, savings-focused financial institutions in SSA, which will continue providing low balance savings accounts catering to low-income households, including rural and women depositors after the culmination of the programme. Barring two greenfield programmes, the remaining FSPs were existing institutions already targeting the low-income segment of clients or interested in downscaling to expand outreach. TA provided and/or products designed under MLE are not likely to be a major component of an FSP's assets or liabilities in almost all countries until the end of the programme. In this situation of a five-year programme intending to support existing FSPs in developing loan and savings products targeting low-income clients, the focus should be on capturing the degree of institutional changes achieved on account of the programme and not so much on the contribution to financial sustainability.

k) Knowledge management needs to be accorded primacy

Even though MLE has a strong learning agenda, the progress achieved on this front has been slow, at the mid-term stage. While partners have actively participated in the two MLE workshops organized by UNCDF and identified case study topics, the emphasis on codifying the lessons learnt and programme outcomes has been low. Knowledge management will guide the future course of MLE as well as subsequent UNCDF programmes in the Inclusive Finance space. Given that the programme is scheduled to culminate in June 2017, it is imperative that UNCDF's MLE PMU ensures that due importance is accorded to achieving the programme's knowledge management targets. In addition to documenting lessons, the PMU should facilitate regional workshops and meetings with policymakers that help disseminate programme knowledge leading to stakeholder buy-in and to policies favoring the development of alternate delivery channels.

l) Knowledge workshops add substantial value; need to be more frequent

Two regional workshops were organised by MLE PMU and were highly valued by the partner TSPs and FSPs for knowledge sharing leading to the generation of ideas for programmes. Going ahead, it is recommended that more such workshops be organised in various programme countries. The host country TSP/FSP should be encouraged to take the lead in organising such events at the national level.

For future programmes, it will be worthwhile to organise a programme initiation workshop, after awarding grants and signing PBAs, in which all the partner FSPs/TSPs can share their implementation approach and also provide an opportunity to UNCDF to explain its expectations from each of the programme partners as well as the reporting requirements. Lessons from past programmes should be shared in this initiation workshop to transfer knowledge and avoid reinventing the wheel. Such a workshop will also be useful in developing a clear understanding of the roles and responsibilities of various stakeholders.

m) More focused involvement of secondary stakeholders, particularly policymakers

In order to obtain better buy-in and active involvement of national stakeholders including government, policymakers like central bank and other major donors, it is advisable to have a steering/advisory committee in each programme country. Efforts were made in a couple of the countries to initiate such a committee but have not been effective due to the lack of specific budget allocations meant for this. Ideally, the formation of a national level steering committee should be part of the PBA and a budget should be provided for organising meetings and covering the allowances of participants. This will feed into the market demonstration component of the programme and also contribute to influencing policy.

9.4 The way forward – scaling-up of the interventions in the programme countries

While the above sections provide a number of aspects to be addressed as well as potential opportunities to promote project objectives, considering the short time left until the endline of MLE, this section lists critical issues which need to be accorded priority for maximising the programme's outcomes. The way forward for the MLE programme for the remaining period of the programme and beyond it (for the FSPs) for scaling up of the interventions and the outreach has to be a combination of the three essential activities that formed a key feature of project methodology in various countries.

- Savings groups linkage
- Digital financial services as the alternative delivery channel
- Financial education

Savings group linkages

[Refer to Case Study 1 "Why FSPs should link with saving groups? Is there a business case for such linkages?"]

While savings groups exist or were formed in all the programme countries, five projects exclusively focused on SG linkages – Uganda, Tanzania, Ghana, Liberia and Burkina Faso.

The FinScope studies[1] suggest that for poor households, informal savings groups are the most preferred channels of depositing money, second only to members' homes. Informal savings groups are particularly popular in Sub-Saharan African nations with high degrees of financial exclusion. The Global Findex Database 2014[2] that measures how and why people save highlights that 9% of adults accounting for 17% of savers in developing economies reported having saved semi-formally in informal savings associations or outside their homes in the past year, while in SSA alone, 24% of adults (40% of savers) reported having saved informally over the past year. The study goes on to point out that almost 60% of these informal savers in SSA (14% of all adults) did not have any account, thereby highlighting the tremendous potential for FSPs to reach thousands of people and help them increase their financial resilience with increased and reliable avenues to save and borrow money.

Savings groups are undoubtedly popular and much-needed in Africa. While some are promoted by iNGOs like CARE International, Catholic Relief Services, World Vision, Oxfam, Freedom from Hunger, Stromme Foundation, PACT, Plan International, International Rescue Committee, Save the Children, World Relief and the Aga Khan Foundation, other informal arrangements like Savings and Internal Lending Communities (SILC), *makgotlas* for funeral expenses or *stokvels* for community entertainment play an instrumental role in promoting social welfare alongside financial inclusion.

Therefore, these SGs provide a readymade avenue for linking their members with FSPs not only to increase the FSP outreach but provide an opportunity to expand their low balance savings portfolios as well as other financial services targeted towards low income & rural population (to which these SGs generally belong). While the developments in the MLE programme countries were in the initial stages there have been signs of a demonstration effect wherein other FSPs may also have started to see SG linkage as a business opportunity.

The evaluation findings on SG linkages indicate that in order to successfully link existing groups like VSLAs (promoted by CARE), SILCs (promoted by CRS) and VICOBAs (promoted by World Vision) and sustain the linkage, the following aspects should be accorded priority:

- Developing group specific savings products or refining the existing products to make it attractive to the groups, like removal of ledger fee (or account maintenance fee). It is also important to enhance this relationship with the group by developing appropriate credit products to leverage their savings.
- Building of groups' confidence on the safety of virtual money. Discussions with savings group members as well as the results of the client survey conducted by M-CRIL indicate that SGs, though willing to be linked with financial institutions and appreciative of the prospective benefits to be gained from the linkage, are wary of keeping their deposits in a virtual channel.
- In the above context, enhancing financial capability through financial education becomes critical for building users' trust in the financial institution as well as delivery channels. A significant investment on the part of FSPs may be needed to build not only the capacities of group clients but also their own staff to enable them to understand the importance of low balance savings and SG linkages.

[1] Uganda 2013 FinScope III Survey, https://www.bou.or.ug/opencms/bou/bou-downloads/Financial_Inclusion/Finscope-Report-2013.pdf

[2] World Bank Global Findex 2014, http://datatopics.worldbank.org/financialinclusion

- While the promotion of SGs is supported by INGOs like CARE and CRS, in many countries it has been done through the involvement of local community based organisations (CBOs). Therefore, going forward FSPs need to have a CBO engagement strategy (which includes incentive structures) for continuing the linkage process and including a presence at the village level for interacting with the SGs on a regular basis. This will enable facilitation of their book keeping as well as troubleshooting related to the use of digital channels and other operational matters.

Digital financial services

[Refer to Case Study 2 "Is technology really decreasing cost of access for customers? Lessons learned on deploying technology and agent networks in MLE programme countries"]

Ensuring the access to savings and other financial services provided by the FSPs is the key to scaling-up and sustenance of programme interventions under MLE. It has been acknowledged in the 2014 Global Findex report that the significant progress made on financial inclusion in the last three years has been mainly driven by mobile technology, digital payments, reforms that encourage correspondent banking, and relaxed customer identification. Promoting Digital Financial Services (DFS) forms a significant part of UNCDF's portfolio and would be one of the very important activities in ensuring the long-term objectives of MLEP.

Among the 10 programme countries and 11 projects, DFS initiatives are being implemented in nine countries. The proposed alternative delivery channel in all these countries focussed on the mobile/agency banking model for providing savings and other financial services. At the mid-term stage, there has been a mixed response from users but it is beyond doubt that this is the right way forward in ensuring access to financial services in remote rural areas and to women. However, in order be successful in this initiative, in the remaining period the focus of the MLE programme should be on:

- Making the client aware and comfortable in using this channel. The alternative channels developed would reduce the cost of service delivery for the FSPs as well as cost of access by the clients only when the level of use increases.
- Ensuring that various actors that are involved in delivery of services through digital models including the MNOs, agents & aggregators work in tandem to provide glitch free services at the clients' end. Of these actors, agents are most important as they are in direct contact with clients and are critical for building a positive experience. Therefore, in the roll out phase, in which most FSPs are building strong agent networks, increasing their presence locally & ensuring they have adequate liquidity would be essential.
- Strengthening the MIS at the FSPs and development of automated systems for tracking client transactions and the float available with agents would be equally important during the roll-out phase.
- Closer interaction with policy makers in some countries like Ghana, where FSPs face an unfavourable regulatory environment which is skewed towards MNOs. One of the ways of doing this would be through DFS workshops, similar to the one organised in Uganda, which can provide opportunities for various stakeholders to intermingle and share experiences and models and would be very useful in influencing policymakers.

Financial education

[Refer to Case Study 3 "Building financial capability of clients in rural outreach programmes led by formal financial institutions"]

Financial education forms the third important component which is complementary to the SG linkages and development of ADCs under the MLE programme. In recent years, policymakers and practitioners have come to acknowledge that financial inclusion and financial literacy are complementary concepts.

While the financial education component is in all country programmes, its implementation is at various stages. Two types of financial education models were adopted by the FSPs as discussed in the earlier chapters – embedded and stand-alone. While each approach has merits as well as shortcomings, it is difficult to comment on the best or most-cost effective approach at the programme's mid-term stage. Findings from surveys and FGDs facilitated by M-CRIL suggest that the standalone models were effective in creating high recall of product features and CPP aspects, though they may be more expensive (cost per client reached/trained) in comparison with embedded &/or mass campaign approaches. One of the main challenges in effectively implementing the financial education programmes under MLE was related to the high cost of reaching clients with low literacy levels and situated in remote rural areas.

As discussed above, financial education cuts across and is important for successful SG linkages as well as implementation of DFS. The MLE programme aptly recognizes the role of financial education as a vital enabler for enhancing the awareness levels and financial capabilities of clients along with increasing the client base and business volumes of FSPs. Going ahead, FSPs need to develop methods for standardising and internalising financial education in their operations as this would have a bearing on the effectiveness of the other two key activities (SG linkages and DFS) as well. As such, these suggestions have to be seen in totality given their strong interlinkages. MLE has built client friendly products and digital channels to ease transactions, now these need to be backed by glitch free services and by building client capability and trust in these channels.

Country Report # 1

Uganda – implemented by MEDA (TSP) & UGAFODE (FSP)

1 Introduction

This country report summarises the findings from the documentary review, telephonic interactions and the visit to Uganda conducted by the evaluation team (M-CRIL) from 10 to 14 August 2015 as part of the mid-term evaluation of MLE in Uganda. The country report is structured into four sub-sections - country context providing a macro-economic overview, MLE programme description, evaluation findings based on DAC criteria and analysis of client survey.

During the field work in the country the M-CRIL evaluation team met with various stakeholders including representatives of the TSP and the FSP. In particular, the evaluation team held interviews with

- CEO, Head of Operations, Growth and Development Manager, HR Manager, Sales and Marketing Officer, Head Internal Audit, Head Risk Management, Assistant ICT Manager, Branch Managers and Sales Executives of Ugafode Microfinance Limited.
- TSP representatives – Senior Programme Manager based at USA and the Savings Mobilization Specialist based at Uganda.
- 17 Triggers (MEDA's partner for developing the marketing plan), and other partner CBOs involved in the implementation
- UNCDF and UNDP officials stationed at Kampala and other organisations/stakeholders active in the financial inclusion space (IFAD & CRS).

A complete list of interviews held and people met is provided in **Annexes 4 and 7** of the report. In addition to the interviews the evaluation team also conducted 75 client interviews (at two branches of Ugafode) and 6 FGDs (three with clients and three with non-clients).

2 National overview

2.1 Political context

Uganda has been relatively stable since the 1980s, experiencing both economic growth and the expansion of democratic principles and multi-party politics [MEDA 2012[i]]. The ruling National Resistance Movement (NRM), led by Yoweri Museveni, took power in 1986. Following the promulgation of the 1995 constitution, President Museveni was elected to a first term in 1996. He was re-elected in a contested election in 2001. The constitutional amendments approved by a referendum in July 2005 introduced multi-partyism and the Parliament lifted the two, five-year presidential term limits, which allowed President Museveni to seek a third term in office during the elections in 2006. Preparations for the General elections in February 2016 are well underway and are increasingly dominating the domestic agenda the next year [World Bank, 2015[ii]].

Another significant political development relates to indications that the protracted civil war in northern Uganda has come to an end. People displaced by this war have started to return to their homes and are re-engaging in agricultural production and economic activity. The Government launched the Peace, Recovery and Development Plan in FY 2009/10 to guide the reconstruction and reintegration of Northern Uganda with the rest of the economy. However, the actual challenge now is to maintain stability as economic activity blossoms, and to pre-empt a re-emergence of insurgency by the rebel Lord's Resistance Army (LRA) in the near term. In the rest of the country, particularly in the south, land disputes still persist with land occupants pitted against powerful landlords and the private sector [AFDB 2011-15[iii]].

2.2 Macro-economic indicators

Starting in the late 1980s, the Uganda government has pursued a series of impactful liberalization policies. The resultant macroeconomic stability, post-conflict rebound, and investment response to the pro-market reforms generated a sustained period of high growth during 1987-2010. Real gross domestic product (GDP) growth averaged 7% per year in the 1990s and the 2000s, making it one of the fastest growing African countries. However, over the past decade, the country witnessed more economic volatility and gross domestic product (GDP) growth slowed to an average of about 5%. With the population continuing to increase at a rate of 3% per annum, per capita income growth has decelerated from a rate of 3.6% recorded in the decades of 1990s and 2002, to about 2% [World Bank, 2015]. **Table 1** summarise the key demographic and economic indicators of Uganda.

Table 1: Key demographic and economic indicators of Uganda

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	5.2	9.7	4.4	3.3	4.8
GNI per capita, Atlas method (current US$)*	550	610	630	630	670
Population growth (annual %)	3.32	3.30	3.27	3.26	3.25
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population)*	-	-	63.03	-	-
HDI (value)**	0.473	0.473	0.476	0.478	0.483
Inflation, consumer prices (annual %)*	4.0	18.7	14.0	5.5	4.3
Official exchange rate (local currency per US$, average)*	2,178	2,523	2,505	2,587	2,600

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Going forward, a huge public investment program is expected to drive growth. Private investments are expected to be constrained by the uncertainties relating to the upcoming elections, to be heightened by the inflation pressures as the shilling continues to depreciate, and to the effects of a volatile global economy that could even be worsened by the slump in China and Brazil. Under these circumstances, the Ugandan economy is forecast to grow at a rate of approximately 5.6% in FY14/15. A modest upward trajectory into the medium is dependent on efficient implementation of large infrastructure program as well as take-off of activities related to oil, both of which will boost construction activities [World Bank, 2015].

2.3 Financial inclusion landscape

Promoting Financial Inclusion is one of the strategic objectives of Bank of Uganda in its revised Strategic Plan 2012-2017. Bank of Uganda (BOU) is in the process of implementing various initiatives to improve financial inclusion in Uganda as a response to financial innovations, gaps in financial education, consumer protection issues, financial deepening issues as well as issues of access and quality of financial services among others. The goal is to create an enabling environment for financial inclusion activities. This project also aims to fulfil BOU's commitment under the Maya Declaration at the 2011 AFI Global Policy Forum held at Maya, Mexico: [BOU 2013[iv]]

"To develop and implement a Strategy for Financial Inclusion based on four Pillars by 2014. Pillar 1: Financial Literacy, Pillar 2: Financial Consumer Protection, Pillar 3: Financial Innovations and Pillar 4: Financial Services Data and Measurement"

BOU launched its Strategy for Financial Literacy in August 2013. In order to educate the public on their financial rights, 800,000 copies of the Financial Consumer Protection Guidelines were circulated. BOU and Uganda Communications Commission formed a joint working group on Mobile Money Financial Services to strengthen mobile financial services and established guidelines on mobile financial services [MIX[v]]. For measuring financial inclusion BOU uses the FinScope definition which states 'usage of financial services provided by either BOU regulated or other formal or informal institutions". BOU recently (March 2014) published the first edition of the report "Status of financial inclusion in Uganda".

FinScope surveys were carried out in Uganda in 2006, 2009 and more recently in 2013. The results of the recent survey indicate significant improvement in the access to financial services by adult population. Overall, 85% of the adult population aged 16 years and above are financially included, an improvement from 70% in 2009 and 38% in 2006. The improvement in formal inclusion between 2009 and 2013 was mainly driven by mobile money financial services. The percentage of banked population has however remained relatively stable over the period with the percentage ranging between 18-21% while formal inclusion is more prevalent in the urban areas compared to rural areas. More interesting however is the gender financial inclusion differences which seemed to have ironed out in 2013, with the percentage of both male and female who are financially included standing at 85 percent [BOU 2014[vi]]. **Table 2** illustrates the key indicators on financial inclusion as measured by the FinScope surveys.

Table 2: Financial inclusion indicators (%, age 18+) – FinScope survey

Indicators	2006	2009	2013
Status of financial inclusion			
Overall	38	70	85
Urban	48	72	90
Rural	35	69	83
Male	42	72	85
Female	34	69	85
Banked	18	21	20
Product use and other characteristics			
Savings & investment	42	54	68
Credit	33	44	35
Money Transfers/Remittances	29	35	55
Channel of savings & investments			
Bank Products	16	21	19
Other formal Products	8	4	6
Informal Products	18	28	43
Secret Place/Family or friend	31	18	25
Excluded	27	29	6
Sources of credit			
Bank	4	5	6
Other formal Institutions	2	2	7
Informal financial groups	25	32	18
Family/Friends	3	7	5
Excluded	66	55	65

On a year-on-year basis, Uganda's banking system's overall physical network continued to experience sustained expansion. The total number of bank branches in the country increased from 167 branches in 2004 to 658 branches in 2013. The ATM network also expanded and posted even faster growth. There was a substantial increase in the number of ATMs from 152 in 2004 to 835 in 2013. However, despite the significant strides in expanding the number of access points by formal financial institutions, its proportion to population remained low – in 2013 the number of branches and ATMs per 10,000 adults were just 0.36 and 0.46 respectively.

In 2013, the density of bank branches stood at 5.9 banks per district which is an improvement from 4.5 banks per district, two years earlier. Despites this improvement, evidence of uneven distribution is still eminent across the country. In addition, access to bank branches remained concentrated in a few districts particularly in the Central region. Out of 112 districts in Uganda, about 41% and 48% of districts lack access to any bank branch and ATM respectively.

Geographically, the number of access points per 1,000 km was 3.3 for bank branches and 4.2 for ATMs in 2013. However, developments in technology have transformed financial services delivery from the traditional physical infrastructure to a system supplemented by other innovative channels. This fact has been indicated in the World Bank's "Little data book on financial inclusion, 2015". The presence of alternative channels helps significantly in reaching the areas with limited or no banking presence and has played an important role in overall improvement in financial inclusion in Uganda from 38% in 2006 to 85% in 2013. Since the inception of mobile money services in Uganda in March 2009, the number of registered subscribers increased from 10,010 in March 2009 to 14.2 million in December 2013, representing over 80% of adult population with access to mobile money financial services. By December 2013, there were over 50,000 mobile money agents spread across the country. This represents about 27.8 access points per every 10,000 adults, higher than the outreach for other channels [BOU 2014]. The progress on financial inclusion indicators in Uganda in comparison to SSA countries is shown in **Table 3**.

Table 3: Progress on financial inclusion indicators: Uganda/SSA

Indicators	SSA		Uganda	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	33.4	19.4*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	20.5	44.4
Male adults (%, age 15+)	26.7	--	25.8	--
Female adults (%, age 15+)	21.4	29.9	15.1	36.6
Adults living in rural areas (%, age 15+)	20.7	29.2	20.2	45.7
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	10.3	17.8
ATM is the main mode of withdrawal	51.7	53.8	41.7	60.3
Mobile accounts (%, age 15+)	--	11.5	--	35.1
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	11.7
Sent remittances via a mobile phone (% senders)	11.2	30.8	20.0	69.4
Receive remittances via a financial institution (% recipients)	--	26.6	--	12.7
Received remittances via a mobile phone (% recipients)	14.5	27.6	25.2	66.0
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	16.3	16.8
Saved any money	40.2	59.6	44.4	75.2
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	8.9	15.7
Loan from family or friends in the past year	39.9	41.9	46.5	69.4
Loan from an informal private lender in the past year	5.4	4.7	4.6	6.3
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	0.7	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [vii, viii]
* Population, age 15+ (millions); ^-- Data not available

3 Programme description

3.1 Programme design

Background – application and selection process

Mennonite Economic Development Associates (MEDA) submitted its proposal in January 2012 in response MLE RFA, as the TSP in partnership with two FSPs – Ugafode Microfinance Limited (Ugafode) and Rural Credit Finance Company Limited (RUCREF) – for supporting them to transform from credit focussed MFIs to savings-led financial institutions and building their capacities to provide savings and other financial services through alternative channels.

At the time of application both Ugafode and RUCREF were small largely credit focussed MFIs. Ugafode had 5,820 active clients with an outstanding portfolio of UGX 8.7 billion (~$2.9 million) and deposits of UGX 485.4 million (~$161,670) while RUCREF was smaller with 3,700 clients. Ugafode had recently got the deposit taking license from the BOU and was one of 4 such MFIs in Uganda while RUCREF expected to acquire the deposit licence but by 2013 with MEDA support.

The due diligence mission conducted by UNCDF from 22 to 31 May 2012 noted that globally MEDA has a good reputation though it has not worked with Ugafode or RURCEF in the past. It also observed the value add that the project can provide to the MFIs on the product development process and in particular technology driven processes and recommended for approval under MLE with the condition that (i) RURCEF would acquire deposit license (ii) proposal is revised with more focus on transformation of the MFI than on TA.

Later the investment committee (IC) deliberated on the proposal and the main issues highlighted were the overcrowded microfinance market in Uganda, MEDA's limited experience in Africa, need for a stronger buy-in from the FSPs, lack of deposit licence with RURCEF, MIS & sustainability issues with Ugafode, accuracy of the projections for reaching out to women savers and possible overlap with the UNCDF's YouthStart project in Uganda. MEDA resubmitted the proposal on IC's request, but only with Ugafode as the partner FSP. UNCDF approved the project with the expectation that projections are realistic and made creation of necessary MIS modules to track progress a precondition to the grant. Further, the project placed emphasis on alternative delivery channels to achieve the targets for deposits and loan portfolio.

Project goal

The overall goal of the proposed project in Uganda was to develop the capacity, experience & knowledge of Ugafode in mobilising client-driven savings to reach a minimum of 81,611 new savings clients over a period of 5 years through innovative client-driven savings products and services. MEDA proposed that in order to reach this target it will require a concerted effort in designing suitable products and an effective marketing plan. The three key innovations suggested were

- User-centred design research from IDEO.org
- Behaviour marketing from 17 Triggers, and
- Mobile financial services - a new delivery channel which will take advantage of the growth of Uganda's technology industry and will lower overall costs for the FSPs.

3.2 Role of programme implementers & plans

Apart from MEDA (TSP) and Ugafode (FSP) the other key stakeholders that are directly involved in implementation of the MLE programme in Uganda includ IDEO.org, 17 Triggers, partner CBOs of INGOs like CRS & CARE, and Pegasus. A description of the roles of these stakeholders is provided below

IDEO.org

IDEO.org is a not-for-profit global design and innovation firm based in USA, dedicated to applying human-centred design to alleviate poverty. It partners with other similar organizations, social enterprises, and foundations, to directly address the needs of the poor in sectors like health, water and sanitation, financial inclusion, agriculture, and gender equity [www.ideo.org/about].

IDEO was included as one of the partners of MEDA at the proposal stage to conduct clients' need and market assessment in collaboration with MEDA to generate product concepts for piloting. IDEO conducted the market research in 2013 which included 20 client interviews, 4 group meetings and 3 expert interviews at three different locations (rural, peri-urban and urban). IDEO research formed the basis for the design of the saving product (GroupSave) and the alternative delivery channel (AirSave). The idea of targeting the existing groups (VSLA/SILC groups) formed by various international NGOs (like CRS/CARE) as well as local CBOs in the operational areas of Uganda, came up during the joint meeting of IDEO, Ugafode, MEDA and UNCDF.

Box 1: Product and delivery channel

The **GroupSave** is one single account for the entire group in which the members save their pooled money. The account is at the Ugafode branch and transactions (withdrawals and deposits) can either be done at the branch or through the AirSave channel.

AirSave, the alternative delivery channel, uses MTN mobile money platform and was specifically designed to enable the GroupSave members do transactions through local MTN agents and without the need to travel to UGAFODE branch which is costly as well as time consuming.

17 Triggers

In 2011-12, MEDA was looking for partners for applying for the MLE project and they had approached 17 Triggers for designing the marketing plan and tools. 17 Triggers, based in Cambodia, is a marketing innovations firm and designs marketing tools for good causes – microfinance, clean energy, water and sanitation campaigns etc. Behaviour change approach for marketing is an essential component of their designs.

After the products (GroupSave and AirSave) were conceptualised, 17 Triggers designed the marketing strategy which seemed practical and included financial education component for building awareness of clients. The

Box 2: Key features of savings marketing plan

- Internal awareness – development of marketing toolkit and related training modules for internal training & TOTs
- Awareness building through jingles, talk shows & testimonials on mass media (local & national radio and TV)
- Targeted awareness through promotional events using the mobile van equipped with audio-visual systems.
- Purchase of targeted products – development of communication tools and financial education games
- Promotion (flip books, banners, A board designs, posters & flyers) and servicing by branches to ensure product use

strategy designed revolved around three themes – create awareness amount target customers through effective promotional activities to have the desired change in behaviour which will reflect in purchase of the targeted product followed by use.

Partner CBOs

The engagement with CBOs during the pilot stage of the programme focussed on enrolment of GroupSave accounts of the groups promoted by the CBOs which had become mature for linkage with Ugafode. Ugafode partnered with 4 CBOs - Villa Maria (a CRS promoted CBO) and CIPA (CARE promoted CBO) for Kyotera branch, NABTA (a CRS promoted CBO) in Mpigi branch and RACOBAO in Lyontonde branch. MOU for partnership with one more CBO MACE for kagadi branch was under process at the time of the field visit.

The CBOs received UGX350,000 per month for six-month pilot (Jun-Dec 2014) to meet the cost of transportation of field agents/PSPs (motorcycle fuel, servicing, per-diem) and of field supervisors of the CBOs. In future Ugafode plans to link the payment terms to performance of the field agents (FAs)/private service providers(PSPs) of the CBOs in terms of GroupSave accounts enrolled. Going ahead, CBO engagement would be a key strategy for Ugafode now that the product has been rolled out at all branches.

Since CRS and CARE partner CBOs were engaged by Ugafode, their roles were important in building-up of this relationship. The communication & sharing of ideas/information between CRS, CARE and MEDA happened after IDEO.org research and during development of the marketing strategy by 17 Triggers.

MEDA

MEDA as the TSP was responsible for the overall management of the partners & the programme as a whole. Specifically, its role included.

- Partnering IDEO in conducting market research for concept development for pilot
- Leading pilot testing process to monitor the markets' acceptance of product prototypes and pricing structures. This included developing partnerships with local CBOs for linkages of the informal groups promoted by them with Ugafode for savings and other services.
- Ensuring that the pilot is relevant to the customer's financial needs and convenient to access by undertaking an assessment of mobile financial services to identify areas of potential partnership with a mobile payments provider and develop strategies for adding convenient and low cost delivery of deposit services.
- Supporting 17 Triggers in designing publicity strategies, related promotional materials, and training modules for capacity building of Ugafode staff.
- Conduct monitoring and evaluation of the pilot to apply course correction steps as required and identify areas of improvement to support the full-scale rollout later.

Ugafode

Ugafode started in 1994 as an NGO called Ugafode Agency for Development (UAD) to provide small credit services to its customers. Gradually, its small credit activities expanded and in 2006, Ugafode's board made a strategic decision to transform to a Micro Deposit taking Institution (MDI). However, it was not until 2010 when the process began with transformation into Ugafode Microfinance Limited, incorporated as a company limited by shares in preparation to further transform into a MDI. UGAFODE Microfinance Limited applied for the MDI license in December 2010, and received the approval from

BOU in September 2011 to become one of four such institutions in Uganda, which allowed it to offer credit, deposit as well as money transfer services. Since 2011, UGAFODE has expanded to 13 branches in Central and West Uganda – of these 11 branches are in rural areas and 2 are urban.

As the FSP for the MLE programme in Uganda, Ugafode's role was to obtain the technical support from MEDA and other partner agencies to transform from a credit focussed institution to a deposit-led MFI by developing customer centric products and using alternative delivery channels for reaching out to women and rural areas. Some of the key performance indicators (KPIs) for Ugafode are outlined below in **Table 4**.

Table 4: KPIs for Ugafode

KPIs	As in PBA to be achieved by 2016		Revised targets^ (in discussion with UNCDF)
	Proposed	Minimum	
Savings			
No. of active voluntary depositors	96,013	81,611	50,707
No. of active previously unbanked depositors	24,003	24,003	30% of new accounts
% of female depositors	65%	55%	50%
% of rural depositors	75%	64%	60%
Deposits (total voluntary savings) [USD million]	12.41	10.55	5.94
Average deposit balance per saver	129	129	129
Average savings balance per saver/GNI/capita	<50%	25%	40%
Credit			
No. of active borrowers	57,087	48,524	19,594
No. of active previously unbanked borrowers	35,000	29,750	35% of new accounts
% of female borrowers	65%	55%	45%
% of rural borrowers	90%	82%	82%
Gross loan portfolio [USD million]	20.01	17.01	11.9
Average loan balance per borrower	351	351	700
Average loan balance per borrower/GNI/capita	69%	69%	69%
Financial performance			
Return on assets	6.7%	5.7%	3%
Operational self-sufficiency	130%	>100%	110%
Portfolio at risk > 30 days	3.0%	5.0%	4.0%

^ As per the excel document "MEDA Revised UNCDF Microlead Projections Proposal 2013-2017" provided by Ugafode

<u>Pegasus</u>

Pegasus is a software development company and an aggregator of financial services. They claim to handle about 60% of the total traffic in the financial services space by enabling customers to push and pull money from their bank accounts, facilitating salary payments to staff by banks/other companies and utility payments through mobile banking channel. As aggregation service requires interface between the bank and the MNO and has to keep up with product changes, it requires continuous innovation.

Its role as a partner of MEDA and Ugafode was to develop the AirSave mobile application to provide an interface between client's account at Ugafode and the mobile network provider. Initially the core banking MIS provider Silicon Crafts was approached for designing the AirSave interface but their quote was too expensive and their design needed substantial investment in hardware. The AirSave interface rides on the existing core banking system of Ugafode and no investment was required in the hardware as the application could be loaded on to any mobile. The customer service cost of Pegasus was also built in the overall estimate (for the pilot period) and they also performed some additional customisation without any charges. After the full-scale roll out no new MOU has been signed between UGAFODE and Pegasus. The process maps (user guides for GroupSave and AirSave) has been internally designed by Ugafode/MEDA.

Mobile network operator and agents

Currently, AirSave functions only with MTN's wallet for transacting with the customer account at Ugafode. MTN covers more than 70% of the voice/data market size in Uganda followed by Airtel. Even in mobile money MTN's footprint is significant in the country and was the main reason for Ugafode to choose MTN as the preferred mobile network operator (MNO).

MTN operates through a network of agents – these include master-agent like SIMBA, super-agent like Ugafode, local agents (like grocery shop owners, oil stations, book shops etc.) that are generally recruited by the super agents and the aggregator (Pegasus). Super agents and local agents have to invest in float money for affecting transactions. Ugafode provides float to the branches for transactions between the savings account and MTN mobile wallet. Since agents network is crucial to success of AirSave channel, Ugafode is now working on agents' engagement strategy. This would include identification of agents, recruitment, training and providing them credit to increase the float or to expand operations (like buying more lines to increase footprint in the area).

The current options with UGAFODE to increase the presence of agents in its operational areas are

- Become a master agent of MTN and recruit its own agents network (preferred)
- Recruit agents for other master agents like SIMBA Telecom
- Support existing agents within the area between two branches to expand. For example, Ugafode is awaiting BOUs approval for a branch at Sembabule which will be 120 Km from Mpigi branch. At present there are just two prominent agents who will have to be supported to expand across the 120 Km stretch.

To ensure quality of agents, UGAFODE will have a service agreement with them and provide capacity building training to them. Agents would also be branded by referring clients to them with close monitoring. An estimation of the float requirement & the financing needs of the agents has to be worked out. The agents' infrastructure can also be used to building customer awareness on use of AirSave channel. Overall, this strategy is at a nascent stage and Ugafode hopes that the plan would be completed by 2015.

3.3 Grant support & conditions

The PBA was signed in June 2013 and the total budget approved was USD 945,835 of which USD 809,995 was allocated to MEDA and USD 135,840 to Ugafode. The key milestones are shown in the **Table 5** below.

Table 5: Key milestones for MEDA & Ugafode

Milestones	Grantee		Main deliverables
	TSP	FSP	
May 2013	166,836	49,160	• Grants agreement • Ugafode reports to MIX Market Gold – confirmation by MIX
September 2013	267,708		• IDEO designs & delivers market research • Ugafode approves MR - product development starts • MEDA conducts institutional assessment

Milestones	Grantee		Main deliverables
	TSP	FSP	
			• MEDA provides mobile banking recommendation & partnership support
March 2014	184,470	39,760	• Mobile banking partnership established & tested • Product costing completed • Draft savings product dev. plan completed, approved by Ugafode • MEDA develops training plan for pilot – 20 staff trained • 17 Triggers develops market strategy & trains Ugafode staff on the marketing materials and plan • Ugafode MIS adapted to servicing, targeting and reporting low-income and unbanked clients • Institutional training (led by Ugafode after ToT), 50 field officers trained
March 2015	85,310	35,560	• MEDA develops training plan for roll out • Marketing plan for roll out • Ugafode completes capacity building activities as defined up to Dec'14 • Savings pilot launched – mobile banking compatible MIS & mobile banking hardware and software designed & tested • KM – first case study and paper drafted
March 2016	76,413	11,360	• New product design & roll out approved by Ugafode • Training plan implemented & draft case studies approved • 21,000 active clients through mobile banking, 55,000 through branches • Ugafode processes & systems include Social & Environmental Monitoring System (SMES)
March 2017	29,258		• Final case studies/results/findings submitted
Total	**809,995**	**135,840**	

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MLE Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation.

This was followed by an in-depth review of all programme literature shared by the PMU and drafting of the inception report which included the proposed work schedule, elaborate evaluation matrix (with questions, sub-questions and indicators for exploring the programme's key hypotheses in accordance to the OECD/DAC criteria), data collection toolkit (comprising key informant interview (KII) questionnaires, household survey forms and Focus Group Discussion guides) and listing of country wise key stakeholders.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each country programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized information templates for obtaining information from the TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable while the FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Uganda was undertaken by a two-member team which spent five working days in interviewing various stakeholders and conducting individual interviews and FGDs with clients. For client survey, visit was undertaken to Lyontonde and Kyotera branch and more than 135 respondents were covered. Findings from the interviews and FGDs with clients have been elaborated further in Section 5.

4.2 Evaluation findings

The findings of the evaluation team are organised below according to the OECD-DAC criteria of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, likely intended as well as unintended impact along with an assessment of the programme's sustainability.

4.21 Relevance of programme design

The MLE programme aimed to support financial institutions based in SSA provide savings focused financial services to financially excluded and underserved communities, including women and residents of rural areas through the provision of technical assistance from experienced TSP and use of alternative delivery channels and financial education tools to ensure last mile delivery.

With around 45% of adults have accounts at a formal financial institution, there is significant demand for promoting financial inclusion in the country. Ugafode was selected over RURCEF as it had license for depoist taking and that implied avoiding gestation time. The other critical design aspect which prompted Ugafode to partner with MEDA was the development of technology enabled alternative delivery channel, an area where Ugafode did not have experience/expertise. The choice of mobile based platform for delivering savings products to the target population by Ugafode was right in the context of remote locations of the VSLAs (& therefore time & cost involved in reaching the branch) as also the safety issues that the groups were facing in storing cash in the box.

Ugafode transformed from an NGO whose main activity was low volume credit and the credit culture continued even after transformation. Savings services initially offered were mainly to have deposit accounts of credit clients for disbursement and repayments. Deposits contributed about 3.8% of the total funds as on December 2011, just before the start of MLE. Through MLE, Ugafode set itself an ambitious target to reach out to 96,013 new voluntary depositors (minimum 81,611) by end of 2016 which included around 25% previously unbanked depositors. While Ugafode had been thinking of increasing its deposit base as an important source of low cost funds, it probably realised only after the MLE implementation started that low-balance deposit accounts can also contribute (project push).

As indicated above the past experience of Ugafode in mobilise low balance savings was negligible. Uganda has a pretty crowded microfinance sector and various categories of institutions were involved in microfinancing. Equity Bank and Centenary Bank are commercial banks (Tier 1) with microfinance as an important business activity and so have Credit Finance Institutions (Tier 2) followed by Microfinance Deposit Taking Institutions (Tier 3). So in this context, Ugafode did not seem to have a comparative advantage in the local market. Further, the TSP MEDA also did not have previous experience of working with Ugafode. As against high project relevance and the faith placed on Ugafode despite it not meeting the eligibility criteria of 50,000 depositors (at the 31 March 2013 baseline it had 30,757 depositors), the human resources specifically allocated for promoting the low balance savings does not seem adequate – one savings champion supported by a sales & marketing manager with a team of 13 sales executives (one at each branch of Ugafode) and about 2 sales executives manning the mobile van equipped with PA system for broadcasting messages.

MEDA was the lead TSP for this project but it also engaged two other partners in short-term consulting for conducting market research (IDEO.org) for designing appropriate product and delivery channel and for designing of marketing strategy (17 Triggers) using a behaviour change approach. For the initial one year or so the TA from MEDA was mainly through short visits and a fulltime staff was placed in mid-2014, when the pilot started. The quality of TA and mentoring by MEDA was lacking on several aspects which reflected in the low uptake during the pilot with about 280 GroupSave accounts (accounts specifically designed for VSLAs) being enrolled and negligible number of these groups got registered and used AirSave (the mobile platform based delivery channel). The aspects on client awareness and building their trust on mobile based channel, incentivising the sales team for expanding savings outreach and image building as a deposit taking institution did not happen as expected. Presence of mobile agents the liquidity available with them to effect transactions were also not addressed during the pilot. However, Ugafode is reliant on MEDA to turn around the challenges faced during the pilot and together they are developing three broad strategies to achieve the project deliverables – customer engagement, CBO engagement and agent engagement.

Mid-way through the implementation Ugofode seems to be providing due consideration to low savings balance as part of its future strategy, but it has not been able to back it up through numbers due to various shortcomings during the pilot period. Ugafode received central bank's approval to roll out the mobile banking channel in Q2 2015 and it is hoped that it will now be able to address the issues faced during pilot and scale-up.

The programme supported measurement of gender specific results target but till mid-2015 the MIS of Ugafode did not support capturing of gender or location disaggregated data. The data provided was arbitrary and therefore inaccurate. The MIS has been upgraded recently and at present the relevant data is being inputted. Not much progress has been made on knowledge management (KM) aspects. MEDA/Ugafode are currently identifying the case study relevant to their programme and developing KM and communication plans.

4.22 Efficiency of programme management

As noted earlier the quality of TA provided by MEDA has not been up to the mark and at mid-term there is a lot of catching up to do to meet the project deliverables. However, the relationship between the FSP and TSP remains cordial and FSP seems to value the introduction of the alternative channel AirSave which would not have been possible without this project.

The RFA process was efficient and the due diligence mission to the shortlisted MEDA/Ugafode application was detailed. It was able to identify several issues including negligible involvement of Ugafode in proposal preparation, RURCEF not having deposit licence, small size of operations & their limitations in becoming market leaders, potential delays in obtaining central bank's approval for POS licencing and MIS related issues. The proposal was later revised and resubmitted before selection by the IC. However, the PBA targets related to achieving an outreach of 81,611 new depositors seems over ambitious. This target was proposed for two FSPs (Ugafode and RURCEF) in the initial proposal and was kept at the same level in the revised proposal on UNCDF's insistence but to be reached only through Ugafode. The business plan was accordingly modified to reflect this but it is clear that the projections were unrealistic and it shows from the progress made so far.

Considering the progress so far, the leverage of the project is negative in terms of grant amount spent so far ($682,594) in relation to a net decrease in the number of active voluntary depositors from baseline (30,757, March 2013) to at present (25,960, Q2 2015). The project has not received its scheduled disbursement for March 2015 due to delays in developing of training and marketing plan for the roll out phase.

The reporting to UNCDF is on time but there are issues related to accuracy of disaggregated data as MIS does not capture it. Another issue relates to the data requirement of UNCDF. Ugafode is providing data on total number of voluntary depositors which includes the clientele not targeted under MLE. MLE specifically focussed on GroupSave account and the AirSave channel which is not reported separately. The definition of dormant accounts (accounts not used for more than 365 days) used for reporting also does not provide a true picture of dormancy.

The monitoring of programme activities by MLE PMU is good. The technical assistance provided by UNCDF has been mainly through the Programme Specialist for East African countries, responsible for 5 SSA countries (Burundi, Malawi, Rwanda, Tanzania & Uganda). While frequent on-site visits have not been possible, close contact through virtual means has been maintained for providing guidance to the programme. In fact, after the market research, the idea of developing suitable product for targeting the existing groups (VSLAs/SILCs) formed by various international NGOs and local CBOs came from UNCDF, which culminated into the design of GroupSave account. However, the involvement of the UNCDF local representative stationed in Uganda has been minimal in MLE primarily due to her involvement with MM4P programme.

As part of KM, MEDA had identified and planned for conducting a CBO engagement workshop which was organised in August 2015, in collaboration with CRS. The idea was to create awareness about GroupSave and AirSave amongst local CBOs to bring them on board for linking groups formed by them to Ugafode. Apart from this key staff of Ugafode attended the Kigali and Kampala workshops organised by UNCDF and found it useful.

4.23 Effectiveness of organizational changes

The MLE project has led to a change in Ugafode's focus on outreach to rural areas and particularly women. However, the change process has been slow. Ugafode had 9 branches at the start of the project which mainly focussed on commercial centres. While it has expanded to 13 branches at present, the branches are located in urban centres and cover rural areas in a radius of 60 to 100 Km. It plans to establish customer service points attached to main branches in the near future. The internal target of Ugafode is to reach 87,246 accounts including 916 GroupSave accounts by end-2015. A savings champion has been appointed, training has been provided to all staff on savings mobilisations and savings performance indicators has been included in job description of staffs at branch level. Work is in progress to develop an incentive strategy for savings mobilisation as well as capturing disaggregated data on outreach by women clients and location. Overall the image change from a credit focussed to a deposit led institution has been slow and would need some more time.

IDEO research was the basis for the design of the GroupSave saving product and the mobile banking platform AirSave. 17 Triggers then developed a comprehensive marketing plan not only for product promotion but also for rebranding of Ugafode as a deposit taking institution. Related training modules for TOT were also developed and Ugafode has been appreciative of both IDEO and 17 Triggers. However, the enrolment of groups for GroupSave and use of AirSave has been insufficient to build client experience. Financial literacy was integrated with the marketing plan but Ugafode has hardly (so far) reached out to the target clients to create awareness.

The use of AirSave platform, which was developed by Pegasus, by the GroupSave account holders has been negligible due to various operational reasons – low literacy level of group members and resulting lack of comfort in handling mobile application, low trust level on mobile channel, live demonstrations on using AirSave not provided by Ugafode, network issues, lack of agents presence and liquidity issues. The plan for financial education also has not been implemented effectively so far. A site seller (flip book) was prepared by 17 Triggers for demonstrating the benefits of GroupSave & AirSave but was hardly used by the branch/sales staff during pilot. Mobile van was used to relay messages as part of promotional activities. During pilot, FM, radio messages were also relayed but did not have much impact. Radio talk shows (8 shows of 1 hour each) were also organised in which the CEO of Ugafode interacted with customers and answered their queries.

Ugafode has been reporting to MIX since 2012 and has received 3 diamonds ranking. It has undergone SMART assessment by ACCION but yet to undergo CPP certification. It has also undergone Microfinance SP4 Assessment by Cerise which is used to access compliance with Universal Standards of Social Performance (USSPM). ACCION was also scheduled to come on Board of Ugafode with an equity investment by end-August 2015. A separate policy for CPP has not been developed but relevant aspects are part of different policy documents like– tariff guide displayed at all branches and incorporated in operational policy, protection of client data as part of IT policy, grievance redressal as part of IT policy and a separate product development policy. Ugafode is also beginning to integrate these aspects in practice.

As mentioned above, Ugafode has not been able to provide disaggregated data on outreach to women and rural clients. Overall Ugafode has not been able to show much progress in terms of both savings as well as credit clients since the start of MLE project. **Table 6** below indicates its progress as of Q2 2015.

Table 6: Ugafode's progress on client outreach

	Baseline Q1 2013	Actual Q2 2015	Target (Min) Q4 2015	Endline (Min) Q4 2016
Outreach in terms of # of discrete individual clients reached		58,754		
# of active voluntary depositors	30,757	25,960	64,611	81,611
% of women depositors	37%	50%	No info	55%
% of rural depositors	30%	50%	No info	64%
# of active previously unbanked depositors		No info	16,153	20,403
# of active Borrowers	9,343	12,949	35,863	48,524
% of women borrowers	41%	No info	50%	65%
% of rural borrowers	73%	No info	80%	82%
# of GroupSave accounts enrolled under MLE		277		
# (~) of members in GroupSave accounts		5,500		

4.24 Effectiveness – market demonstration and up-scaling

It is difficult to attribute the demonstration effect on other FSPs through Ugafode's programme as it still has a long way to go to build a positive experience. Neither is Ugafode the first mover to initiate the use of mobile channel to provide financial services to rural population – its counterparts Pride Microfinance and PostBank are also receiving support from Pegasus (the aggregator that designed AirSave platform) to use mobile channels to provide financial services.

Overall 65 EOIs were received by UNCDF from 27 applicants in response to the RFA for MicroLead Expansion issued in October 2011, which translated into 54 applications and finally after shortlisting and due diligence 9 applications were approved for MLE grants and signing of PBAs. In case of Uganda, three applications were received of which 2 were in the first shortlist. The application which was not further shortlisted was from MicroSave, a well know TA provider in partnership with Uganda Finance Trust for upscaling it to a bank.

The key stakeholders that have been directly involved, apart from MEDA and Ugafode, mainly include the CRS and its partner local CBOs, MNOs and the aggregator. CRS has recently started implementation of Expanding Financial Inclusion (EFI) project with support from Mastercard Foundation with a project time frame from 2013 to 2017. The project is very similar to MLE as it focusses on promotion of Savings and Internal Lending Communities (SILC) and their linkage to Centenary Bank. Ugafode was also invited to apply but since it has negligible presence in eastern Uganda (the project work area) it decided not to bid. It appears that this project might be inspired by the MLE concept and objectives.

UNDP Officials in Uganda were not familiar with the MLE programme in the country. The DIMAT project of UNDP which is related to financial inclusion involved creation of 25 Rural Producer Orgnisations (RPOs) and 36,000 VSLAs and they were linked to SACCOs. UNDP indicated that if it was more aware of MLE it could have linked these VSLAs to Ugafode.

Though not under MLE programme, UNCDF is also liaising with Ministry of Finance and Bank of Uganda (National Payments System) for development of Digital Finance Services Policy which is expected to be finalised by end-2015. Similarly, a Regulator Impact Assessment is being conducted through Banking Frontier Associates (BFA) to look into mobile money guidelines of 2013, taxation laws (are poor customers excluded from payment of taxes) and what have other countries done from a digital perspective. Payments diagnostic is also being conducted by BFA which will result in drafting of National Payments Policy and Bill.

4.25 Likely impact

As explained above, the mid-term (Q2 2015) progress on target outreach for depositors and borrowers has not been favourable for Ugafode. Similarly use of alternative delivery channel by the target clients has been negligible. A lot of deliverables are still work in progress and it includes MIS. Financial education efforts have been mainly through the site seller (a flip book) to explain the features of GroupSave account and the AirSave channel to the enrolled groups. The remoteness of the group locations and limited staff resources have restricted the live demonstration of the technology for increased uptake. The survey of Ugafode clients indicates low awareness on products and services offered by the FSP, irrespective of gender and location.

The PPI analysis of households surveyed shows that around 39% of the respondents (enrolled for GroupSave) are likely to be below the poverty line of $2.5 a day at PPP. The proportion of clients likely to be below the poverty line of $1.25 a day is just 6.8%. In this context of low-income targeting, the potential for impacting low-income clients will also be limited. [client survey findings further discussed in Section 6 below]

The relationship between Ugafode and MEDA continues to be cordial. Ugafode appreciates the role of TSP in initiating the mobile financial services channel, even though it has not been very successful so far. The quality and intensity of TA from MEDA seems to have improved since the placement of fulltime staff at Ugafode since Q3 2014 and it is hoped that the roll out of GroupSave and AirSave would be successful, having learned lessons from the challenges faced during pilot.

On the basis of progress made so far, it is difficult to predict if the programme would have a significant impact by end of the project. The AirSave channel if implemented properly should be provide a wider and deeper reach to Ugafode. Similarly, integration of client awareness with marketing initiatives may not be as effective as classroom training would have been but seems to be a cost effective approach. The project (so far) has not been able to build client awareness on financial aspects as expected. The satisfaction levels also seem limited as the clients have hardly been able to transact their GroupSave accounts. However, the encouraging sign is that Ugafode with help of MEDA is keen to turn around the challenges faced during the pilot for which strategies are being relooked for engaging customers, CBOs and agents.

4.26 Sustainability

Table 7 below presents the trend of the operational and financial ratios of Ugafode. While the outreach growth of Ugafode has been unfavourable, it has managed to remain profitable and maintain its expense structure at the same level as at baseline. The profitability has not been because of the GroupSave product developed under MLE but due to a conscious effort by Ugafode to maintain the good portfolio quality. It is for this reason that its portfolio has grown at a relatively slower pace from $5,578,297 at Baseline to $8,452,592 at Q2 2015, a CAGR of around 20%.

Table 7: Operational and financial progress of Ugafode

KPIs	Baseline Q1 (Mar) 2013	Q 4 (Dec) 2013	Q 4 (Dec) 2014	Q2 (Jun) 2015
PAR 30	4.12%	3.82%	2.91%	3.03%
RoA	1.2%	1.4%	0.47%	2.56%
OSS	101%	104%	101%	108%
OER	No info	24%	25%	25%
Cost per client (Currency?	No info	65.26	61.14	No info
Capital to assets ratio	No info	20.93%	21.51%	23.21%

The reported dormancy of depositors has been high at around 25% despite a lenient definition of dormancy (accounts not active for >365 days). The contribution of deposits as a source of funds has increased to about 33% as on Dec'14 from around 4% on Dec'11 when it transformed into an MDI. Ugafode is also accessing external loans from various wholesale lenders including Regmifa, Access Africa, Fefisol, Abitrust and Stromme. ACCION is about to make equity investments in the institution. Though, these developments may not be attributable to MLE at the mid-term stage there is potential that GroupSave and AirSave can accelerate the growth and institutional sustainability in future.

Now that MEDA/Ugafode have rolled out the GroupSave product and AirSave channel, they are trying their best to review the strategies related to staff involvement and changing their mind-set towards savings led financial services and rebranding of Ugafode as a deposit taking institution. Ugafode can also learn from UNCDF's MM4P programme in Uganda which is being implemented in partnership with MTN and Airtel to provide financial services through the Agro value chain approach and using the already existing systems and networks.

5 Client survey findings

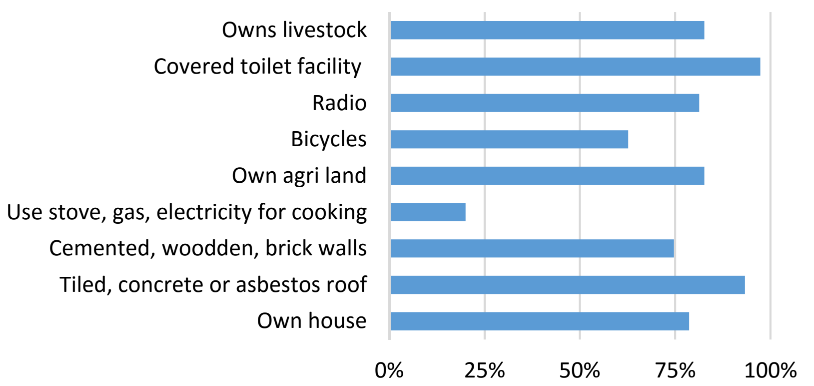
Client survey was undertaken with the view to understand the type of households targeted by the FSP, obtain their feedback on the financial services provided by them and capture any changes in their savings behaviour and improvement in basic awareness on financial aspects. The survey covered 135 respondents of which 75 Ugafode clients were covered through individual interview and 40 through four FGDs. Apart from this 2 FGDs were also conducted with non-clients covering 20 participants. The survey was conducted at the field areas of Kyotera and Lyontonde branches of Ugafode which were part of the Pilot for testing the GroupSave product and AirSave channel. Detailed survey analysis is presented in **Annex 7** of the mid-term evaluation report.

5.1 Profile of clients

Among the 75 clients surveyed, 64% were women and 85% were living in rural locations. The socio-economic profile of the clients and their household targeted by Ugafode is summarised below.

- Most of the clients were married (77%) but a sizeable number were single (13%) as well. The rest were separated, divorced or widowed.
- The clients were educated up to primary (61%), secondary (27%) and graduate/postgraduate or higher (5%) and only a few were uneducated (7%).
- A high proportion of the household had joint families (66%) while the others were nuclear (34%) [*family including just the spouse and children*]. As a result, the average family size was on the higher side at 6.2 members.
- The main source of household income was agriculture & allied activities (61%) followed by non-farm self-employed activities (35%) and agriculture labour (4%). In case of rural locations, the dependence on agriculture was higher with 70% of the household practicing farming and 5% were reliant on agriculture labour. The average number of working members per household was 1.93 (31% of the average family size).
- The PPI analysis shows that around 39% of the respondents are likely to be below poverty line of $2.5 a day at International PPP. The proportion of clients likely to be below the poverty line of $1.25 a day is just 6.8%, indicating limited targeting of low-income households. This is reflected in type of assets holding by the surveyed clients as shown in **Figure 2**.

Figure 2: Assest ownership pattern



5.2 Use of financial services

The key findings related to use of financial services provided by Ugafode is discussed below

<u>Savings</u>

- About 80% of the respondents were those who had recently (2014-2015) opened their savings account with Ugafode, 13% were relatively older saving customers (2012-2013) and 7% had their accounts earlier than 2012. A high majority (91%) indicated that they were in the habit of saving in some form (mostly at home or with group) prior to opening of account with Ugafode.

- About 87% of the respondents were account holders and of them majority (78%) had GroupSave accounts and the rest had voluntary savings accounts. The proportion of the GroupSave account holders is on the higher side as the survey tried to interview more of such clients to obtain their feedback on the product and processes.
- Majority (74%) of the clients indicated that they prefer saving on a weekly basis while 14% the preferred monthly and the rest were irregular.
- Most of these clients were either saving at the branch (24%) or during group meetings (61%) and about 14% indicated other means. This is mainly because the alternative delivery channel AirSave was hardly used by the clients due to various reasons cited in this report.
- The overall satisfaction level with the savings services provided by Ugafode seems low with nearly 65% indicating dis-satisfaction. The main reasons for dis-satisfaction as informed by the respondents were low interest rate (33%) provided by Ugafode, high service charges or account maintenance charges (20%) and lack of product awareness and knowhow of using the AirSave channel (47%).

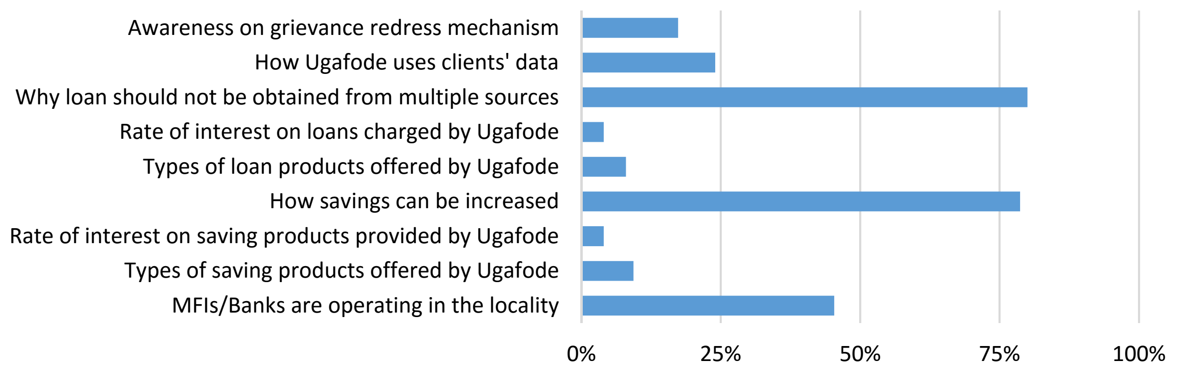
Credit

- About 72% of the respondents had outstanding borrowings at the time of interview. Among them, most of the respondents had either borrowed from their groups (57%) or from Ugafode (30%) and the rest (13%) had obtained loans from other MFIs.
- The average loan amount borrowed by the respondents was around $105. The average loan provide by Ugafode was around $177 which is half of the loan balance of $351 specified in their KPIs and indicating the lending to the group members was of smaller ticket size. The loan borrowed from the group was just around $70. However, the other MFIs were providing a much bigger size loan of around $325.
- The respondents borrowed for various purposes. The most common needs were for financing self-employment activities like trading & services (27%), children's education (19%), agriculture and asset purchase (13% each) and animal husbandry (11%). The other loan purposes included house repairs and renovations, meeting household and medical expenses and in a couple of cases debt repayment.
- Overall satisfaction level among 82% of the respondents on credit services provided by Ugafode remained low or moderate. The main reasons for dissatisfaction included high transaction cost, rate of interest and lack of product awareness.

5.3 Financial awareness

Overall, 63% of the respondents indicated that they have received financial awareness training from Ugafode. **Figure 3** below illustrates the level of financial awareness of the respondents related to products and services provided by Ugafode and on client protection aspects.

Figure 3: Financial awareness of respondents



It is evident from the analysis that the awareness of the respondents on product (both savings as well as credit) offered by Ugafode has been low. This is mainly because the groups targeted by Lyontode and Kyotera branches were located at far-off villages and it has been difficult for the sales executive to reach them regularly to provide them knowledge about the products and services of Ugafode and on using AirSave channel. The level of awareness on CPP aspects seems mixed – nearly 80% of the respondents were aware of the pitfalls of over indebtedness and also on how savings could be increased (like by reducing unimportant expenses and also by increasing household income) and about 45% had an idea of other financial service providers in their locality. However, awareness on grievance redressal mechanism and data privacy was low (17% and 24% respectively).

5.4 Expectations of the respondents

Through the survey (both individual interview as well as FGDs) the evaluation team also tried to understand the expectation of the respondents from Ugafode on financial as well as non-financial services. Due to low awareness levels on products and services of Ugafode many clients were not able to articulate their expectations, but the opinion of the few who could is summarised below.

<u>Financial services</u>

On savings products and services, the respondents felt that while safe keeping of money is important, it is equally essential that they are able to use it when needed. At present, the access to savings accounts is a hindrance as branches are far from the group locations and almost none of them were enrolled for AirSave application or knew how to use it. They also felt that the rate of interest provided on savings (5% p.a. but paid on monthly minimum balances) is not sufficient. The probable reason for higher expectation on interest rate could be the ledger fee or accounts maintenance fee of UGX1,000 per month levied by Ugafode for the GroupSave account.

Client interactions also revealed that that the ledger fee has resulted in some accounts reaching zero balance from an initial deposit of UGX10,000 within 10 months as the groups were hardly able to transact. The evaluation team calculated that to offset the monthly charge of UGX1,000 the groups must maintain a monthly minimum deposit of at least UGX240,000 – if the minimum deposits go below this level, the savings will be depleted as monthly fee will be higher than the interest earned on savings. It was also informed at the Ugafode's HO that the MIS system is tuned to recover the monthly fee even after an account becomes zero balance. So if in the accounts that have become zero balance due to lack of transaction, any deposit is made, the first adjustment will be towards monthly fee and the balance amount will be treated as deposit. These are technicalities which the users/members do not know and is difficult for them to understand. They will treat this as money depleted/lost and lead to negative experience/demonstration effect.

On the credit services, the common expectation of the respondents included introduction of group loan products (indicating their lower awareness level on this aspect as Ugafode has a Micro business group loan product), lowering of interest rate on loans and bigger sized loans.

<u>Non-financial services</u>

The respondents were vocal about the need of training and awareness building activities related to the products and services provided by Ugafode, in addition to general financial literacy training on benefits of savings, budgeting of household expenses, over-indebtedness etc. Some respondents also indicated that vocational training on income generating activities and possible ways for establishing new businesses or enhancing source of income would be welcome.

6 Recommendations

The due diligence process needs to be more in-depth and analytical to be able to identify an appropriate target for pilot as well as roll out/endline based on the capacity of the institution and past trend and experience. Having over ambitious targets diverts the learning curve of the organisation as it tends to achieve the numbers over focussing on addressing the challenges and making the product and delivery channels more robust for long term sustenance. This was evident in case of Ugafode which clearly had an over ambitious target of reaching more than 80,000 new depositors.

It is advisable to have on-site presence of the TA providers rather than having a short-term consulting approach. The short-term consulting by IDEO and 17 Triggers resulted in good conceptualisation of the savings product, delivery channel as well as marketing plan but the implementation would have been more effective if they were involved in carrying out these plans as well. MEDA placed a full-time staff only in Q2 2014 and it is evident that since then various project activities have gained urgency as well as direction.

In countries, like Uganda, where UNCDF staff is based locally, it would have been useful to ensure their involvement in programme monitoring as well as coordination with other stakeholders. Ugafode could have benefitted through UNDPs programme which involved creation of rural producer groups and VSLAs.

The human resources assigned for the GroupSave and AirSave rollout need to be expanded and strengthened further. While the key staff at the HO have undergone training on savings mobilisation strategy, it is important that the branch staff and in particular the sales executives also undergo such training programme and refresher courses for proper orientation. The job descriptions of the branch staff have been revised to include indicators related to savings mobilisation, but the key is to develop an incentive plan for greater effectiveness.

For improving likelihood of impact, it is important to increase the outreach and usage of savings services/channel. A greater focus on customer awareness/financial education, trainings on how to use the systems and development of channel infrastructure (agents, network etc.) would be the key for improving the impact.

The financial and operational numbers suggest that Ugafode is a sustainable institution. However, increasing outreach through the products developed under MLE and usage of the alternative delivery channel would further bolster its sustainability. The three strategies envisioned by MEDA/Ugafode on customer engagement, CBO engagement and developing its own network of agents are a step in the right direction.

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Country Report # 2

Tanzania – implemented by CARE (TSP) & MCB (FSP)

1 Introduction

The country report presents a summary of the macro-economic context and financial inclusion landscape in Tanzania along with the findings from the onsite mission conducted by M-CRIL from 31st August to 4th September 2015. The evaluation team visited Dar-es-Salaam and Kilimanjaro and interacted with multiple programme stakeholders, including

- Assistant Country Director and Technical Unit Director (Gender Equality) at the CARE Tanzania HO at Dar-es-Salaam and the MLE project implementation team based at Moshi, Kilimanjaro region
- MD and Microfinance Development Manager of Mwanga Community Bank (MCB)
- VSLA clients linked with Mwanga Community Bank (MCB)
- Franchisees, Village Agents and Mobile Money Agents
- Skype interview with Executive Director of CARE Access Africa which provides technical support on mobile banking to CARE/MCB
- Other stakeholders including Bank of Tanzania, the aggregators of mobile banking services including Umoja Switch Network & Selcom and the MNO Vodacom

The complete list of stakeholders interviewed and the visit plan is provided in Annexes 4 & 7. The report commences with a country overview of Tanzania followed by a brief programme description highlighting CARE Tanzania's engagement with MCB, the programme design and allocation of resources and finally discusses the findings on evaluation criteria and observations from the client interviews.

2 National overview

2.1 Political context

The United Republic of Tanzania is a **multiparty democracy** governed by Chama Cha Mapinduzi (CCM), ever since it gained independence from colonial rule in 1961. The multiparty electorate system was introduced later in the nineties decade. The nation was formed in 1964 by the unification of mainland Tanganyika and the isles of Zanzibar. The electoral framework is facilitated by the National Electoral Commission and the Zanzibar Electoral Commission, both of which are appointed by the president. [i]

Tanzania continues to enjoy a stable and democratic government. Since the end of its first post-independence government of Julius Nyerere in 1990, it has held five presidential elections and legislative elections peacefully. President Jakaya Kikwete concluded a second five-year term in October 2015, and has now been succeeded by John Magufuli. [World Bank, 2015[ii]]

2.2 Macro-economic indicators

The overall macroeconomic performance remains strong. Real gross domestic product (GDP) grew by 7.3% in 2013 and 7.0% in 2014.The main contributors to growth were the construction, trade, agriculture and transport sectors. The headline inflation continuously declined from over 20% in 2011 to 4% in January 2015, largely due to the combined impact of prudent monetary policy and recent decreases in global food and energy prices. The rising local food prices have slightly pushed the inflation rate since early 2015 to 6.4% in July 2015. The Tanzanian shilling has lost value against major international currencies, resulting in a nominal depreciation rate of more than 20% since January 2015 against US dollar. Initially this depreciation reflected the relative strength of the US dollar on international markets as well as the decline in aid inflows, temporary loosening in monetary stance also accelerated the trend. This has increased the cost of imports and puts upward pressure on inflation as well. In spite of the fluctuations in exchange rates, the balance of payments remained stable with the current account deficit being around 10% of GDP. The reduced import bill due to the fall in oil prices on international markets, coupled with improved export performance in some food crops and manufacturing, has helped the current account deficit to decline from 10.3% of GDP in 2013/14 to 9.5% in 2014/15. **Table 1** summarise the key demographic and economic indicators of Tanzania.

Table 1: Key demographic and economic indicators of Tanzania

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	7.0	6.4	6.9	7.0	7.2
GNI per capita, Atlas method (current US$)*	690	720	760	840	930
Population growth (annual %)	3.17	3.18	3.18	3.17	3.15
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population)*	-	-	76.1	-	-
HDI (value)**	0.464	0.474	0.478	0.492	0.488
Inflation, consumer prices (annual %)*	7.2	12.7	16.0	7.9	6.1
Official exchange rate (local currency per US$, average)*	1,409	1,572	1,583	1,600	1,654

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

One of the poorest countries in the world, heavily reliant on international aid, Tanzania is ranked 159th amongst 187 countries on the UNDP Human Development Index[iii]. Barring Arusha, Kilimanjaro and Dar-es-Salaam, the country's remaining regions fare poorly with regard to the human development indicators. Approximately 28.2% of the population lived below the poverty line in 2012; a reduction from 34% in 2007. During the 2007/2012 period, there were improvements in living conditions, access to basic education, health and nutrition and, labor force participation in non-agriculture employment. Nevertheless, these benefits were not distributed equitably. Inequality has increased between urban and rural population and approximately 12 million Tanzanians are still living in poverty.

Tanzania's main challenges include addressing infrastructure bottlenecks, improving the business environment, increasing agricultural productivity and value addition, improving service delivery to build a healthy and skilled workforce, and managing urbanization. The country also has a youthful labor force growing by approximately 800,000 every year and needs to increase the private sector's role in employment creation for these youths. Tanzania recently adopted the Big Results Now program, which focuses government efforts on accelerating delivery of selected priority results, with a major emphasis on leveraging private sector investment. Priority result areas include: increasing agriculture productivity, improving reliability and access to power supply, reducing transport costs, improving quality of basic education, increasing access to rural water supply, and improving the business environment. The government plans to add a new result area focused on reducing maternal mortality and improving nutrition standards across the population [World Bank, 2015].

2.3 Financial inclusion landscape

Tanzania embarked on economic liberalization in the nineties decade, when two of the state-owned commercial banks, National Bank of Commerce and Co-operative and Rural Development Bank underwent a re-structuring exercise. In 1991, the Cooperatives Societies Act was created which allowed Savings and Credit Cooperatives (SACCOs) to operate as equity based institutions.

However, access to the formal financial sector continued to be a pressing problem, particularly for low income households from rural areas, where majority of the country's population currently reside. Most Tanzanians have not studied beyond primary school and rely on external support for subsistence. The 2013 FinScope Study[iv] shows that despite a significant increase in the number of banks which was reported to be fifty during the study period, the rise in number of adults using banking services was only marginal. The degree of financial inclusion is most significant in the mainland areas of Kilimanjaro and Dar es Salaam and notably higher amongst men. The rapid uptake in mobile money is one of the major factors that led to the spiraling of financial inclusion in the country, without which the East African economy would be amongst the lowest on the financial inclusion front. A comparison of the progress on financial inclusion indicators in Tanzania to SSA countries is shown in **Table 2**.

Table 2: Progress on financial inclusion indicators: Tanzania/SSA

Indicators	SSA		Tanzania	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	44.8	27.2*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	17.3	39.8
Male adults (%, age 15+)	26.7	--	20.8	--
Female adults (%, age 15+)	21.4	29.9	13.8	34.3
Adults living in rural areas (%, age 15+)	20.7	29.2	14.2	24.8
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	12.2	11.5
ATM is the main mode of withdrawal	51.7	53.8	69.9	62.0
Mobile accounts (%, age 15+)	--	11.5	--	32.4
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	10.7
Sent remittances via a mobile phone (% senders)	11.2	30.8	14.0	71.5
Receive remittances via a financial institution (% recipients)	--	26.6	--	10.1
Received remittances via a mobile phone (% recipients)	14.5	27.6	19.6	62.8
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	11.9	9.0
Saved any money	40.2	59.6	40.1	59.2
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	6.6	8.6
Loan from family or friends in the past year	39.9	41.9	46.0	39.9
Loan from an informal private lender in the past year	5.4	4.7	6.0	6.6
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	2.6	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012[v] & 2015[vi]
* Population, age 15+ (millions); ^-- Data not available

The FinScope study also indicates that in 2013, 5.4 million adults were solely using financial services from non-bank financial institutions, 5 million used the services of banks as well as non-bank financial institutions, whereas 6.6 million Tanzanian adults did not have any access to formal financial services. From the access standpoint, nearly 40% adults were located within a radius of 5km from a bank branch, ATM, SACCO, MFI or mobile money agent. The study also indicated that Tanzanian adults preferred savings to credit.

The Tanzanian government's commitment towards catalysing financial inclusion is evidenced through the introduction of the National Financial Inclusion Framework (2014-16) [vii] in December 2013, wherein the Maya Declaration signatory outlined four priority areas -enhancing and adding access channels; increasing reliability of and reducing the cost of digital payment platforms; creating proportionate KYC requirements; improving the national identification system and reducing information asymmetry for consumers. The framework also stipulates specific commitments regarding access to financial services, leveraging mobile technology, and ensuring that at least 50% of the population access and use formal financial services by 2016. As of July 2014, Tanzania had exceeded its initial targets, and has now set more ambitious goals of increasing access to formal financial services to 75%.

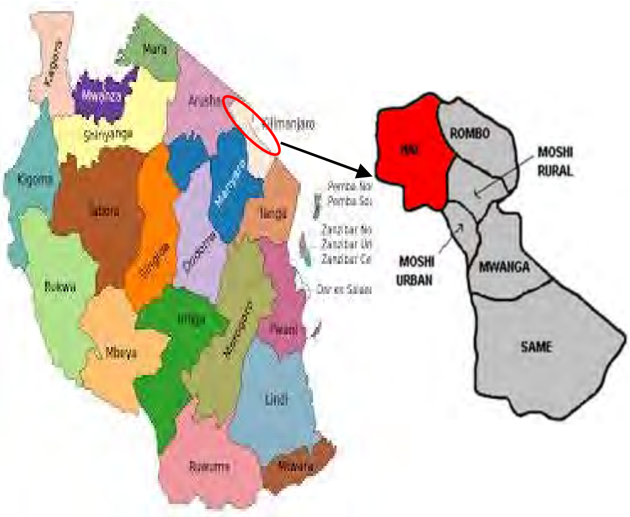
The financial sector in Tanzania has evolved significantly and in September 2014, the formal financial sector was characterized by 52 banks with a network of 600 branches, 24 other financial institutions which included non-banking financial institutions (NBFIs), regional unit banks as well as regional unit financial institutions, 170 credit only NGOs, 27 private insurance companies, 2 re-insurance companies, 76 brokers and 520 agents and 3-5 pension funds [NFIF 2014-16[v]]. This includes the National Microfinance Bank, created post the restructuring of the National Bank of Commerce that has an expansive network and offers a wide-range of products with special focus on savings led microfinance and attempts to link institutional clients with poor microfinance borrowers (Kilombero strategy). In addition, there are about 170 MFIs, 5,845 SACCOs and more than 17,500 mobile money agents. Rural areas are particularly underserved and a majority of clients are members of savings groups like Village Loan and Savings Associations (VSLA), Village Community Banks (VICOBA) and savings cooperatives (SACCO/SACA).

3 Programme description

3.1 Programme design

<u>Background</u>

Under the MLE Programme, CARE Tanzania (TSP) is supporting Mwanga Community Bank (FSP) to develop and expand its linkage to VSLAs in the Kilimanjaro region of Tanzania.



Regional Map of Tanzania and District Map of Kilimanjaro Region; with headquarters in Mwanga, MCB caters to clients from Hai, Rombo, Moshi Urban, Moshi Rural, Mwanga, and

CARE International, pioneer of the VSLA methodology, started working in Tanzania in 1994 in order to provide humanitarian relief to the refugees of the Rwanda genocide. Since then, it worked in multiple spheres and gradually expanded its presence throughout the country. In 2014, CARE's country strategy was revised to highly focused and specialized interventions in (i) climate change & natural resource management and (ii) gender equality and women empowerment. Geographically too, CARE concentrated on few specific regions including Kilimanjaro.

Established in 2000, MCB is a regional bank owned by individual shareholders from Mwanga district and operating through 1 branch and its 3 service centres in Kilimanjaro region. CARE and MCB have been working together in linking VSLAs with the bank since 2010. MLE's focus on women empowerment through savings focused financial services and its sustained relationship with MCB was in alignment with CARE's revised strategy emphasizing on gender equality and women empowerment and thus led to the joint application for the grant.

As per the application submitted by the partners, CARE Tanzania, with support from CARE Access Africa would work to address both demand and supply side constraints in order to further financial inclusion in the Kilimanjaro region. On the supply side, CARE proposed to support MCB in developing new saving products to be offered to VSLAs, integrating the new products and technology in its operations and training the FSP's staff in product delivery and in reporting data to MIX Market as a part of its endeavour to help MCB increase outreach. With regard to resolving the demand side challenges, CARE aimed to expand outreach to newer VSLAs using its existing network of local Village Agents (VAs) and through appointing new Franchisees, while mature and interested groups would be linked with the regional bank. This was to be achieved through capacity building of VAs and Franchisees who would be responsible for group mobilization, providing financial literacy and subsequent linkage trainings to VSLAs and link matured VSLAs to MCB.

Programme objective

The outcome of the CARE-MCB programme is to provide access to informal financial services through VSLA formation to over 70,000 people completely excluded from the ambit of financial services and to facilitate access to formal financial services to around 50,000 members through linkage of 2,000 VSLAs to MCBL. The key project outputs include:

- Financial inclusion of over 70,000 new members through VSLAs. Providing financial literacy to 100,000 members, including over 27,000 existing members of CARE in the Kilimanjaro region;
- Providing access to formal financial services to 50,000 members through the linkage of 2,000 VSLAs to Mwanga Community Bank;
- Capacity building of Mwanga Community Bank, through design of appropriate financial products, processes and appropriate alternative delivery mechanisms; to enable MCB to provide financial services in remote rural areas in a sustainable manner;
- Institutionalization of the project, through capacity building of community Village Agents and Franchisees on financial linkages. Training of a pool of 125 Village Agents and Franchisees on VSLA formation, financial literacy and financial linkages.

Figure 1 highlights the programme's log-frame with key activities to be undertaken by the programme implementers in order to achieve the set milestones [CARE MLE Application 2012].

3.2 Role of programme implementers & plans

The key deliverables of the programme included VSLA needs assessment, VSLA formation, preparing training curriculum, training VSLA members on financial literacy and CARE staff on forming linkages, linking VSLAs with MCB, development and implementation of new products and technology driven alternative delivery channels and associated manuals, identification and training of franchisees and community based trainers on products, financial literacy and linkage formation, conducting a regional event, MLE annual review and drafting and finalization of case studies. The key activities to be undertaken by the TSP and FSP are briefed below.

Figure 1: CARE-MCB programme's log frame

Outcome: *Financial inclusion of over 70,000 new members through VSLAs, financial literacy of 100,000 members and providing access to formal financial services to 50,000 members; institutionalization of whole model*

Outputs

New VSLAs and financial literacy of 100,000 members	Linkage of 50,000 members of MCB	Capacity Building of MCB Staff	Institutionalization

Activities

Form 50 new Franchisees and use existing 110 VAs VAs/Franchisees form 2,900 new VSLAs Train VAs and Franchisees on financial literacy VAs and Franchisees train 100,000 members on financial literacy CARE staff to monitor progress	Design training modules on financial linkages CARE staff trained on financial linkages & link groups initially VAs and Franchisees trained on financial linkages & train VSLAs Identify 2,000 VSLAs for linkages using assessment tool and VSLAs' willingness Groups linked to MCB	Carry out financial need assessment of VSLAs; design appropriate financial products for VSLAs Identify mobile operators and agents for acting as bank agents in product delivery Integrate the solution with MCB's MIS Develop operational manual and training modules for the new products and processes; train MCBL staff on VSLA methodology Run pilot of financial linkages, refine products, processes and manual Support MCB in establishing rural banking outlets and ATMs and in expanding outreach to national level Scale up linkages	Design training modules on financial linkages for Franchisees and VAs and train them on linkages Create selection, monitoring and auditing processes for Franchisees & VAs Pilot involving Franchisees and VAs Design and test fee-for-service process for Franchisees/VAs Scale up linkages

<u>CARE Tanzania</u>

The main role for CARE, as the TSP of this project was to provide support to MCB to enable MCB reach out to rural poor and women based in Kilimanjaro region using Franchisee model to link with VSLAs. CARE intended to do this by the following activities.

- Utilising and leveraging the existing network of VSLAs and VAs and oversee formation of VSLAs through VAs and Franchisees
- Identification of 50 new Franchisees; training of VAs/Franchisees on financial literacy and linkages
- Development of training modules on saving linkages; training of CARE staff on linkages and carrying out linkage related activities initially using own staff and eventually through Village Agents and Franchisees
- Designing financial products and processes along with MCB and identifying appropriate technology/agent platform for delivery of financial services
- Integration of products, processes and delivery platform within MCB operations and MIS
- Training of MCB staff on new products and methodologies
- Identifying mature and interested VSLAs and establish bank linkages; carrying out VSLAs' financial needs assessment
- Monitor linkages developed by Village Agents and Franchisees
- Gathering quarterly monitoring data from MCB and support MCB in reporting to Mix Market
- Report on VSLA performance data and financial ratios to SAVIX

Mwanga Community Bank

MCB currently operates throughout Kilimanjaro region. Until 2012, it functioned through only one branch in Mwanga. Having realized the difficulties and expenses clients located in distant areas faced while traveling to Mwanga to deposit their modest savings, three service centres were subsequently opened in Moshi (late 2012), Same (mid 2013) and Hedaru (end 2013). Microfinance was initially being done as a project a separate microfinance department was created within MCB in March 2015 once it was realized that microfinance groups (VSLA and solidarity) would play a crucial role in the bank's long term strategy. The department is responsible for carrying out the VSLA and VICOBA group linkage activities which includes both savings and credit and the lending activities with Solidarity Groups. MCB considers the MLE programme a continuation of its initiatives to reach out to the rural poor in Kilimanjaro region. The main activities of MCB as part of MLE programme are outlined below

- Providing inputs on product design and methodology; pilot and launch finalized products
- Participating in pilot testing on linkage as well as mobile technology platform
- Providing staff for training in new products and methodologies
- Supporting CARE in understanding banking processes related to savings linkages-documentation, reporting and conducting OTC transactions
- Sending local branch representatives to visit VSLAs to orient them and address queries
- Increasing bank's outreach to underserved areas
- Providing financial services to VSLAs as per the agreed product and processes
- Report on progress by providing quarterly reports and MIS data on groups linked, financial transactions carried out with CARE Tanzania every quarter

As the FSP for the MLE programme in Tanzania, some of the key performance indicators (KPIs) for MCB is outlined below in **Table 3**.

Table 3: KPIs for Mwanga Community Bank

KPIs (to be achieved by 2016)	As per PBA	
	Proposed	Minimum
Savings		
No. of active voluntary depositors	60,027	51,023
No. of active previously unbanked depositors	36,016	30,614
% of female depositors	75%	65%
% of rural depositors	80%	70%
Deposits (total voluntary savings) [USD million]	11.54	9.81
Average deposit balance per saver	192	192
Average savings balance per saver/GNI/capita	36%	36%
Credit		
No. of active borrowers	9,644	8,197
No. of active previously unbanked borrowers	3,800	3,230
% of female borrowers	63%	45%
% of rural borrowers	55%	35%
Gross loan portfolio [USD million)	9.13	7.76
Average loan balance per borrower	--	--
Average loan balance per borrower/GNI/capita	<50%	<50%
Financial performance		
Return on assets	2.0%	1.6%
Operational self-sufficiency	155%	100%
Portfolio at risk > 30 days	4%	7%

3.3 Grant support & conditions

The performance based agreement, signed between the programme implementers and UNCDF on 15th May 2013 is stipulated to culminate on 17th January 2017. In order to successfully execute the programme, the grantees were awarded funding of US$ 1,874,068; of which 89% of the budget was allocated to the TSP and the remainder to the FSP. The key activities and conditions of the disbursement tranches is shown in **Table 4**.

Even though the CARE-MCB partnership under the MLE programme had a delayed start on account of recruitment issues, progress in terms of achievement of targets has been slow. By July 2015, only 405 VSLAs had been linked vis a' vis a target of 731. By the time programme implementation activities conclude in December 2016, it is expected that 2,000 groups will be linked. This appears to be an uphill task as the current capacity permits up to 75 linkages per month. Even though challenges have been encountered with regard to linking the groups to the bank, considerable progress has been made on the product development front. The FSP has improvised the features of its group savings product to align it with VSLA requirements. Individual savings product as well as group credit products have been developed. Individual loans are to be piloted once the programme is on track to meet the targets related to the savings (group and individual) and group loan products. Progress on the development of alternate delivery channels has been temporarily stalled due to delays in obtaining an agency license from the BoT and after CARE Access Africa's focal point, who was negotiating with MNOs on behalf of the partners, resigned.

On account of the abovementioned challenges, funding has been postponed. The tranche scheduled for May 2015 was disbursed at the end of the September 2015 due to delays in meeting the deliverables related to the development of the SEMS policy, which was later ratified by MCB's Board of Directors in August 2015 and submitted to UNCDF; the partnership with Kopo Kopo not taking off; as well as lack of developments with regard to building the transaction monitoring dashboard. The tranche scheduled to be disbursed on May 2015 is yet to be released.

Table 4: PBA conditions summarized

#	Payment date	Grantee		Key activities
		TSP (US$)	FSP (US$)	
1	May, 2013	537,321	100,000	Agreement Signed
2	November, 2013	245,446	-	KPI targets for September 30, 2013 met; quarterly reporting to SAVIX; linkage process finalized; new products and delivery mechanisms developed
3	May, 2014	464,744	-	KPI targets for December 31, 2013 and March 31, 2014 met; quarterly reporting to SAVIX, back-end mobile platform reconciliation is operational; 10 staff from MCB trained on VSLA methodology; regional workshop held; Social and Environmental Monitoring System (SEMS) policy developed; performance dashboard developed by M2I Consulting
4	May, 2015	329,398	87,500	KPI targets for December 31, 2014 met; SEMS policy developed and integrated; regional workshop conducted by CARE; draft case study prepared; quarterly reporting to SAVIX
5	January, 2017	89,749	20,000	Outreach and performance targets for December 31, 2016 met; programme learnings documented; final regional workshop conducted; quarterly reporting to SAVIX
	Total	**1,666,658**	**207,500**	

Source: PBA signed between UNCDF, CARE Tanzania and Mwanga Community Bank

4 Programme evaluation

4.1 Methodology

The mid-term evaluation of the MLEP commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation.

This was followed by an in-depth review of all programme literature shared by the PMU and drafting of the inception report which included the proposed work schedule, elaborate evaluation matrix (with questions, sub-questions and indicators for exploring the programme's key hypotheses in accordance to the OECD/DAC criteria), data collection toolkit (comprising key informant interview (KII) questionnaires, household survey forms and Focus Group Discussion guides) and listing of country wise key stakeholders.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each country programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized information templates for obtaining information from the TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable while the FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Tanzania was undertaken by a two-member team who spent five working days at Dar-es-Salaam and in Kimilanjaro region for interviewing various stakeholders and conducting individual interviews and FGDs with clients. The client survey visit was undertaken at the Moshi rural and urban branches and more than 135 respondents were covered. Findings from the interviews and FGDs have been elaborated further in **Section 5**.

4.2 Evaluation findings

This section stresses upon the programme design, achievements and lessons learnt from the CARE-MCB programme focusing on savings group linkages in Tanzania and is centered on the OECD/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability post the culmination of MLE and recommend appropriate remedial measures.

4.21 Relevance of programme design

In Tanzania, CARE is supporting MCB in developing new saving products which can be offered to Village Saving and Loan Associations (VSLA) in the Kilimanjaro region of Tanzania. The targeting and linking of VSLAs (which are mainly women groups of low income households and located predominantly in rural areas) to the mainstream financial sector is well synergized to MLE's programme design. The usage of agents and mobile based service delivery channels, training of VSLA members as well as the staff of MCB were in tune with the MLE objectives.

Among the various categories of regulated financial institutions in Tanzania – commercial banks, community banks and microfinance companies – the community banks having localized focus, significant presence in rural areas as well as the license to mobilize deposits are best placed to work with low income segments like informal savings groups and its selection as the FSP seemed appropriate.

MCB had started linking savings groups in 2009, when it was directly approached by some VSLAs, even before its tie-up with CARE and the start of MLE project. Gradually collaboration with CARE happened as MCB realised that there is demand from the informal groups to open savings accounts for safe keeping of their cash. By 2010, after almost 60 VSLA groups (of CARE) had been linked with MCB, an agreement was formalized with CARE. MCB operations being localised in Kilimanjaro region and in remote areas with little access to financial services, always had the focus of reaching out to low income families as well as women.

MCB's operations are concentrated in the Kilimanjaro region and in remote areas with little access to financial services and primarily focus on reaching out to low income households as well as women. Till 2012, the FSP operated out of a branch in Mwanga district. In order to reduce distance barriers and to increase convenience for clients, three service centres were subsequently opened during 2012-13. In this context, MCB's earlier partnership with Vodacom for providing M-PESA services through customized SIM cards as well as current initiatives to provide an interoperable platform for mobile financial services and developing an agent network, with support from CARE Access Africa are relevant and aligned with the MLE programme's objectives.

The timing of the MLE grant coincided with a revision in MCB's long-term strategy wherein a separate microfinance division was created to serve low income clients and savings groups. Prior to MLE, microfinance activities were carried out as a stand-alone project. At the start of the project, MCB total depositor base on Dec'12 included 70% women and 75% rural clients. It has increased to 75% and 80% respectively on Jun'15 and indicates MCB's commitment to reaching out to women & rural clients. The low balance accounts of VSLAs contributed about 2.6% of the total deposit base on Jun'15. Interactions with senior management showed high level of interest in scaling-up this product. MCB anticipates that by the end of 2020, group products (savings & loans) will account for 20% of MCB's deposits base/loan portfolio.

The FSP's Board has also ratified a Social & Environmental (SEMS) Policy in October 2014. Staff from the newly formed microfinance division have received training on the Client Protection Principles, which will soon be integrated in the product design.

In addition to supporting the TSP in group formation and training, providing inputs to the products developed and in staff capacity building; the TSP also has a learning agenda, which is in alignment with MLE's emphasis on knowledge management. Besides attending the annual MLE workshops and documenting the "linkage experience", CARE Tanzania also organised a seminar in Moshi during May 2015, which was attended by representatives from the government, donors, financial institutions, MNOs, franchisees and Community Based Trainers from multiple countries including Ethiopia Ghana and USA. The purpose of this event was to facilitate experience sharing, identify challenges and best practices towards increasing access towards formal financial services, institutionalize the project through capacity building of Village Agents and franchisees on financial linkages and encourage other FSPs to replicate MCB's efforts and thereby advance financial inclusion in Tanzania.

4.22 Efficiency of programme management

In response to the targeted Request for Applications (RFA) solicited by UNCDF's FIPA team, seven Expressions of Interest (EoI) intending to advance savings-led financial inclusion in Tanzania were received of which three applications were shortlisted and after a detailed assessment, the CARE-MCB proposal was awarded grant funding of US$ 1.87 million. While CARE International, pioneer of the VSLA methodology which was operational in 26 African nations, was well-suited to provide the requisite technical assistance, MCB did not satisfy the FSP eligibility criteria related to having a client base of at least 50,000 depositors at the baseline at the time of application. Nonetheless, given its rural focus, former collaboration with CARE Tanzania on VSLA linkages as well as strategic focus on promoting low balance savings suggest that the choice of FSP was also appropriate.

The MLE grant was provided after a due diligence mission conducted by a team of consultants who aptly identified the programme's low leverage, MCB's limited outreach (on account of operating out of a single branch at the time of application) and also indicated possible challenges in savings group linkages. However, given the TSP's experience with VSLAs, FSP's commitment towards promoting low balance savings and the programme's ability to reach out to the financially excluded segments through the VSLA movement, it was believed that the partnership had considerable transformative potential and hence was awarded funding. Further, in order to be eligible to receive the first disbursement tranche, the FSP was required to report to MIX Market. Incorporation of the Client Protection Principles (CPP) in the FSPs' existing as well as new products and policies was also introduced as a condition in the PBA in order to catalyse adherence to responsible client-centric practices.

The quality of oversight and technical assistance provided by UNCDF has been reasonable and primarily directed through two monitoring visits conducted by the Programme Specialist based in Dar es Salaam as well as close monitoring and feedback on the quarterly performance reports shared by the implementers.

The disbursement of grants to CARE/MCB was deferred due to delay in achievement of deliverables related to the development of a SEMS policy by MCB, monitoring dashboard and mobile banking platform by CARE. Post the submission of the Board approved policy and adequate evidence justifying the changes in the technology strategy, the funding scheduled for May 2014 was released in September 2015, while May 2015's tranche is yet to be disbursed.

In terms of leverage, the programme received funding of US$ 1,347,421 and was able to increase outreach to low savings balance clients by 8,425 on June 2015. The total deposits mobilised through these VSLA members was around US$ 94,000 (an average of US$ 11.2 per saver) resulting in a leverage[1] of 7%. Also, the PBA target of linking 2,000 VSLAs does not seem feasible due to the programme's delayed start, difficulties in convincing VSLAs to open accounts and save with MCB and skewed structure of the commission paid to the franchisees and VAs for group formation and subsequent linkages. As per the information shared by the partners, CARE remunerates franchisees for forming and training groups, while MCB bears the cost of the linking mature and interested groups with the bank. Franchisees work with and are responsible for remunerating Village Agents belonging to and having goodwill in the communities. Franchisees earn up to US$ 50 for forming groups having up to 30 members while they are given only US$ 2 for the linkages, which has to be shared in equal proportion with the VA responsible for training the groups. As the linkage incentive is paltry in comparison to the commission given for group formation, group formation activities were found to be rapidly accelerating while there was significant shortfall in the linkage targets.

[1] Leverage is the ratio of savings balance mobilized from active voluntary depositors via the products developed under MLE to the overall funds that have been received till June 2015

In order to boost linkage activities and meet the programme targets, CARE and MCB together initiated a promotional campaign titled Mwanchi (meaning citizen in Ki-swahili) Day in May 2015 wherein staff from the two organizations visit communities, mobilize and sensitize VSLA leaders on the importance of savings, MCB's product suite, documentation requirements and help interested members open accounts at MCB. Until September 2015, five drives were conducted and resulted in 126 VSLAs being linked with MCB. Even though this activity was not budgeted for in the PBA, UNCDF seemed flexible and willing to consider a PBA amendment wherein the funds allocated for the franchisee kit and development of the mobile interface were diverted to scale the promotional activities.

From the TSP's side, the MLE programme is managed by an eight-member team based in Moshi, while activities related to group formation and training are conducted by a team of 15 Franchises and 112 Village Agents. Relations between the TSP and FSP are good and MCB is appreciative of CARE's support in extending outreach to savings groups. However, day to day follow-ups are often constrained as CARE's project office in Moshi is at least an hour away from the MCB branch in Mwanga. Given that CARE's expertise in mobile banking is limited, CARE Access Africa was providing technical support and was in talks with Selcom for the development of an interoperable platform to facilitate mobile financial services. However, progress on this front has slowed significantly after the resignation of CARE Access Africa's focal point.

CARE has also designed a robust monitoring framework wherein information about the VSLAs (new as well as existing) is updated every quarter. The VAs collect the requisite information in a pre-defined template soliciting savings, internal lending and member details. The data recorded by VAs are verified by the franchisee, Programme Community Mobilizers (PCM) & Programme Officer (PO) of CARE before it is sent to the Programme Information Management Officer (PIMO) for reporting to SAVIX.

4.23 Effectiveness of organizational changes

The MLE programme brought about significant institutional changes that enhanced MCB's abilities to provide savings focused financial services to underserved communities. In addition to the branch in Mwanga and one service center in Moshi, the FSP opened two more service centers in Same, Hai and Rombo in 2013-14, after the business case of transacting with the low balance depositors was realized and became an integral part of the FSP's long term strategy. In order to support the strategic shift, a microfinance department with a 10-member team was established in March 2015 for focusing on VSLAs and solidarity groups and building a sizeable microfinance portfolio, which was anticipated to account for approximately 20% of MCB's total business volumes by 2020.

Even though MCB had worked with savings groups well before the launch of the MLE programme, its understanding of VSLA operations was limited. Post trainings imparted by CARE on the VSLA methodology and franchisee model as well as experiences and feedback gained through working with savings groups, MCB's expertise has significantly improved resulting in changes in pre-existing products as well as development of new products. In order to make the products more client-centric, MCB has also done away with the ledger fee on savings accounts and has strengthened the security of the group savings products, substituted the erstwhile policy of the group leader having to provide collateral with compulsory group savings (20% of the requested loan amount) that could be invested in fixed deposits and has also started offering 3% annual interest on members' savings balances. Further, an individual savings product designed to encourage members to deposit their share-out money into their individual accounts at the end of the VSLA cycle was piloted in June 2015. The FSP hopes that some of the group savings and loan clients will eventually transition to becoming individual clients and plans to develop individual loan products to serve this segment. Though MCB is yet to meet the PBA deliverable related to the development of individual loans, it is prudent and intends to pilot the product after the current offerings gain volume and meet the stipulated targets.

In order to convenience clients and increase outreach, MCB is also focusing on alternative delivery channels. Currently, clients having a Vodacom account have the option to transact using mobile wallets. The service is provided free of cost and MCB remunerates agents for facilitating the transactions. The FSP is also in talks with Vodacom for registering a group e-wallet and has approached Selcom for the development of an interoperable mobile interface. With regard to agency banking and development of mobile delivery channels, CARE Access Africa has not been able to provide adequate support to MCB. Agency banking guidelines were introduced by Bank of Tanzania in 2013 and is bank led. MCB has already applied for agency banking license to BoT's Department of Banking Supervision and has been advised to include policies related to AML and CFT. At the time of the visit, the FSP had set up a separate risk department and had incorporated the necessary changes in its policies and was also working towards raising its capital adequacy to meet the limits stipulated by BoT.

Financial education of VSLA members also forms a critical component of the programme strategy. With funding from the MLE programme and We-Effect, 364 VSLAs formed up to June 2015, 300 VICOBAs and 125 solidarity groups were given financial education training. Client surveys conducted by M-CRIL also show that over 90% VSLA members acknowledged undergoing financial education training. Though the overall level of financial awareness was moderate, respondents showcased good understanding on how to increase savings as well as client protection principles related to perils of over-indebtedness, privacy of the information shared with the FSP and grievance redress procedures.

MCB also became a member and started availing itself of the services of credit reference bureaus as of 2014, soon after they were launched in the country. However, presently only regulated banks and financial institutions share clients' liability details with the credit bureaus, thus limiting MCB's ability to verify the degree of indebtedness of VSLAs who primarily transact through savings groups, unregulated MFIs and SACCOs. Additionally, a Board approved SEMS policy has been adopted by the FSP.

MCB's MIS- Bankers Realm Version IV currently does not have the functionalities to provide disaggregated performance data. The FSP, keen to upgrade its MIS, is awaiting confirmation from BoT who had indicated its wish to connect all community banks via a common platform. Despite the limited capabilities of the MIS, both partners have been diligent in reporting to MIX and SAVIX every quarter and the FSP was awarded 3 MIX diamonds (out of maximum 5) to MCB for the transparency in reporting.

4.24 Effectiveness – market demonstration and up-scaling

Based on the lessons learnt from the MicroLead Programme, targeted RFAs were sought by UNCDF's FIPA team, which had a two-fold objective of receiving EoIs from institutions meeting the TSP/FSP eligibility criteria and generating sufficient number of applications needed for a competitive and rigorous selection process leading to the identification of grantees committed to and capable of achieving the programme goals thereby demonstrating the viability of doing business with small savers. In this regard, the partnership between CARE and MCB has the ingredients required to create the desired demonstration effect leading to further up-scaling and replication by other financial institutions.

During M-CRIL's visit to MCB, MD of MB quoted that only 7% rural Tanzanians owned bank accounts and hence the MLE grant would play a critical role in advancing financial inclusion in rural Kilimanjaro through partnerships with MNOs and the establishment of its agent network. Working with savings groups and low income rural clients is a part of the FSP's long term strategy and accordingly it has developed group savings and loan products as well as an individual savings product where group members could deposit their share-out and earn interest. MCB envisaged that over time many of the group clients would graduate to full-fledged users of the bank's services. Despite the presence of other banks like Tanzania Postal Bank and NMB Bank which also worked with VSLAs, MCB did not perceive them as threats and instead hoped that its efforts would establish the business case of working with savings groups and simultaneously pave the way for financial inclusion in Tanzania.

In addition to CARE Tanzania and MCB, the Tanzania country programme involved direct as well as indirect support from multiple stakeholders which included CARE Access Africa, MNOs, Umoja Switch, franchisees and village agents who played an instrumental role in shaping and implementing the programme and are in a position to leverage their experiences in related interventions. Further, components of the MLE programmes were aligned with specific initiatives being undertaken by the MCB (for example VICOBA linkages, financial education training sponsored by We-Effect) and the partnership was able to draw from these experiences as well.

Even though the Tanzania country programme was lagging behind on its linkage targets and was yet to make headway in implementing alternate delivery channels, the programme has potential to induce favourable policy changes and inspire other FSPs to replicate MCB's work. In order to disseminate the learnings from the linkage experience, CARE Tanzania organized a workshop in May 2015 where representatives from the government, donor agencies, MNOs, FSPs including other community banks, franchisees and community based trainers (village agents) were invited to participate. Further, as a part of the programme learning's agenda, the TSP is also working on drafting a case study on the linkage experiences which would be widely circulated.

4.25 Likely impact

Given that the programme is currently at its mid-term and is yet to meet many of the PBA milestones, it would be premature to draw conclusions on the impact of the programme. Hence the evaluation focuses on the likelihood that MLE will be able to catalyse favourable policy changes and also positively influence the economic wellbeing of VSLAs linked with MCB.

The MLE programme in Tanzania was concentrated in the Kilimanjaro Region, which has many remote rural pockets devoid of access to basic financial services. In addition to addressing the supply side barriers, CARE, through its VSLA model has imparted training on basic financial literacy concepts and the importance of savings to members. While there is limited evidence to comment on the degree of change in clients' financial capabilities, the evaluation team noted that majority of the respondents surveyed showed moderate levels of awareness on the various product terms and client protection principles. Thus, if the efforts are sustained, it is likely that clients' financial awareness levels would be significantly enhanced enabling them to make prudent decisions, which is in alignment with the programme objectives.

Discussions with various stakeholders in the financial inclusion space point to important role of community banks in furthering access to financial services in their operating regions. Hence, the success of the MLE programme in Tanzania would place community banks at the centre stage and could result in the provision of regional banking licenses to more entities. Additionally, the guideline restricting the operations of community banks to a single region as well as the ceiling on the number of branches may also be relaxed. The regulations have been recently revised and demand that community banks have minimum capital of TZS 5 billion (by 2017) to operate additional branches or setup their own agency banking network. Further, capital requirements for community banks have also been enhanced from TZS 500 million and community banks are required to reach TZS 2 billion by 2017. In response to MCB's application to BoT for agent banking license, the Central Bank reverted with a series of recommendations primarily advising the FSP to put in place stringent Anti-Money Laundering (AML) and Countering of Financial Terrorism (CFT) policies; the stipulation related to minimum capital requirement has not been mentioned and the FSP is hopeful that once given the license, its efforts in agency banking could provide a foundation for conducive policy guidelines and also replication by other institutions with similar mandates.

4.26 Sustainability

MCB sees a potential business case in promoting low balance savings which will provide an additional avenue to acquire low cost funds for on-lending and also increase outreach throughout Kilimanjaro region. As a result, necessary changes in the institutional strategy have been made and the bank's Board of Directors as well as senior management are closely involved in monitoring the performance of the recently established microfinance department. **Table 5** presents a year-on-year comparison of key financial performance indicators from the baseline to Q2 2015.

Table 5: Key Financial Performance Indicators

KPIs	Baseline Q3 (Sep) 2012	Q4 (Dec) 2013	Q 4 (Dec) 2014	Q2 (Jun) 2015
PAR 30	9.5%	7.7%	6.8%	6.0%
RoA	0.8%	3.4%	2.2%	0.9%
OSS	105.0%	135.1%	120.4%	104.1%
OER	No info	8.2%	10.2%	15.9%
Cost per client	No info	23%	23%	No info
Capital to assets ratio	No info	10.9%	11.2%	11.5%

All figures have been provided by MCB in the FSP template shared by M-CRIL.

The growth of low balance accounts and the microfinance portfolio of MCB has been slow, vis-à-vis mid-term targets – 401 VSLAs were linked till Jun'15 resulting in an additional outreach of 8,425 members since Dec'12. During the period Dec'12 to Jun'15 the overall number of depositors grew at a CAGR of 39% and the volume of deposits grew by a CAGR of 12%. The VSLAs contributed to about 32% of the increase in total depositors' base during this period but in terms of change in volume of deposit mobilised the contribution was around 10%. As on Jun'15 VSLAs depositors were 21% of the total depositors and VSLA deposits were 2.6% of total deposits of MCB. It clearly indicates a growing focus on low balance savings at MCB in terms of numbers, though it may not be contributing significantly to the profitability.

Despite the increase in low-balance savings/microfinance portfolio which would have increased the operating cost of MCB (as evident from the above table), it has managed to remain profitable with >100% OSS and a positive ROA in all years. It is expected that as the low-balance savings increases, it will provide economy of scale to operations and will start contributing to the bank's bottom line.

The PAR of MCB is on the higher side with PAR 30 of more than 5% and PAR 365 of more than 4%. PAR 30 of >5.1% is considered high by the BOT. The main reasons for the PAR has been the agricultural loans and individual business loans (most of which are related to agriculture sector). Many of the agri-loans were directed by the government with a political motive and hence the borrowers and not so keen to pay back. The agriculture sector also has not been performing too well recently and as a result affected the transportation sector.

At the time of the visit, MCB had a capital base of approximately TZS 1.5 billion. In order to boost growth and meet the capital requirement of TZS 2 billion (by 2017) stipulated by BoT for all community banks, MCB is on the lookout for strategic investors and has also approached existing shareholders for support in raising funds. Additionally, it is also considering the option of getting listed on the Dar es Salaam Stock Exchange, which is likely to be a lengthy and expensive affair.

While the current 10-member team is adequate for managing the microfinance operations, going forward MCB might need to increase staffing and expand its branch network. The regional bank is keen to gain national presence and hopes to acquire sufficient equity to apply for the requisite license. Technology is another area of concern. The FSP is trying to raise funds required for upgrading its current MIS-Banker's Realm Version IV and is awaiting confirmation from the Central Bank on the proposition to introduce a shared MIS for all community banks. Further developments in mobile banking are also contingent upon this decision.

Currently, the sustainability of the VSLA linkage model is dependent on the franchisees and VAs. As explained earlier, linkage activities have slowed on account of the skewed commission structure paid to the agents. Currently, the agents are remunerated by the programme implementers and in the absence of a sustainable business model and strategy for responsibility of the programme, ensuring the continuation of the linkages will be a challenge. The partners are considering building a fee for service model wherein groups would pay the agents for the services rendered. In order to obviate this risk, the FSP hopes to setup its own agent network that will play a pivotal role in VSLA linkages, once it receives the agency banking license from the BoT.

5 Client survey findings

Client survey was undertaken with the view to understand the type of households targeted by the FSP, obtain their feedback on the financial services provided by them and capture any changes in their savings behaviour and improvement in basic awareness on financial aspects. The survey covered 135 respondents of which 75 MCB's clients were covered through individual interview and 40 through four FGDs. Apart from this 2 FGDs were also conducted with non-clients covering 20 participants. The survey was conducted at the field areas of Moshi urban and Moshi rural districts. Detailed survey analysis is presented in **Annex 7** of the mid-term evaluation report.

5.1 Profile of clients

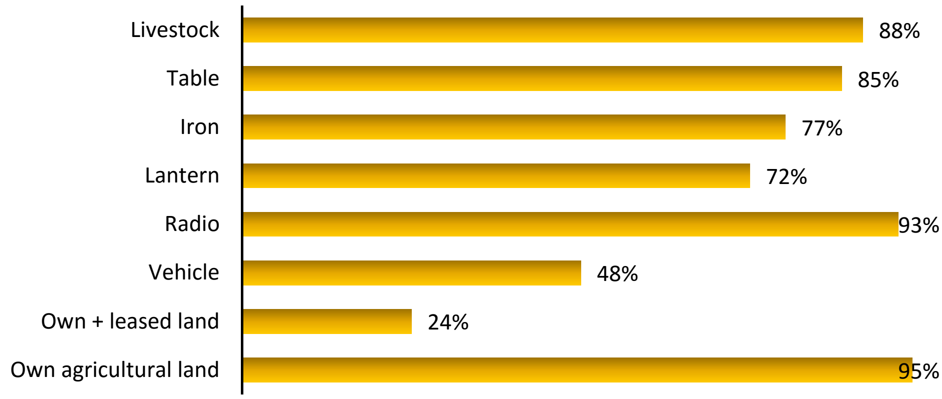
Among the 75 clients surveyed, 85% were women all respondents were located in rural areas. The socio-economic profile of the clients and their household targeted by MCB is summarised below.

- Majority (89%) were married and had not studied beyond primary school (89%).
- 64% households were nuclear; the average household composition being 4 adults and 3 children.
- On an average, each household had three working members who were predominantly adults. Equal level of workforce participation was noted from male and female household members.
- Majority of the respondents' households (55%) relied on agriculture as the primary source of sustenance, while 32% were engaged as farm labour. Only 4% interviewees' households had a steady source of income in the form of salaries, while the remaining managed their own businesses.
- 93% respondents lived in owned premises; almost all houses had concrete permanent roofs and floors.
- All houses had toilets of varying degrees of sophistication; 64% respondents used covered pit latrines, 31% owned flush latrines and the remainder used uncovered pit latrines.
- Firewood was cited to be the predominant cooking medium by 95% interviewees.
- PPI questions were also incorporated in the survey questionnaire to assess the poverty status of the respondents. It is seen that 45% of the VSLA members interviewed lived below US$ 1.25 per

day, while 81% lived on less than US$ 2.50 per day, thus indicating that a significant proportion of the clients targeted under MLE hailed from very poor households.

- Moderate level of asset ownership was observed with majority respondents owing farm land, livestock (mainly poultry) and other household assets as depicted in **Figure 3**.

Figure 3: Asset Ownership Pattern



5.2 Use of financial services

The key findings related to the usage of savings and credit products offered by MCB are presented in this section.

<u>Savings</u>

- Majority (90%) of the respondents had recently opened accounts with MCB; prior to being linked with the bank clients used to deposit their money in other banks (15%) and informal savings groups (95%).[2]
- Respondents cited availing themselves of multiple savings products from the bank; 55% were voluntary savers, while 31% had taken compulsory savings products in lieu of loan collateral. Merely 3% invested in fixed deposits.
- Interviewees preferred visiting the bank branch for conducting transactions with around 43% using this mode of transaction; use of mobile money usage was also reasonably high by 38% of respondents followed by collection at group meetings (11%) and POS device at (8%).
- 87% respondents saved on a monthly basis, 7% saved on a weekly basis, while the remainder's saving pattern was contingent upon the availability of surplus income.
- On an average, respondents' households saved up to US$ 77 per month; the average savings accumulated in all formal savings accounts was estimated to be around US$ 220. The main reasons for saving included children education (63%), managing emergency expenses (41%), house improvement (24%), purchasing consumer goods (15%) and debt repayment (3%).
- Barring 2% of the sample who were discontented with the savings products offered by MCB and 17% who were only moderately satisfied, the remaining were happy with the FSP's services. Dissatisfied clients were mainly aggrieved on account of the low interest rate, delay in availing loans (applicable for compulsory savings clients) and the distance between the bank's branch and the villages. On the other hand, having a safe and easily manageable avenue to save and earn interest and later invest the corpus in productive assets, regular provision of trainings on financial literacy concepts coupled with the option of availing loans guaranteed by other group members were cited as factors of appreciation.

[2] Note that the percentages do not add up to 100 as multiple options were valid with regard to this question.

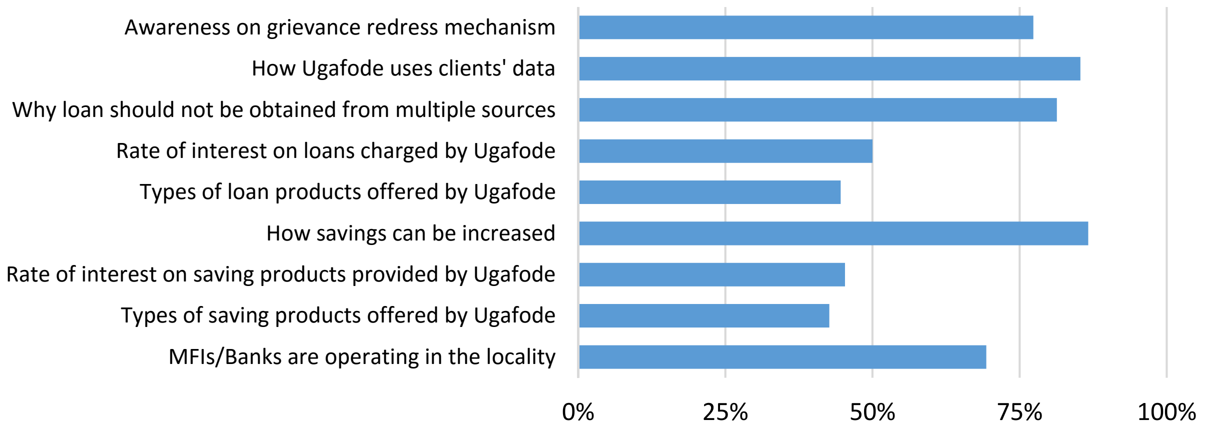
<u>Credit</u>

- Respondents' credit needs were largely met by the loans made by savings group to its members (95%). In addition to this, 19% of the sample took loans from the FSP while 9% used the services of other MFIs and banks.
- Though majority relied on savings groups for availing loans, it was seen that that the average quantum of the loans offered by MCB (approximately US$ 1,030) far exceeded the sizes of the loans offered by VSLAs (~US$ 65) and banks (~US$ 35).
- Majority of the loans were utilized in productive activities like agriculture and allied activities (26%), investment in trading business (35%), followed by children's education (19%). Other uses included investments is manufacturing (2%) and service (9%) related businesses, managing household expenses (6%) and medical expenses (3%).
- About 69% respondents were satisfied with the credit offerings of MCB on account of the low interest rate levied by the FSP (45%), flexible amortization schedule (2%), client friendly processes (11%), security provided by the solidarity bond (5%) as well as the ability to purchase assets and scale businesses (9%). Around 25% respondents indicated moderate satisfaction, while the remainder cited the key causes of dissention to be the inadequate loan sizes and high turnaround time in processing their applications.

5.3 Financial awareness

In addition to profiling clients' demographics and financial needs, the survey also attempted to test the degree of recall on basic financial literacy concepts in order to assess the effectiveness of the trainings undertaken by the programme implementers. Overall, 91% of the respondents indicated that they have received financial awareness training from CARE/MCB. **Figure 4** below illustrates the level of financial awareness of the respondents related to products and services provided by Ugafode and on client protection aspects.

Figure 4: Financial awareness of respondents



The survey questions largely centered on respondents' awareness of the financial service providers operating in their vicinity, degree of recall on the various products offered by the FSP and the pricing structure followed by basic questions on client protection principles- perils of indebtedness, privacy of client data and complaint resolution mechanism adopted by the FSP. It is evident from the above analysis that respondents' showed moderate levels of awareness on the FSP's product suite, while most were well-versed with the client protection principles. This suggests that CARE's efforts have been successful in making VSLA members with low levels of literacy understand the importance of savings and other responsible finance concepts.

5.4 Expectations of the respondents

At the end of the survey, feedback related to interviewee's expectations from the FSP with regard to the provision of financial services (savings, credit, insurance, payments, etc.) as well as non-financial services in the form of trainings on financial literacy, livelihood development and women empowerment was solicited.

Broadly, the respondents were satisfied with the services provided by MCB. VSLAs linked with the MCB were happy to own a savings account as it provided them a secure place to store their deposits. Respondents were also hopeful that they would be earning interest on their savings account and be able to avail loans from the bank, which could be used for investing in their businesses thereby leading to improved economic well-being.

Respondents were unanimous in citing that the interest levied on loans should be minimum. Timely disbursements, short turnaround time, sufficient loan sizes as well as the availability of an elaborate bouquet of services offering credit for education, agriculture and other businesses were some of the expectations mentioned by respondents.

A few respondents who were familiar with the concept of insurance opined that a portfolio cover and health insurance facilities having simple processes and affordable premium would be highly beneficial. Doorstep services facilitated through the development of mobile financial services was also a commonly cited request.

Although VSLAs had received financial literacy training from CARE, requests for trainings on financial literacy, products offered by MCB, importance of saving, measures for increasing income, business planning, use of mobile financial services, managing money as well as livelihood development and entrepreneurship were some needs mentioned by both VSLAs as well as non-clients.

Non-clients commented that the FSP ought to focus on spreading know-how on its offering and setup mobile delivery as physical distances are lack of awareness of MCB's products were key factors deterring them from using the bank's services.

6 Recommendations

The mid-term evaluation has highlighted that the main challenges hindering performance are related to the sustainability of the business model, absence of an exit strategy, technological limitations, inadequate technical assistance provided to the FSP with regard to developing alternative delivery channels and coordination issues due to the geographic distance between the programme implementers. The following section proposes a set of recommendations that would help address the challenges and spur progress towards the MLE objectives.

The most critical factor impeding the programme's progress is the imbalance in the village agents' (VA) incentive structure resulting in a shortfall in the linkage targets. Even though MCB is cognizant of this challenge, budgetary constraints limit its ability to make necessary revisions. The village agents responsible for mobilizing and training groups and subsequently facilitating the linkages are currently remunerated by CARE and are apprehensive of the programme's sustenance, after the culmination of MLE. While some of CARE's previous linkage initiatives have worked due to a high degree of commitment showcased by the community trainers (CT), there is a strong possibility that the linkage activities might fizzle out due to the trainers' lack of motivation. Given that the programme activities are to end by December 2016, it is imperative for the partners to work together, solicit feedback from the franchisees and VAs and design an exit plan in a manner that empowers the community to take ownership of the activities and take it forward. It will also be worthwhile to involve VSLAs, assess their willingness to pay for the services rendered by the trainers and accordingly design and pilot a model which would subsidize some of the expenses incurred by village agents, while at the same time not burden the members.

A vital aspect of the CARE-MCB programme is related to the development of technology driven delivery channels which would help increase outreach, scale FSP's operations at an optimal cost and also convenience clients. However, on account of CARE's limited experience in agency banking and changes in the Access Africa team, the negotiations with Selcom on the development of an interoperable mobile platform has been temporarily halted leading to delays in meeting some of PBA deliverables and consequent deferral of funding. Given that the implementation of the mobile delivery channel is a critical component of the programme design, UNCDF may have to step in and provide the required technical support either directly or by identifying external consultants having the expertise to support the FSP. Furthermore, technology development is a complex and time consuming process often spiralling out of control on account of regulatory restrictions or inadequate estimation of the cost and scope of activities to be undertaken. Thus, it is important to factor in the risks and incorporate a contingency plan while designing the PBA.

While MCB's MIS-Banker's Realm Version IV is adequate to support the current level of operations, its limited capabilities to capture and report information on VSLAs will hinder scaling up of the linkage programme. Thus, liaising with the BoT and approaching donors and investors for supporting the investment in system upgrade is crucial for ensuring the programme's sustainability.

Although the VSLA methodology promoted by CARE gives ample emphasis on enhancing members' financial literacy levels, it was seen that members were reluctant to be linked with FSPs as they feared losing their deposits in the unfamiliar virtual channel. This highlights the need for more focused and intensive trainings on financial literacy and more importantly linkages, which could help allay members' apprehensions. Furthermore, MCB's efforts towards bringing financial services to the clients' doorstep through the provision of mobile financial services is also not likely to succeed unless members understand the advantages of this service, learn to trust the channel and are trained on using the platform. Developing marketing collateral, financial education modules and developing a simple, user friendly interface with visual icons are some of the measures which can be used to attract and train VSLAs in using the mobile platform for regular deposit and withdrawals.

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Country Report # 3

Ghana – implemented by CARE Ghana (TSP) & Fidelity Bank (FSP)

1 Introduction

The country report presents a summary of the macro-economic context and financial inclusion landscape in Ghana coupled with the findings from the onsite mission conducted by Micro-Credit Ratings International Ltd (M-CRIL) from 13th-23rd September 2015. Two programmes, namely CARE Ghana's partnership with Fidelity Bank focusing on savings group linkages and Opportunity International's support to help Sinapi Aba Trust transform from a non-deposit taking NGO to a Savings and Loan Company were evaluated during the visit. With regard to the CARE-Fidelity Bank programme, the team interacted with stakeholders in Accra and also visited in clients in Bolgatanga (Upper East district). The key stakeholders included:

- CARE Ghana as the Technical Service Provider & Fidelity Bank as the Financial Service Provider
- CARE's partner institution in Upper East District-ORGIIS, community volunteers
- VSLA members linked with Fidelity Bank
- UNCDF local office at Ghana
- Other stakeholders including Bank of Ghana, MTN (the mobile network operator), Ghana Microfinance Institutions Network (GHAMFIN), Ecobank, Ministry of Finance, UNDP and GIZ
- Skype interview was organized by Lauren Hendricks, Executive Director, CARE Access Africa

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Annex 5. The report commences with an overview of macro, meso and market level (Section 2) information in Ghana, followed by a brief programme description highlighting CARE Ghana's engagement with Fidelity Bank, the programme design and allocation of resources and finally concludes with a section on the main findings gathered through the focus group discussions and individual interviews with VLSA members followed by key recommendations.

2 National overview

2.1 Political context

Formerly known as Ivory Coast, Ghana is a low middle income country in West Africa surrounded by Côte d'Ivoire to the west, Burkina Faso to the north, Togo to the east, and the Atlantic Ocean to the south.

A multi-party democracy since 1990, the country has evolved into a stable and mature democracy. Till date, six competitive general elections have been held, resulting in two transfers of power between the ruling party and the main opposition party. Post a heavily contested election in 2013, the National Democratic Congress (NDC) led by President John Mahama was appointed to govern the country for a four-year term.[i] The country features among the Top 10 African countries in governance according to the Mo Ibrahim Index for 2014.

With its vibrant media and strong public dialogue, Ghana is rated to be free by the Freedom House[ii] and outperforms other Africa nations on measures of civil liberty, political rights and political stability[iii]. In 2015, Ghana was ranked 61 out of 175 countries on Transparency International's Corruption Index[iv] and is the 66th freest country (ranked 5 out of 47 Sub-Saharan African nations) on the Global Index of Economic Freedom[v] due to improvements in market openness, government spending and business freedom, which are undermined by institutional impediments in the form of inefficient protection of property rights, weak rule of law and corruption.

2.2 Macro-economic indicators

Home to 26.4 million people, Ghana is the second largest economy in West Africa and the twelfth largest in Sub-Saharan Africa (SSA). In 2014, the low middle income country's HDI score was 0.579 (ranked 140/188), thus placing it in the medium human development category.[vi]

Even though the country has been able to meet the Millennium Development Goal (MDG) target related to eradicating extreme hunger and poverty, four of its ten regions continue to lag behind on this indicator. According to the Ghana Statistical Services (GLSS 6), poverty rates, though high, declined significantly from 51.7% in 1991-92 to 24.2% in 2012-2013, while the proportion of people living in abject poverty declined from 16.5% in 2006 to 8.4% in 2013 and the number of people who cannot afford to feed themselves (2 900 calories adult equivalent per day) reduced by 39% from 3.6 million in 2006 to 2.2 million in 2013 due to enhanced agricultural productivity particularly for cocoa and livestock farmers and increased employment opportunities in the informal sector.

Despite these improvements, income inequality has been on the rise, widening from the Gini coefficient of 0.353 in 1992 to 0.428 in 2013 [World Bank, Country Partnership Strategy for Ghana; 2013-16].[vii] Moreover, significant spatial disparities and rising income inequality undermine the government's efforts to spur robust economic growth in the country. In addition, the country will not be able to meet the MDGs related to reversing the loss of environmental resources, reducing the proportion of people without access to improved sanitation, and achieving significant improvement in the lives of people living in slum areas.[viii]

Of the 10 regions in the country, Greater Accra, Western, Eastern, Central, Volta and Ashanti are economically more prosperous in comparison to Northern Savannah Ecological Zone comprising the northern parts of Brong-Ahafo and Volta and the Northern, Upper East, and Upper West regions. In order to bridge this divide, the Savannah Accelerated Development Programme (SADP) was launched in 2000 and further strengthened a decade later through the promulgation of an act of parliament. **Table 1** presents the key demographic and indicators of the Ghanaian economy.

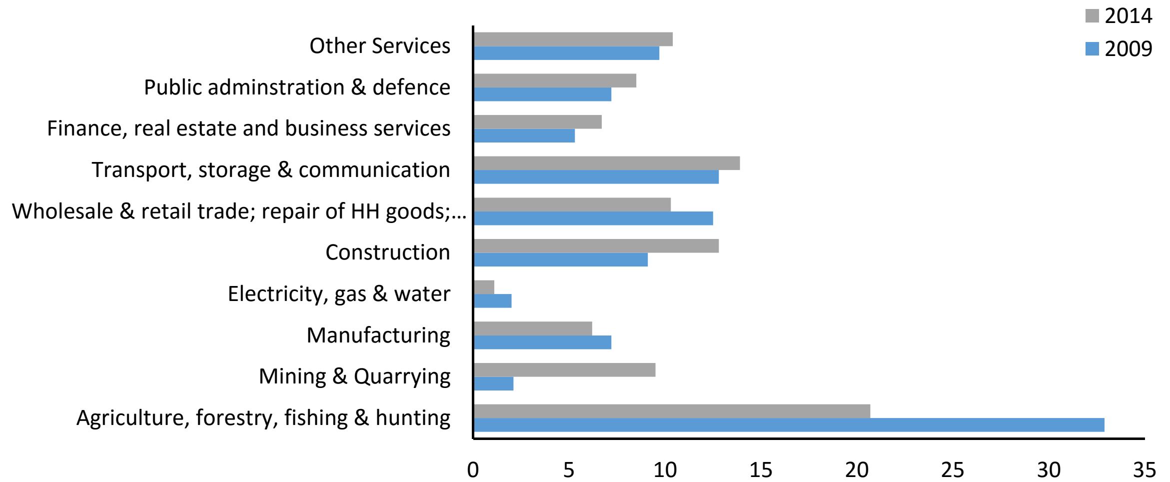
Table 1: Key demographic and economic indicators of Ghana

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	7.9	14.0	9.3	7.3	4.0
GNI per capita, Atlas method (current US$)*	1,260	1,410	1,570	1,606	1,638
Population growth (annual %)	2.5	2.5	2.4	2.4	2.4
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population)*	-	-	24.2	-	-
HDI (value)**	0.571	0.575	0.579	0.584	0.571
Inflation, consumer prices (annual %)*	30.8	26.0	23.6	23.2	22.4
Official exchange rate (local currency per US$, average)*	1.44	1.54	1.93	2.15	3.73

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Post prolonged periods of economic downturn immediately following independence in 1957, political stability and market based reforms resulted in boosting economic growth in during 1981-1990. The nation's GDP surged during 2001-11, with a record high of 15% growth in 2011 as oil production started at commercial volumes. The accelerating growth rates, however could not be sustained and dipped to 4.2% in 2014 and 3.4% in the following year on account of a major power crisis which was aggravated on account of reduced production from two major hydro-dams as a consequence of insufficient rainfall, rapid depreciation of the Ghanaian Cedi, closure of the country's leading gold mines and plummeting prices of major tradable commodities namely, gold and oil. The Ghanaian economy further contracted on account of being driven by capital accumulation, which require a high savings rate. Historically, however the savings rate in Ghana has been low and has further dipped on account of the rising inflation rates. Fiscal balances have also widened leading to a rise in inflation and significant depreciation of the currency reduced economic activity and have had an adverse impact on tax revenues and import volumes. Between January and September 2014, the Cedi depreciated by 31.2% against the US dollar, compared to a depreciation of 4.1% during the corresponding period in 2013. Debt levels, according to current estimates, had climbed to 67.1% of GDP by the end of December 2014 [African Economic Outlook, 2015]. According to the Association of Ghana Industries (AGI) report on the business barometer of September 2014, investor confidence sharply reduced between 2013 and 2014 and the country's ranking in the 2015 World Bank Doing Business Report fell by three places to 70th position out of 189 economies rated. In order to revive the country's economy, international agencies like the IMF and World Bank have extended debt support. **Figure 1** compares and presents the breakup of the contribution of the key sectors to the country's GDP.

FIgure 1: Sector wise contribution to GDP



Source: Ghana 2015, Africa Economic Outlook

The Ghana Shared Growth Development Agenda (GSGDA II) for 2014-17 aims to tackle issues related to growing socio-economic and spatial inequality through focused interventions in the areas of human development, productivity and employment creation, establishment of special development zones to reduce spatial disparities across regions. With regard to putting in place social protection systems, Ghana was one of the first sub-Saharan African countries to put in place a national health insurance (NHI) scheme for citizens. In order to address issues of inequality and eradicate poverty, the Ghanaian government has also launched initiatives such as the social cash transfer programme- Livelihood Empowerment against Poverty (LEAP), School Feeding Programme, Free School Uniforms and Exercise Book Programme, the Capitation Grant and Labour Intensive Public Works (LIPW).

2.3 Financial inclusion landscape

Ghana's Financial Inclusion Vision aspires to create "*a financial sector that is stable and efficient in the mobilization and allocation of funds, fully integrated with the global financial system and supported by a regulatory and supervisory system that promotes a high degree of confidence*".[ix]

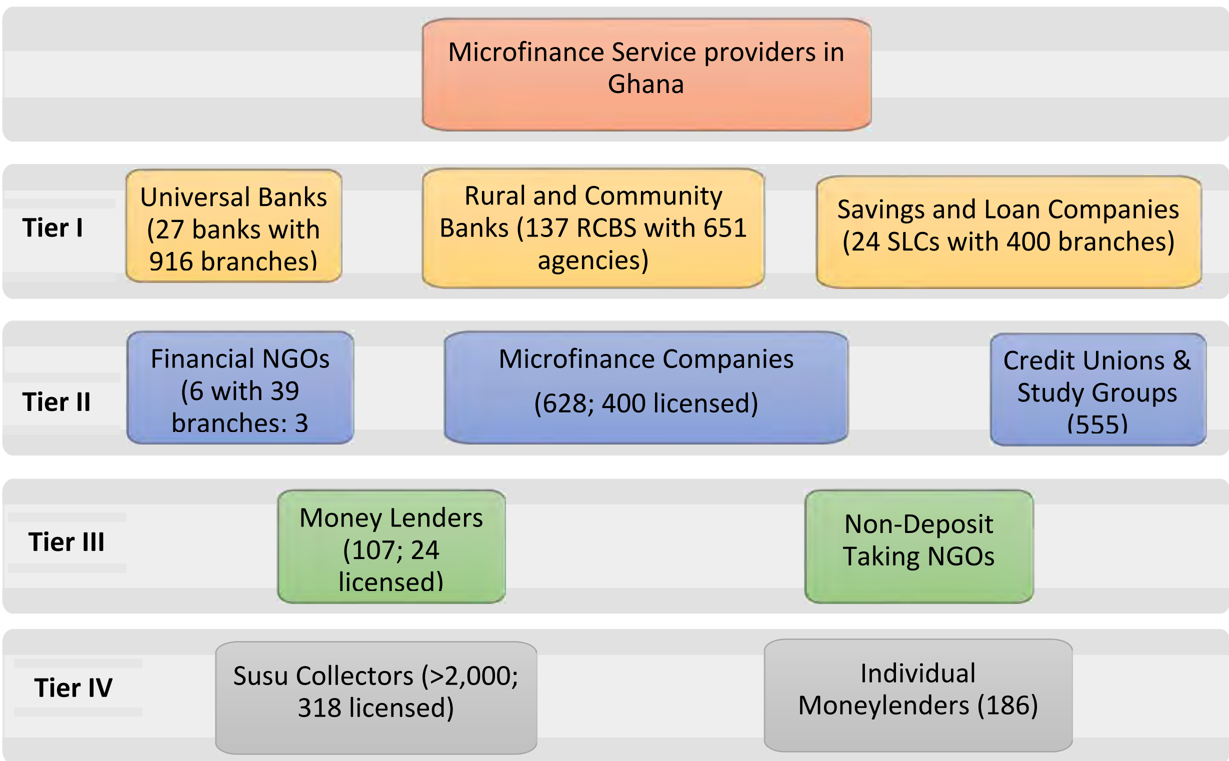
The Bank of Ghana, through its Banking Supervision Department (BSD) supervises all the universal banks; savings and loans companies; finance companies and leasing companies, while the Non-Banking Supervision Department governs the Rural and Community Banks (RCBs), Credit Unions and other microfinance institutions with the intent of facilitating the development of a robust and efficient financial sector that protects the interest of all stakeholders and also boosts economic growth aims to protect depositors' interests, ensure the solvency, liquidity and profitability of regulated FSPs by enforcing adherence to regulatory requirements, promote fair competition among FSPs and providing an efficient payment system in the country.

The banking and non-banking sectors are regulated by a series of legislations that focus on building a stable financial system, ensuring transparency and protection of client deposits. In July 2011, the Central Bank classified financial institutions under four tiers (refer to **Figure 2**) and stipulated norms related to minimum capital, business form, branch expansion and permissible activities. Despite having various categories of financial institutions spread across a four tier architecture, their roles are not well-differentiated leading to considerable overlap in the role played by different FSPs in Ghana's financial inclusion sector.

In order to promote the uptake the savings led financial services, the BoG issued licenses to operate deposit taking financial institutions to several players in the country. Alongside, several non-licensed entities also mushroomed. Given the large number of fully as well as provisionally licensed financial institutions, it was a challenge for the Central Bank to effectively supervise their operations or diligently verify the reported data, eventually leading to a microfinance crisis wherein several fly by night operators (Tier II and IIII institutions) fled with client deposits thereby tarnishing the reputation of the entire sector. Savings and loan companies and microfinance companies were the worst hit with clients withdrawing their savings and choosing to keep their deposits in commercial banks.

A three tier pension system driven by a state pension scheme as well as Tier II and Tier III institutions represented by individual custodians, corporate trustees, and pension fund managers as well as a National Insurance Commission (NIC) working towards developing and promoting the uptake and usage of micro-insurance products are some social protection systems that have been put in place. In addition, the government is also considering putting in place a Credit Union Bill coupled with microfinance and insurance laws.

Figure 2: Tier wise classification of financial Institutions in Ghana[x]



Additional measures to spur financial inclusion through branchless banking via agent networks and mobile financial services provided through E-transact (Nigeria based), TiGO, MTN and Airtel, provision of mobile based micro-insurance policies, electronic funds transfer system for commercial as well as rural banks, integration of ATMs and mobile platforms, three credit reference bureaus- XDS Data Ghana Limited, Hudson Price Data Solutions and Dun & Bradstreet Ghana along with the establishment of a collateral registry-the first of its kind in Africa, have gone a long way towards strengthening the sector. However, the Doing Business 2013 report, credit bureaus in Ghana have limited coverage and were sporadically used by the financial institutions in the country.

Having realized mobile financial services' potential to reach the financially underserved segment, the Bank of Ghana in September 2015 revised the regulations, which now permitted MNOs to setup financial institutions as wholly owned subsidiaries through which they could independently conduct payment transactions. The provision of credit, savings and insurance products through the mobile channel would continue through tie-ups with licensed financial institutions and hence provide a secure platform to consumers.[1]

The Central Bank also piloted an electronic platform E-Zwich for loading and spending of electronic cash by using a card and settlement of inter-bank and online transactions. Subsequently, E-Zwich ATMs were setup in all regions of the country and banks were mandated to start distributing the cards. However, given the development of other alternate development channels, the E-Zwich card has failed to gain the desired uptake.

Funding is another area of challenge that most Ghanaian microfinance providers have to contend with. Barring Rural Commercial Banks that receive funding through the Social Investment Fund (SIF) GIZ and DANIDA's SPEED Facility Fund, other providers struggle to raise adequate funds for subsequent on-lending. International agencies like the International Finance Corporation (IFC) and United Nations Development Programme (UNDP) as well as investors like Oikocredit and Triple Jump provide support to some financial institutions. The Ghanaian government, on its part, established the Microfinance and Small Loans Centre (MASLOC) for providing funding to private microfinance institutions. However, in the absence of a well-articulated strategy and implementation plan the agency has failed to be sustainable.

While efforts have been devoted towards building a differentiated financial system in the country, not much headway has been made with regard to developing a strong consumer protection regime. The government led National Strategy for Financial Literacy and Consumer Protection attempted to build financial capability of bankable adults through roadshows and trainings on various financial products during the Financial Literacy week celebrations, which saw the participation of industry wide stakeholders. GIZ's Responsible Finance (RF) project is another major initiative focusing on financial literacy, consumer protection and banking supervision and involves multiple stakeholders like the Ghana Microfinance Institutions Network (GHAMFIN) and other Apex bodies.

GHAMFIN, with the support of member associations like Ghana Association of Bankers (GAB), Ghana Insurance Association (GIA), Association of Rural Banks (ARB), Ghana Association of Savings and Loans Companies (GHASALC), Ghana Association of Microfinance Companies (GAMC), Credit Unions Association of Ghana (CUA); Association of Financial NGOs (ASSFIN), Ghana Association of Susu Collectors is working on developing an industry wide Code of Conduct focusing on client protection and other responsible finance measures. Though, Ghana does not have an independent ombudsman to facilitate complaint resolution between clients and financial services providers, the Bank of Ghana has setup an Investigation and Consumer Reporting Office (ICRO) within the Central Bank in order to protect the interest of those dealing with banks and NBFIs.

[1] Based on discussions with Eli Hini, Head Mobile Money, MTN Ghana and Mrs Elly Ohene-Adou, Head Financial Inclusion, Bank of Ghana.

Even though significant progress has been made with regard to building a conducive environment with a robust financial system architecture that provides a supportive and competitive platform for multiple providers to operate, these developments are largely concentrated in the southern regions of the country and serve only a small fragment of the population. Findings from the Finscope Survey on Access to Finance and Financial Literacy (2010)[xi], show that only 56% of Ghanaian adults avail financial services; of which 64% either save with a financial institution or put money away. Approximately, 25% of the population were estimated to have an account in a formal financial institution, while the proportion of adults saving with a formal financial institution or availing insurance facilities stood at 16% and 5%, respectively. **Table 2** presents a comparative picture of the key indicators related to financial inclusion in Ghana.

Table 2: Progress on financial inclusion indicators: Ghana/SSA

Indicators	SSA		Ghana	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	24.4	15.9
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	29.4	40.5
Male adults (%, age 15+)	26.7	--	31.8	--
Female adults (%, age 15+)	21.4	29.9	27.1	39.4
Adults living in rural areas (%, age 15+)	20.7	29.2	25.2	34.5
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	11.4	9.8
ATM is the main mode of withdrawal	51.7	53.8	24.3	19.9
Mobile accounts (%, age 15+)	--	11.5		13.0
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	16.8
Sent remittances via a mobile phone (% senders)	11.2	30.8	11.8	38.9
Received remittances via a financial institution (% recipients)	--	26.6	--	16.3
Received remittances via a mobile phone (% recipients)	14.5	27.6	6.5	34.3
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	16.1	18.6
Saved any money	40.2	59.6	36.6	55.3
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	5.8	8.1
Loan from family or friends in the past year	39.9	41.9		21.6
Loan from an informal private lender in the past year	5.4	4.7	3.4	4.3
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	11.8	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [xii, xiii]
* Population, age 15+ (millions); ^-- Data not available

3 Programme description

3.1 Programme design

<u>Background – application and selection process</u>

The initial application submitted by CARE Access Africa envisaged that CARE Ghana, with support from CARE Access Africa would help EcoBank Savings and Loan (EASL) target Village Savings and Loan Associations (VSLA), increase outreach in the remote hinterlands of North Ghana (Upper East, Upper West and Northern Region) and thereby foster financial inclusion in the financially excluded and underdeveloped regions of the country.

Pursuant to the submission of the proposal, the FSP opted out of the partnership and was substituted by Fidelity Bank. Despite being a relatively young bank which was granted universal banking license in 2003, the FSP was the seventh largest financial institution in the country. Further, it was the first financial institution in the country to attain agency banking license from the Bank of Ghana and had designed an innovative SMART Account product to increase outreach to economically disadvantaged segments not possessing adequate documentation conventionally required for opening bank accounts. The FSP's commitment to financial inclusion was further evinced through the establishment of a separate Financial Inclusion Department through which it aimed to reach 5 million people in 5 years.

CARE International, pioneer of the VSLA methodology has proven its expertise with the model operating in over 26 countries. In Ghana, CARE has formed over 1,200 VSLAs having 30,000 active members spread across the Northern Ghana, Ashanti, Brong Ahafo, Greater Accra and Eastern Regions. Additionally, in order to cost-effectively and sustainably reach out to the excluded segment, the TSP operates through a network of local NGO partners in Ghana adept in VSLA formation. Both CARE and Fidelity Bank had worked together on a VISA funded VSLA linkage programme, which was smaller in scale and concentrated in the Ashanti Region. Thus given that the scope and objective of the MicroLead Expansion (MLE) programme was well-aligned with both partners' commitment to advance financial inclusion in the country, the applicants were awarded grant funding to undertake the activities outlined in the Performance Based Agreement (PBA).

The submitted proposal stipulated that CARE would address both demand and supply side constraints that currently hinder financial inclusion in Ghana. On the supply side, CARE would support the FSP in developing new saving products that can be offered to Village Saving and Loan Associations (VSLA) in Ghana, particularly in Upper East, Upper West and Northern regions of northern Ghana followed by integrating the new products into its mainstream operations and train the FSP's staff in delivering the products to VSLAs. On the demand side, CARE will increase the outreach of VSLAs using local NGO partners, who would be trained to mobilize and train groups and build the capacity of matured VSLAs for subsequent linkages with the FSP.

<u>Project objective</u>

The outcome of the CARE-Fidelity Bank partnership was to provide access to financial services through VSLA formation to over 60,000 people completely excluded from the ambit of financial services and to facilitate access to formal financial services to around 50,000 members in rural Ghana. The key project outputs are:

- To financially include over 42,500 new VSLA members through 1,700 new VSLAs
- To provide financial literacy training to 2,900 VSLAs (72,500 VSLA members, including 30,000 existing members)
- To build capacity of Fidelity Bank Ghana through design of appropriate products, training staff on financial linkages and linking at least 30,000 VSLA members to Fidelity for access to formal financial services.
- To institutionalize the project, through the dissemination of results and lessons during annual reviews and workshops

Figure 3 highlights the programme's log-frame with key activities to be undertaken by the programme implementers in order to achieve the set milestones.

Figure 3: CARE-Fidelity Bank programme's log frame

Outcome: *Access to formal financial service (savings) to low income rural population of Ghana*

Outputs

Form new VSLAs (42,500 new members)	Financial literacy training (72,500 members); linkage(30,000 members)	Capacity Building of Fidelity Bank Staff	Institutionalization

Activities

Train new NGOs on VSLA formation Form 2,400 new VSLAs through existing new partners GPS mapping of VSLAs	Design training modules on financial linkage Train CARE staff on financial linkage Train local NGO partners on financial literacy and linkages Carry out financial literacy of 30,000 existing members and 60,000 new members through NGO partners Pilot and scale up linkages using local partners (link 15,000 accounts)*	Carry out financial need assessment of VSLAs. Develop and pilot appropriate financial products and delivery channels; explore developing mobile delivery channels Identify MNOs and agents for acting as bank agents in product delivery Develop operational manual and staff training modules for the product and processes; train staff on VSLA methodology Run pilot of financial linkage involving the FSP and local NGOs Scale up linkages	Design training modules on financial linkage for NGOs Train NGOs on VSLA financial literacy and linkages Pilot and scale linkages

Revised from 30,000 accounts post the PBA amendment signed on 10th December 2015 on account of challenges in connectivity and delays in agent network deployment in remote areas where VSLAs were being formed

Source: Application submitted by CARE Access Africa, 2012

The baseline figures and overall programme targets provided in the PBA is shown in **Table 3** below.

Table 3: Performance Targets stipulated in the amended PBA

	March 2014 (Actual)	December 2016 (Minimum)
Active Depositors (voluntary)	424,378	908,724
Active VSLA Depositors	-	13,500
% female active depositors	51	51
VSLA deposits (US$)	-	135,000
Total voluntary deposits (US$)*	554,013,174	852,019,467
Average Deposit Balance per saver (US$)	1,305	957
Average Deposit Balance per saver/GNI per capita (%)	81	58
OSS (%)	115	167
PAR 30 (%)	8.0	5.3

*On account of the depreciation of GHS, the deposit balance projected for the end-line is less than the baseline.

The detailed outreach targets for CARE Ghana is shown in Table 4.

Table 4: Performance targets for CARE Ghana

	March 2013 (Baseline)	December 2016 (Minimum)
Savings Parameters		
Number of active voluntary VSLA depositors (US$)	-	36,125
Number of active previously unbanked VSLA members	-	36,125
% Female voluntary depositors	-	66
% Rural voluntary depositors	-	64
Cumulative value of savings in VSLAs (loan fund)	146,250	1,228,250
Average savings balance per VSLA member	15	19
Average Deposit Balance per saver/GNI per capita (%)	2	Below 10
VSLA Parameters		
Initial pool of VSLAs created by CARE Ghana before MicroLead	1,200	-
Number of new VSLAs reached through MLE	-	1,445
Number of new members financially included through VSLAs	-	36,125
Total number of VSLAs reached through MLE	-	2,645
Number of VSLAs rated	-	2,465
Number of VSLAs that received financial literacy training	-	2,465
Number of VSLAs eligible for linkage	-	1,457
Number of linked VSLAs	-	1,020
Number of VSLA accounts linked with any of CARE's partner FSPs	-	816
Number of dormant VSLA accounts linked with any of CARE's partner FSPs	-	96

3.2 Role of programme implementers & plans

The key deliverables of the programme included VSLA needs assessment, VSLA formation, preparing training curriculum, training VSLA members on financial literacy and CARE staff on forming linkages, linking VSLAs with Fidelity Bank, development and implementation of new products and technology driven alternative delivery channels and associated manuals, identification and training of franchisees and community based trainers on products, financial literacy and linkage formation, conducting a regional event, MLE annual review and drafting and finalization of case studies. The key activities to be undertaken by the TSP and FSP are indicated in **Table 5**.

Table 5: Role of TSP and FSP

CARE Ghana	Fidelity Bank
• To identify and train new additional local NGOs on financial literacy and linkages. • To oversee formation and GPS mapping of VSLAs through NGOs. • To carry out VSLAs' formal financial services needs assessment. • To design financial products training modules on linkages along with the FSP.	• To provide inputs on product design and on finalizing the product delivery mechanism. • To participate in pilot testing on linkages as well as mobile technology platform. • To incorporate new product and methodologies • To train FSP staff on new products and methodologies.

CARE Ghana	Fidelity Bank
• To identify appropriate mobile technology/agent platform for delivering financial services. • To help the FSP integrate the product, processes and delivery platform within its operations and MIS. • Provide support in training of FSP staff on new product and methodology. • Pilot linkages involving FSP and local NGOs. • Facilitate linkages of VSLAs with the FSP • To regularly monitor the VSLAs linked and to track their performance through the MIS. • To monitor linkages developed by NGOs. • To report VSLA financial performance on the SAVIX platform for external sharing, dissemination and benchmarking.	• To train/support CARE in understanding banking processes • To increase outreach in underserved areas. • To provide financial services to VSLAs as per the agreed product and processes. • To share quarterly reports on linkage experiences, details of groups linked and financial transactions conducted with CARE • To report financial performance and MIS data on the MIX Market platform.

Local implementation partners and Community Volunteers: Other key stakeholders involved in implementing the project were the local implementation partners and community volunteers. Under MLE, CARE operates through six local NGOs having grassroots presence who are responsible for VSLA formation, training, providing support with linkages and also doubling up as the FSP's agents. The NGOs based in Upper East, Upper West and Northern regions are:

- Presbyterian Agricultural Station, Garu (PAS-Garu)
- Women Integrated Development Organization (WIDO)
- Partnership for Rural Development Action (PRUDA)
- Organization for Indigenous Learning and Sustainability (ORGIIS)
- Jaksally Youth Group (Jaksally)
- Sissalla Literacy and Development (SILDE)

Most of the partner NGOs have prior experience in VSLA mobilization and some are already working with these groups under various donor funded livelihood development programmes. Efforts have been made to integrate financial inclusion with livelihood support programmes in order to keep members motivated to actively participate thereby ensuring the sustainability of the VSLA approach. As per the process, CARE Ghana issues tenders, post which it shortlists applicants and conducts a thorough due diligence of their systems and capabilities and finally enters into a nine-month contract with the appointed local implementation partners wherein it provides for the staff salaries and a portion of the rent, electricity, fuel, safety boxes and other utility costs incurred by the NGO. The NGOs submit quarterly monitoring reports to CARE, which are supplanted by onsite visits by the TSP's Programme Officers based in North Ghana.

CARE also provides these NGOs with its Community Volunteer Policy, which acts as a guideline supporting the selection of motivated community members having a strong goodwill in the community. At the time of the evaluation team's visit, 95 CVs were working with the 6 implementation partners in the three abovementioned regions of Ghana. CARE Ghana follows a fee-for-service model wherein groups sign contracts with the CVs agreeing to the pay the latter for training on each of the eight modules on its VSLA methodology and financial education prepared by CARE.

3.3 Grant support & conditions

The performance based agreement, signed between the programme implementers and UNCDF in May 2014 is stipulated to culminate on 28th February 2017. In order to successfully execute the programme, the grantees were awarded funding of US$ 2,120,235; of which 93% of the budget was allocated to the TSP and the remainder to the FSP. However, due to the decrease in Fidelity Bank's linkage targets, the grant amount has also been reduced from US$ 200,000 to US$ 50,000. Post the amendment, the total grant funding sanctioned to both partners was revised to US$ 2,070,235. The budgetary allocation was jointly decided by both partners based on their experience in a similar savings group linkage programme funded by VISA. The key activities and conditions of the disbursement tranches is shown in **Table 6**.

Table 6: PBA conditions summarized (Amended Document)

#	Payment Date	Grantee		Key Activities	Changes introduced
		TSP (US$)	FSP (US$)		
1	April, 2014	400,000	50,000	Agreement Signed; Baseline data for Fidelity Bank retrieved from MIX Market Gold	No Change
2	November, 2014	300,000	27,500	Targets for September 30, 2014 met; linkage process finalized; new products and delivery mechanisms for SMART accounts developed	No Change
3	December, 2015	555,000	32,500	Targets for September 30, 2015 met; back-end platform reconciliation is operational; dissemination workshop held; performance dashboard developed by M2I Consulting	The disbursement scheduled for May 2015 was pushed to December 2015; Fidelity Bank's budget reduced from US$ 67,500 to 32,500 on account of reduced targets
4	July, 2016	516,954	30,000	Performance and outreach targets for June 30, 2016 met; dissemination workshop conducted by CARE; Social and Environment Management Systems (SEMS) Policy developed; quarterly reporting to SAVIX by CARE; case study topics validated by grantor; sample dashboard finalized;	Disbursement scheduled for May 2016 pushed to July 2016; budget increased for both TSP (from US$ 383, 477 to UA$ 516,954) and FSP (US$ 20,000 to US$ 30,000)

				Fidelity Bank becomes signatory to the Linking for Savings Charter	
6	February, 2017	153,281	10,000	Project completion targets for met; ;successful achievement of outreach and performance targets for December 31, 2016; project learnings documented in case studies; final regional learning workshop held; quarterly reporting to SAVIX by CARE; SEMS integrated into procedures	Disbursement scheduled for November 2016 pushed to February 2017; Fidelity's budget reduced from US$ 15,000 to US$ 10,000
Total		**1,920,235**	**150,000**		

On account of delays in meeting the linkage targets, launching a backend integration platform as well as preparation of a linkage training manual by Fidelity Bank and GPS mapping of agent networks, disbursements for 2015 were delayed. Realizing the challenges faced by the FSP in deploying agents in remote North Ghana and other connectivity related challenges, a PBA amendment was drawn up in December 2015 with reduced targets and grant funding for Fidelity Bank (refer to **Table 6**).

The following section summarizes the evaluation's team approach to the evaluation followed by a synopsis of the findings organized in accordance to the OECD/DAC criteria-relevance, efficiency, effectiveness, impact and sustainability along with a set of recommendations that can help improve the programme's performance at the end-term.

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MicroLead Expansion Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation which was to follow.

This was followed by a period of in-depth review of all programme literature shared by the PMU and drafting of the inception report containing the final Theory of Change and work schedule, elaborate Evaluation Matrix with questions, sub-questions and indicators which tested the programme's key hypotheses in accordance to the abovementioned OECD/DAC criteria, followed by the preparation of a data collection toolkit comprising Key Informant Interview (KII) questionnaires, household survey forms and Focus Group Discussion guides as well as a list of stakeholders to be interviewed and their role in the MLE programme.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized templates to each TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable. The FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Ghana was spread across 10 working days and undertaken by a two member team, The team, accompanied by representatives from CARE Ghana and Fidelity Bank also visited Tamale and Bolgatanga and interacted with the FSP's Agent and Merchant Officer, staff from CARE's implementation partner ORGIIS based in the Upper East region, Community Volunteers and agents and also trained the three enumerators on the household survey questionnaires and FGD templates, following which 75 VSLA members from Pindaa, Baloo, Kanchino and Nabiyo and villages were interviewed and 6 FGDs were conducted with four groups (approximately 10-12 members per group) comprising VSLA members linked with Fidelity Bank, while the other two FGDs were conducted with community members who were not associated with VSLAs. Findings from the interviews and FGDs have been elaborated further in **Section 5**.

4.2 Evaluation findings

This section stresses upon the programme design, achievements and lessons learnt from the CARE-Fidelity Bank programme focusing on savings group linkages in Ghana and is centered on the OECD/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability post the culmination of MLE and recommend appropriate remedial measures.

4.21 Relevance of programme design

The focus of the CARE-Fidelity Bank partnership was to increase outreach in remote underserved terrains of North Ghana through VSLA formation and financial literacy trainings and linkage of mature and interested groups with the FSP. **Table 7** drawing from the FinScope 2010 study depicts the high degree of financial exclusion in the predominantly rural belts of Northern, Upper East and Upper West regions of Ghana thereby explaining the geographic selection.

The programme also aimed to leverage technology to cost-effectively increase outreach and hence was well-synergized with MLE's objective of promoting sustainable savings led financial services through technology driven alternative delivery channels and supported by interventions to impart financial education to clients thereby enhancing their decision making capabilities.

Given CARE Ghana's previous experiences in VSLA linkage programmes, former collaboration with the FSP in a smaller scale VISA funded project in the Ashanti region as well as the fact that Fidelity Bank enjoyed the comparative advantage of being the only bank in the country to have an agency banking license (at the time of application), the choice of partners was also well-suited to meet the programme objectives.

Table 7: Proportion of adult population having financial access

Regions	Have/use bank products	Have/use other formal products (non-bank)	Have/use informal products only	Have/use no financial product
Greater Accra	47.9%	9.7%	12.4%	30.1%
Ashanti	36.2%	8.9%	14.3%	40.7%
Western	36.8%	6.0%	13.2%	44.0%
Central	35.5%	2.5%	17.8%	44.2%
Eastern	37.1%	6.4%	12.4%	44.2$
Upper East	26.0%	3.6%	24.7%	45.7%
Brong Ahafo	28.1%	7.2%	16.5%	48.2%
Northern	17.3%	7.1%	22.6%	53.0%
Upper west	16.1%	2.9%	21.6%	59.5%
Volta	23.2%	3.1%	10.5%	63.2%
Total	**33.9%**	**6.8%**	**15.3%**	**44.0%**

Source: FinScope Ghana, 2010

Despite both partners' interest towards advancing financial inclusion in the country, significant challenges related to choice of technology and ground level implementation hindered the programme's progress. Though CARE has been successful in forming savings groups with 641 VSLAs having 16,700 members formed by the end of June 2015[2], the project is far from meeting its bank linkage targets. Fidelity Bank managed to open 3,185 accounts, which include group accounts for VSLAs as well as individual accounts for VSLA members; however, the total deposit balance mobilized since the inception of MLE is only GHS 54,525 (US$ 13,600) [TSP FSP Reporting for Q2 2015] vis a' vis a minimum target of US$ 48,633 and proposed target of US$ 85,535 [PBA signed between CARE Ghana, Fidelity Bank and UNCDF]. The shortfall in meeting the targets was exacerbated due to the temporary shortage of SMART cards which halted disbursement for two quarters and also delayed the disbursement of the tranches scheduled for 2015.

Even though Fidelity Bank had worked on small-scale savings group linkage projects in the past, possessed an agency banking license and was keen to increasing outreach in peri-urban and rural areas, it was a predominantly urban bank having very little presence in remote North Ghana and did not possess the requisite knowhow on the VSLA methodology. Neither were attempts made to gain the requisite expertise thus pointing to a lack ownership, which reduces the salience of an otherwise relevant programme.

Given that the programme was targeting low income households in remote areas, usage of technology driven delivery channels was a prudent choice for cost-effectively reaching out to these segments. However, greater attention ought to have been paid towards choosing the appropriate solution. The card-based technology which was eventually deployed proved expensive and lacked interoperability. Regulatory changes demanded that the FSP switch from the mag strip cards to a pin and chip based solution, which had to be imported and ended up delaying disbursements for two quarters. Connectivity challenges, limited agent network, unattractive agent commission structure, issues in managing liquidity and connectivity failures in rural areas significantly impeded the effectiveness of the alternate delivery channels.

The application containing the project's scope, operating regions and budget allocation was prepared by the TSP, in alignment with CARE's mission to work in the remotest pockets of the country and Fidelity Bank was substituted as FSP after EcoBank Savings and Loan opted out of the project just

[2] Some of these groups were carried over from a previous CARE initiative-Banking on Change

before the PBA was signed. The lack of collaboration between the two programme implementers at the time of proposal formulation was one of the factors that hindered the programme's success. During discussions with the evaluation team, the bank's management opined that on hindsight it would have been better to operate in peri-urban areas on a commercially viable manner and gain expertise on the VSLA model, prior to expanding its operations in the thinly dispersed northern terrains of the country.

The FSP was allocated only 9.4% of the total budget of US$ 2.1 million leading to lower ownership. While the TSP was able to make use of its vast experience in forming VSLAs throughout SSA and expected the FSP to link groups and establish a robust agency banking network, technology and human resource constraints limited the FSP's abilities to meet the stipulated targets.

Even though the FSP's senior management and representatives from the financial inclusion team expressed a desire to downscale and reach out to low-income clients, adequate investment in manpower, technology upgrade and capacity building has not been made. Initial investments made by the TSP in building a mini CBS titled Eclectics proved futile once the limited capabilities of the system was realized. The TSP has also worked on developing financial education modules and has conducted two rounds of training on the VSLA methodology and financial linkages for all implementation partners and Community Volunteers. While CARE's VSLA methodology is centered on financially empowering poor women, the FSP currently does not have the capabilities or policies to monitor progress on gender specific targets. The FSP's mini-MIS Eclectics did not have any reporting features; as a result of which data had to be manually extracted by the FSP. However, with the Financial Inclusion Department transitioning to the bank's main CBS-Flexcube, it is likely that reporting challenges will soon be addressed. Fidelity Bank, on its part had customized the Fidelity SMART Account product and developed a VSLA SMART Account product specifically catering to low income VSLA members in North Ghana, which was to be devoid of all charges. The partners are yet to start developing credit products integrate CPP in their policies and codifying their experiences from the programme.

In spite of the glitches, both partners continue to be focused on the programme outcomes and are working towards mapping GPS locations where agents are present and active and the interventions are likely to be successful, post which efforts will be made to scale the programme in such regions. In addition, the TSP has also negotiated agreements with two more FSPs (GN Bank and Sinapi Aba Savings and Loan) for taking the linkage activities forward in regions where Fidelity Bank is not present or is finding it challenging to make much headway.

4.22 Efficiency of programme management

A standardized and rigorous grantee selection process involving a detailed review of the applications followed by due diligence missions conducted by external consultants and concluding post a thorough scrutiny by the Investment Committee (IC) was followed under MLE. However, given that the FSP was substituted when the agreement was close to being finalized, a repeat due diligence mission was not conducted. IC, however met and engaged in a detailed discussion and aptly acknowledged the value-addition of the MLE investment, without which, the FSP was unlikely to venture north and target financially underserved VSLAs. It also raised critical questions on the delivery channels, viability of savings group linkages post MLE, scope for future replication by other interested FSPs and possible learning opportunities. However, in the absence of an onsite mission to the FSP, several critical factors including the organization structure and capability of the FSP to execute what it had set out to do, appropriateness of the chosen technologies and ready availability of an expansive network of SMART agents for enrolling VSLA members would have been detected and possibly addressed sooner. However, having realized that technology limitations severely constrained the programme's performance, the FSP had started migrating the VSLA accounts to its core CBS-Flexcube and was piloting a mobile platform Mistral which could be directly integrated with Flexcube. Programme coordination has also improved with both partners focusing on areas having high demand and a sizeable and active agent network in place.

The MLE programme in Ghana is currently being managed by a Programme Specialist based in Accra with support from the MLE Programme Manager working out of New York. Given that the Programme Specialist is responsible for supervising six partnerships, frequent monitoring visits may be difficult. Nonetheless, quarterly review meetings and yearly visits are conducted; the last one being in April 2015, quarterly performance reports shared by the partners are closely reviewed and daily follow-up calls and emails are exchanged. The programme implementers as well as other stakeholders indirectly associated with the MLE programme acknowledged and appreciated the support provided by UNCDF.

The targets set by the PBA are applicable for the entire bank and not just for the Financial Inclusion Department that was implementing the programme, which includes institutional and high balance accounts. By the end of 2014, the total depositors for the bank were 618,532 (deposit balance of US$ 296 million) as against the target of 2,423,500 depositors (deposit balance of US$ 577 million).

As mentioned previously, the scope of the programme and resource allocation plan was decided by CARE Ghana based on CARE and Fidelity Bank's former experience in a VISA funded savings group linkage programme. However, the programme was smaller in scale and entailed the linkage of 8 VSLAs located in Ashanti region; one of the country's most populous and well-developed regions. On the other hand, the MLE project in Ghana focused on linking over 15,000 VSLA accounts in the underdeveloped and sparsely populated regions of North Ghana. Despite the high cost of technology coupled with the challenges of operating in thinly dispersed remote rural locations, the division of budget was highly skewed with ~93% of the grant being awarded to the TSP (refer to **Table 8** for detailed breakup); the key expectation being that as one of the country's largest private sector banks, Fidelity Bank would be able to mobilize the requisite resources required to implement the programme and the MLE grant would be used to catalyzing a shift in institutional mindset, staff capacity building and training of the bank's agents. However, the skewed budget and TSP led project plan resulted in lesser ownership on the part of the FSP who was unwilling to commit sufficient resources for executing the programme.

Table 8: Breakdown of the CARE Ghana-Fidelity Bank Budget

Component	Cost (US$)
Direct Costs	
Staffing and Human Resources	626,017
Knowledge Management & Partner Training	451,285
Agent Training Costs	219,060
Travel	149,186
Equipment and Supplies	137,800
Local Office/Activities	61,257
Indirect Costs	
Administrative Overheads	275,631
Total	**2,120,235**

Source: MLE IC report for CARE Ghana-Fidelity Bank

Disruptions in programme implementation brought on due to a temporary halt in linkage activities on account of the shortage of the swipe cards (which replaced the PIN and chip based cards), client dissatisfaction on account of not being able to transact at the agent locations due to faulty PoS machines and agents' inability to activate the SMART cards and link clients with the MTN balance, loss of VSLA account balances during migration which impacted the TSP's reputation and lack of transparency on the technology limitations as well as CARE's inability to revise the proposal in accordance to the FSP's capabilities, customize its operating model and provide better support to the FSP adversely impacted relations between the partners. Further, all decisions concerning the Financial Inclusion Department were approved by a centralized team comprising the bank's senior management and hence often took undue time and compounded challenges. Linkage activities started again in Q2 2015 after 10,000 swipe cards were imported. Since then, relations between the partners have improved and both are working together to resolve the roadblocks to meet the programme goals.

The CARE-Fidelity Bank programme in Ghana attained a leverage of 2% on account of the implementation challenges mentioned above. Despite being a large bank with an independent financial inclusion department, the bank is yet to coin a definition for financial inclusion or clearly identify its target segment. Consequently, there existed significant overlap between the clients of the financial inclusion department and the mainstream banking divisions, which was practically impossible to detect on account of the disintegrated mini-CBS, which was not linked with that of the main bank. The inflexibility of the system also makes it difficult to track and report the volume of low balance deposits gleaned. As a result, the TSP also feels constrained by the inadequate and inconsistent reporting by Fidelity Bank. In addition, technical glitches arising when the Fidelity SMART accounts were transitioned to VSLA SMART accounts resulted in several clients' account balances not being migrated. The FSP, however, has tried to sort out the issue and has recovered the data of almost 80% of the accounts.

Ground level activities are monitored by CARE's Programme Officers (PO) stationed in each of the three regions. The POs try to visit the implementing agencies as well as groups at least once or twice a quarter and also accompany the FSP's Agent Officer during the linkage activities. As per the process, implementation partners share information with the regional project offices every quarter, which are subsequently verified by the MIS Officer and uploaded on SAVIX. While the TSP did not face any challenges in meeting the grantee reporting requirements, the FSP struggles to pull out correct information on the VSLA linkage activities due to the limited capabilities of the Financial Inclusion Department's MIS. Consequently, all data has to be manually gathered resulting in delayed and often inaccurate reporting. However, being aware of the challenges posed by the mini-CBS, the FSP has started migrating the VSLA accounts to the bank's primary CBS-Flexcube and has developed an encrypted SMS based platform-Mistral for facilitating seamless transactions at the agent cashpoint.
Given that the knowledge management targets are due only at the programme's end-term, not much progress has been achieved on this front yet. However, as stipulated in the PBA, CARE Ghana organized a dissemination workshop in Q3 2015, which was attended by various regional stakeholders in the financial inclusion space. Both grantees have also participated actively in the annual MLE workshops and have also attended a Savings Group workshop organized by the SEEP Network in November 2015 in Zambia.

4.23 Effectiveness of organizational changes

Besides impacting the economic well-being of financially underserved households, the MLE programme also held tremendous learning potential for the FSP, Fidelity Bank. **Figure 2** showing the key programme outputs highlights that staff capacity building and institutionalization of the programme were two core components to be covered under the MLE grant.

One of the primary activities conducted prior to venturing into hitherto untapped areas or launching new products/services entails a thorough demand and needs assessment exercise followed by mapping of existing competitors and their offerings. However, prior to its engagement with VSLAs in North Ghana, Fidelity Bank had not conducted any market research and relied solely on CARE's experiences and expertise from previous savings group linkage projects for guidance. A rigorous market assessment exercise led by Fidelity Bank would have been immensely useful and helped the FSP develop a better understanding of VSLAs and their financial needs leading to suitable product and channel design.

From the innovation standpoint, well-before the MLE investment came about, Fidelity bank had realized that a major challenge hindering low income households' access to formal financial services was the absence of necessary identity proofs and other documentation requirements. Thus, with approval from the Bank of Ghana (BoG), the FSP developed the SMART savings account, which required clients to submit only a copy of their National ID and get enrolled within a span of five minutes. Under MLE, the product was further modified leading to the development of the charge-free VSLA SMART account. Further, both group as well as individual accounts were opened for the VSLA members linked with the bank.

In order to cost-effectively reach out to VSLAs located in remote and thinly dispersed pockets of North Ghana, Fidelity Bank with support from CARE Access Africa proposed to develop technology enabled alternate delivery channels. Being the only bank in the country (at the time of application) to own the requisite agency banking license, the FSP had the capabilities to build a network of SMART Agents. However, BoG requirements regarding agent requirement, sparse population density and unattractive incentive structure made it difficult to attract sufficient number of agents and currently operations in North Ghana were being managed through a network of 29 agents. Challenges were further compounded on account of the inadequate number of PoS machines given to the agents; many of which were later found to be unsuitable for rural conditions. From the FSP's perspective, the cost of the devices (each machine cost approximately US$ 500) far exceeded the returns gained through VSLA transactions; the average transaction volume being very low.

The FSP also collaborated with MTN in 2013, the country's leading MNO to develop a mobile wallet through which clients could directly conduct their transactions, free of cost. Unfortunately, this channel was linked with the SMART account and could not be operated without the SMART card, which prevented recently linked clients from using the channel when there was a paucity in the number of cards. Also, client interactions suggest that most clients were unaware of the availability of mobile money services and did not know how money could be moved to and from their wallet.

Having realized the high cost of importing the SMART cards and other usage related challenges, the FSP has piloted a secure, SMS based application-Mistral, which was to be launched by the end of 2016. However, the success of the application will depend upon the creation of a robust and expansive agency network and its perceived convenience. Also, given that majority of the VSLAs have low literacy levels (refer to **Section 5.1** for detailed client profile) and could possibly find it difficult to comprehend and use the channel, an interface having visual icons is being developed. Technology is another area of concern that has been a major cost head for the FSP and has severely impeded the programme's progress. On realizing the criticality of the technology platform, the FSP has started migrating the VSLA accounts to the bank's main CBS-FlexCube and will also link Mistral with it. The transition to FlexCube should also improve the FSP's abilities to monitor and report the programme's progress.

Fidelity Bank has also received technical assistance from GIZ on developing the PoS systems, marketing and promotion of the bank's offerings and is developing financial literacy modules to be used for training of trainers in the southern parts of the country as well as SMART Agents on concepts related to savings, credit, micro-insurance, agency banking, usage of ATMS, budgeting and financial planning. Even though both partners have endorsed the Client Protection Principles, work on integrating the same and training staff on the principles is yet to begin. Having realized that the financial linkage trainings are not as effective as envisaged, the TSP planned to conduct refreshers for the partner NGOs and Community Volunteers (CV). The TSP has also opted to conduct the financial linkage trainings after clients are linked with the FSP in the hope that actual application with catalyze better recall.

Even though the MLE programme has not resulted in any institutional changes like increased representation of women in Board and senior management positions, the bank's management is beginning to acknowledge that low balance savings will play a key role in the FSP's long term strategy and help differentiate it from competitors. **Table 9** depicts the programme's progress with regard to outreach specific indicators.

Table 9: Progress on outreach indicators achieved during MLE

TSP (CARE)	March 2015 Targets		March	June	September
VSLA Parameters	**Minimum**	**Proposed**	**Actual**	**Actual**	**Actual**
Initial Pool of VSLA created before MLE	1,200	1,200	446	547	821
Number of new VSLAs created under MLE	216	288	448	641	804
Number of new VSLAs members	5,391	7,188	11,610	16,025	20,100
Total number of VSLAs reached through MLE & have received fin-literacy training	1,416	1,488	894	1,188	1,625
Number of VSLAs rated	299	398	370	457	820
Number of VSLAs eligible for linkage	299	398	312	330	820
Number of linked VSLAs	249	332	179	179	254

Source: MLE MCF Reporting for Q3 2015

4.24 Effectiveness – market demonstration and up-scaling

Despite the implementation changes, the MLE programme in Ghana has garnered the attention of industry wide stakeholders and several agencies are keen to replicate the partners' work in other parts of the country. Further, two FSPs-GN Bank and Sinapi Aba Savings and Loan Company (SASL) have entered into agreements with CARE Ghana to work on similar savings group linkages in the initially delineated areas of North Ghana and thereby makeup for the deficit caused by Fidelity Bank's reduced targets.. Also, post the revision in the BoG guidelines which now permit MNOs to setup subsidiaries for conducting remittance and payment transactions, Fidelity Bank's partner MNO, MTN Mobile Money has also approached the TSP for opening savings account embedded with the mobile wallet. CARE Ghana was expected to sign MoUs with these agencies by late 2015 and it is expected that linkage activities would begin from early 2016 in areas where Fidelity Agents are not present. Fidelity Bank, on its part is also engaging with other international agencies like Plan International for scaling its work on savings group linkages and thereby fulfilling its 5 by 5 mission in the various regions where the bank has an active agent network in place.

The FSP was the first Ghanaian bank to receive an agency banking license, post which, other banks have also been given the license to setup agent networks. However, the Central Bank disillusioned by the efforts of the various financial institutions in the country has recently revised the agency banking guidelines thereby bringing MNOs to the fore. Discussions with various stakeholders in the financial inclusion space[3], suggest that mobile financial services are undoubtedly well-suited to cost effectively further financial inclusion in Ghana as even poor and illiterate people actively use mobile phones and will be able to conveniently access and benefit from transacting via mobile wallets at a far lower cost. Fidelity SMART Account having minimum documentation requirements is likely to play a significant role in increasing the bank's outreach. The success of the SMART Accounts may encourage the Central Bank to give similar leeway to other FSPs keen to bring the economically underserved under the ambit

[3] Stakeholders include the Bank of Ghana, Ministry of Finance and Economic Planning, GIZ, GHAMFIN, UNDP and MTN

of formal financial services. Further, on realizing the difficulties in identifying prospective agents having a brick and mortar shop along with proper business license in remote villages of North Ghana, the FSP approached the BoG for exemption on this requirement for business license in rural areas, which was subsequently approved. Another challenge with regard to appointing agents in rural areas was related to that fact that most business owners did not have sufficient cash flows to maintain the BoG stipulated minimum daily float balance of GHS 1,000 (US$ 25). In this regard too, the BoG has given latitude to the FSP by reducing the limit to GHS 500 (US$ 12.5) per day and is likely to give similar considerations to other interested parties.

In line with the PBA milestones, CARE Ghana organized a dissemination workshop in August 2015 which was attended by a wide range of stakeholders from various FSPs, Bank of Ghana, Ministry of Finance and Economic Planning and the six implementation partners of the TSP. In addition, representatives from the TSP has participated in webinars and workshops on savings group linkages organized by UNCDF thereby spreading awareness on the MLE experience, lessons learnt and milestones achieved.

4.25 Likely impact

Given that the programme is only at its mid-term, it will be premature to draw conclusions on its overall impact on the socio-economic wellbeing of VSLA clients. Instead, this section attempts to summarize the programme's achievements and pitfalls till date, and assess their impact primarily at the organization as well as client level.

As a part of the MLE programme, the FSP had opened group as well as individual savings account for VSLA members across three regions in North Ghana. VSLAs in these regions were keen to be linked with a formal financial institution on account of recent robberies of the safety deposit box in a few pockets. Despite opening the accounts, usage was rare and dormancy rates were high on account of connectivity failures, unavailability of agents or agent's inability to transact due to the PoS machines being faulty or insufficient liquidity. Liquidity constraint is probably the most critical factors that the programme has failed to address. It is seen that during share-out, the liquidity requirements of the groups far exceeded the maximum amount available with the agents. More importantly, regulations allow clients to withdraw only up to GHS 1,000 (US$ 25) from agents. In order to circumvent this challenge, Fidelity Bank having far higher liquidity allowances sends its Agent Officer to visit groups on the day of share-out with a PoS machine to facilitate the transactions.

Also, Fidelity Bank had entered the project when several groups had matured significantly and held up to 20,000 GHS in their safety boxes. This amount was far beyond what the agent could service and the only option left for clients was to travel to the bank to deposit the money (which had safety implications). Thus Fidelity now wants to link groups at the beginning of their cycle, well before they start saving in their boxes in order to give clients a safe place to save throughout the cycle.

Agent commission structure was another point of contention. At the time of the visit, agents were being paid a commission amounting of 1% of the each deposit transactions and 0.2 pesewas (flat) for each withdrawal. Though VSLAs were informed that the transactions would not be charged, withdrawal fee was levied on both SMART as well as VSLA account holders. In order to incentivize agents, Fidelity revised its incentive structure wherein agents would be paid 0.65% of the deposit value for deposits and the withdrawal fee has been increased to 0.35 pesewas for all clients. The two-fold objective behind this change was to incentivize agents and improve the bank's profitability owing to which the % paid by the bank as commission for deposits has been reduced. Consequently, the group accounts are yet to be used and individual accounts too are used sporadically by few clients.

As per the FSP's process, groups are given a SMART card along with a six digit PIN which is to be split across the three signatories to keep the group savings secure. However, given the low literacy levels of the group members, the PIN is usually split by the implementation partners or CARE Ghana's regional staff thus compromising the account's security. Further, while migrating member accounts the savings balances of several members were found untraceable leading to client dissatisfaction and also adversely affecting the FSP's reputation within the community, which was an unintended fallout of the processes developed by the programme implementers. However, the FSP was working towards resolving this issue and had succeeded in retrieving the savings balances of majority of the VSLA members at the time of M-CRIL's onsite mission.

With regard to financial education initiatives, CARE Ghana, through partner NGOs and CVs had conducted financial literacy trainings for clients, which was corroborated by 91% of the sample client that the M-CRIL team interacted with (refer to **Section 5.3** for detailed survey findings). VLSA members surveyed by the evaluation team showcased high levels of awareness on how to increase savings as well as the perils of over-indebtedness and moderate recall on the other client protection principles.
As discussed in the previous sections, the MLE programme in Ghana has led to favourable relaxations in the BoG guidelines related to agents' owning a business license as well as minimum float requirements for rural agents and has also encouraged other FSPs and MNOs to express interest on embarking on similar initiatives, while the FSP too is keen to scale the programme in different regions of the country where it has an active agent network through tie-ups with other TSPs.

4.26 Sustainability

Being the seventh largest bank in Ghana with a total savings balance of US$ 500 million (in 2014), the negligible deposit balance of US$ 13,600 (June 2015) acquired through VSLA linkages over the course of the MLE programme had limited impact on the bank's growth and sustainability. **Table 10** compares the key financial performance indicators and highlights an improvement in the FSP's overall financial performance.

Table 10: Key Financial Performance Indicators

KPIs	Baseline Q3 (Dec) 2013	Q 4 (Dec) 2014	Q2 (Jun) 2015
PAR 30 (%)	12.0	7.0	5.3
RoA (%)	1.0	5.0	4.7
OSS (%)	95.0	136.0	128.8*
OER (%)	NA	10.0	10.2
Cost per client (US$)	NA	146.0	NA
Capital to assets ratio (%)	NA	13.0	12.3

* OSS data for Q2 2015 not being available, the Q1 figure has been quoted
Source: MLE MCF KPI Reporting for Q2 2015

Fidelity Bank is cognizant of the fact that it needs to incur significant capital and operational expenses in order to sustainably expand operations in the thinly dispersed terrains of North Ghana. Despite being a large bank with sufficient resources, it did not allocate adequate staff, resources (vehicles) or funds for meeting the project objectives and was reliant on the TSP for visiting the groups at most once every month and linking groups on a batch mode. With regard to implementing the MLE programme, the FSP had assumed a passive role and depended upon CARE Ghana and its partner NGOs for support. Also, CARE's local implementation partners having frequent and close interaction with the communities were also provided with PoS machines and acted as the bank's agent, thereby subsidizing the FSP's costs. The FSP is yet to develop a good understanding of VSLA operations or design a sustainable business model for working with savings groups cost-effectively.

On the product development front, only one voluntary savings product - VSLA SMART Account is currently being offered to VSLAs linked under MLE. Even though VSLAs were keen to be linked with a formal financial institution in order to keep their savings secure, most of the accounts are dormant and clients are aggrieved about the lack of transparency related to the charges levied on the account. The FSP also plans to launch credit and investment products for VSLAs once the challenges surrounding the group and individual savings products are resolved and the bank develops a better understanding of the creditworthiness of its low income clients. Also, limited attempts to strengthen the FSP's management and institutional capacities as well as technological constraints hindered the scaling of the programme.

The paltry commissions given to agents is another critical factor impeding the programme's progress. As per the initial design, the VSLA accounts were not to be charged and hence deterred agents from facilitating transactions. However, client interactions revealed that a nominal fee was charged on withdrawals. Further, in order to incentivize agents and improve the bank's profitability the agent commission has been upward revised and VSLAs will now have to pay a higher fee for withdrawals. In this regard, it is imperative to focus on building client awareness on the pricing structure, being transparent in communication and also conduct a thorough research to determine the services on which tariff can be levied.

Another critical lever determining the success and sustainability of the VSLA linkage programme is the degree of motivation and understanding of the partner institutions and CVs that are responsible for ground level implementation. While CARE enters into an agreement with the partner NGOs and remunerates them for the cost of staffing, fuel and a portion of the utilities, the evaluation team was informed that it was often insufficient for covering the programme expenses. On the other hand, partner NGOs are responsible for appointing a team of CVs who are to be remunerated by the groups for conducting the eight module financial literacy training. It was seen that some CVs did not have a sound understanding of the concepts outlined in CARE's training manual and were not highly motivated to play the role of volunteer. Also, during the onsite mission the evaluation team discovered that the CVs are yet to be paid; the primary reasons being that several groups are used to donor endowments and hence are reluctant to pay, while on the other hand CVs often find it hard to take fees from groups where their relatives are members. This has led to a dip in the morale of some CVs. A major policy revision having the potential to disrupt the sustainability of the FSP's work with VSLAs is related to the BoG permitting MNOs to directly provide agency banking services. Given that mobile phones are being used throughout the country and the rising uptake of mobile financial services, further catalysed by aggressive promotions and marketing campaigns by telcos, it is likely that MNOs, providing inexpensive and convenient services, will soon start playing a prominent role in the country's financial inclusion landscape.

5 Client survey findings

As mentioned in **Section 4.1**, the evaluation team spent two days conducting 75 individual interviews and 4 FGDs with VSLAs linked with Fidelity Bank in Kayoro and Pindaa villages in Paga (Upper East Region). In addition, the team also conducted FGDs with non-client groups from the above villages. The following sections summarize the clients' demographic profile, financial behaviour and level of financial awareness followed by their feedback on the financial and non-financial services provided by the FSP.

5.1 Profile of clients

The socio-economic profile of the interviewed clients are summarized hereunder.

- The 75 VSLA members surveyed hailed from rural areas; 96% of the respondents were female.
- Majority (68%) were not literate, 17% had studied up to primary school; the remainder had completed higher education.
- 88% respondents were married; 54% belonged to joint families with an average household size of 7 members. Each household had approximately three working members who were predominantly adults. No variation was noted with regard to male and female workforce participation rates.
- Majority (91%) were engaged in agriculture & related activities for subsistence, about 6% were self-employed in norm-farm activities while only 3% were salaried**.**
- All respondents lived in owned premises. 92% of the houses were made to mud/wood/grass while the flooring was made of earth or concrete. No houses were equipped with sanitation facilities.
- Firewood was the commonly used (88%) cooking medium, followed by kerosene (11%) and gas (1%).
- Given that agriculture was the predominant source of livelihood, all respondents owned farm land, while 12% also owned leased land; the average landholding size being 3.9 acres.
- PPI questions were also incorporated in the survey questionnaire to assess the poverty status of the respondents. It is seen that 11% of the VSLA members interviewed lived below US$ 1.25 per day, while 42% lived on less than US$ 2.50 per day.
- Moderate level of asset ownership was evinced; majority owned farm land and livestock (poultry and goats), entertainment devices and mobile phones (refer to **Figure 5**).

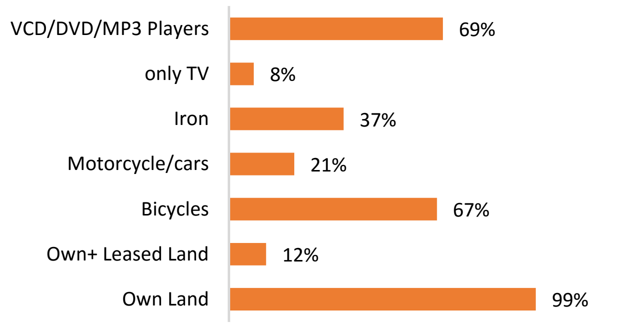
5.2 Use of financial services

At the time of the survey, Fidelity Bank had rolled out only the group savings product and VSLAs tended to rely on internal lending to meet their credit requirements. The key findings related to the usage of products offered by the FSP are presented in this section.

<u>Savings</u>

- All respondents had recently enrolled with the bank as a part of the MLE programme and had availed the voluntary group savings products. 75% of the sample did not follow a regular savings pattern and saved only when they had disposable income, while 21% and 4% saved on a weekly and monthly basis, respectively.
- Interviewed VSLAs reported saving up to US$ 6 per month and recounted that the average savings balance across all accounts was US$ 26.
- Prior to being linked with Fidelity Bank, majority of the sample cited saving at home or with informal savings groups.
- Respondents cited children's education (78%) and emergency expenses (55%) being the key purpose of saving, followed by purchasing consumer goods (5%), debt repayment (4%) and house improvements (1%). Given that respondents opted for more than one alternative in response to this question, the total exceeds 100%.
- High degree of client satisfaction was noted as VSLAs had an avenue to keep

Figure 5: Asset Ownership Pattern

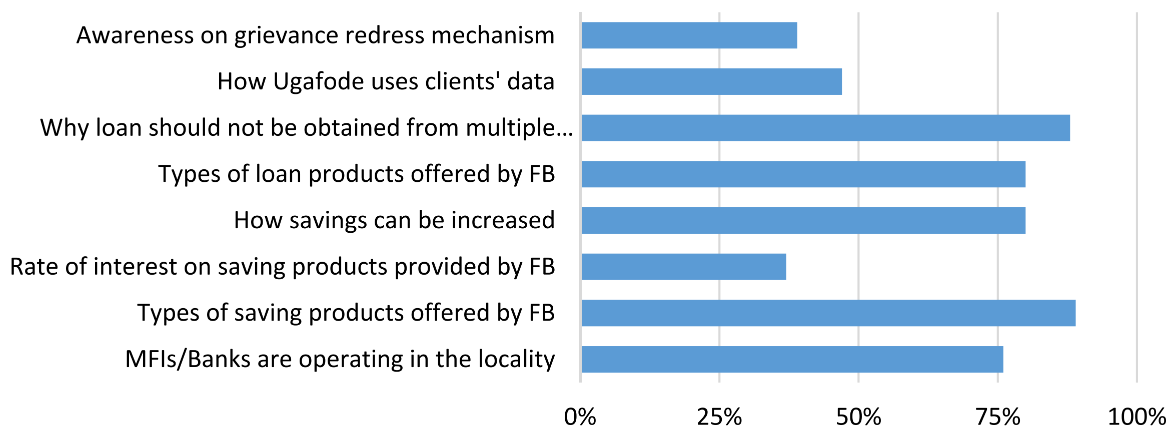


their savings secure and earn interest on the same. Merely 1% of the interviewees were dissatisfied with the FSP's services, while 7% were moderately satisfied on account of the low interest earned on the savings balance, transaction charges levied and lengthy withdrawal process.

5.3 Financial awareness

In addition to profiling clients' demographics and financial needs, the survey also attempted to test the degree of recall on basic financial literacy concepts in order to assess the effectiveness of the trainings undertaken by the programme implementers. **Table 6** provides a snapshot of the questions asked along with the proportion of clients who were partially/fully able to respond to it.

Figure 6: Financial awareness of respondents



It is evident that ample efforts had been devoted towards enhancing the financial awareness levels of VSLAs. 91% of the sample reported having received training on the VSLA methodology and importance of disciplined savings. Respondents were familiar with the other FSPs in the vicinity and could confidently assert the broad features of the group savings product, perils of over-indebtedness and were also able to cite that increased income or reduced expenses would help raise their savings. However, low level of recall was noted with regard to the interest earned on the savings balances, possibly due to the confusion caused on account of the withdrawal fee levied by the agent. Though VSLAs were aware of the client protection principles, the degree of recall related to privacy of client data and FSP's complaint resolution mechanism was noticeably low.

5.4 Expectations of the respondents

Through the survey (both individual interview as well as FGDs) the evaluation team also tried to At the end of the survey, feedback related to interviewee's expectations from the FSP with regard to the provision of financial services (savings, credit, insurance, payments, etc.) as well as non-financial services in the form of trainings on financial literacy, livelihood development and women empowerment was solicited.

With regard to financial services, VSLA members linked with Fidelity Bank unanimously opined that the interest rate should be increased from the current 5% per annum and also hoped that the bank would improve its processes thereby making it easier for VSLAs to access their accounts, deposit and withdraw funds at ease. In addition, respondents also wanted the bank to offer loan products specifically for agriculture, micro-enterprises and children's education. A few respondents also raised requests for investment as well as health and business insurance products. On the whole respondents were happy to be linked with the bank as it provided them a safe place to deposit their savings.

Almost all respondents cited that financial education training ought to be given more focus. Respondents were also confused about the interest earned on the savings account as often their balance was found to have depleted on account of the withdrawal fee, thus pointing to the need for focused communication (through trainings, communication brochures and marketing events) on the features of the savings products. In addition, requests related to trainings on skill building (tailoring, tree planting, etc.) and livelihood generation activities was also raised. Several respondents hoped that the FSP would support their businesses by providing the necessary farm inputs and equipment and training them on using it.

6 Recommendations

The above assessment of the CARE-Fidelity Bank programme in North Ghana highlights several critical factors that have impeded the programme's progress and is also likely to impact its sustainability. Based on the programme evaluation detailed in **Section 4**, this section proposes a set of remedial actions that would spur progress thus leading to the realization of the programme's over-arching objectives.

A major constraint impacting the active usage of the group and individual savings account is related to the unavailability of agents and inadequate liquidity maintained by them. Ideally, agents stationed in towns and marketplaces are expected to visit the communities when they are called by VSLA members for conducting their transactions. However, on most occasions the groups/individual members had to travel long distances to visit the nearest agent. Further, the paltry commission given to agents deter them from actively engaging with VSLAs and also makes it difficult for the FSP to expand the size of its agent network. In order to work around this challenge and benefit financially underserved communities, CARE Ghana is in talks with other FSPs for VSLA linkages in areas where SMART agents are not present. However, in areas where Fidelity Bank's agents are active, it is imperative to revisit the incentive structure and identify what services are to be charged and accordingly devise a pricing plan. It must also be ensured that minimum financial burden is imposed on the VSLAs who belong to the low income segment and the FSP is transparent in communicating the charges. Further, given that the revised agency banking guidelines are in favour of MNOs setting up subsidiaries offering remittance and payments facilities, the TSP should also consider tying up with MNOs for cost-effectively delivering financial services to excluded segments at a reduced cost. This is also likely to be more sustainable than the agency banking model, which is currently being followed as the high cost of importing the PoS devices and SMART cards was not offset by the low balance savings gleaned from the thinly dispersed populace of North Ghana.

Liquidity management issues, particularly aggravated during share-outs are currently being managed by the FSP's Agent Officer who visits the groups along with the agents and provides excess liquidity. However, going forward as the programme scales this will not be a sustainable solution. In this regard, it is important for the FSP to approach the BoG to increase the maximum amount that can be held by rural agents in their float accounts. Appointing more agents, increasing the strength of the team managing VSLA linkages in North Ghana to ensure sufficient bandwidth to frequently visit groups and link them with the FSP and designing a lucrative incentive structure to attract more agents will go a long way towards ensuring the sustainability of the model.

The Fidelity SMART Account which was customized and offered gratis to VSLAs operated through a PIN and chip based SMART card; the unavailability of which temporarily stopped linkage activities for two quarters and also affected subsequent linkages of the SMART Account with MTN Mobile Money. These cards were designed to replicate the features of the conventional VSLA approach and were operated based on a six digit pin, which was split across the group's signatories. Though the idea of splitting the PIN was conceptualized to keep the accounts secure, the design failed to take into account the low literacy levels of the clients; as a result of which the PIN split was done by CARE's Programme Officers or partner NGOs thereby compromising on the security of the account. Further, given the high cost of importing the SMART cards coupled with the inflexibility it posed, opting for a card-less SMS based solution like Mistral will go a long way towards cost-effectively scaling outreach. In order to enable clients with low literacy levels use the SMS based application, bold and visual icons should be used instead of text. Further, repeated trainings both before and after linkage should be conducted by the FSP to ensure that VSLAs are comfortable using the application.

In order to sustain the linkage efforts post MLE, CARE Ghana rightly opted for a fee for service model wherein groups would enter into an agreement and remunerate CVs for conducting financial literacy trainings. However, it was seen that the CVs were not being paid by the VSLAs leading to plummeting the level of motivation. In this regard, regular trainings of CVs and partner NGO staff on the VSLA methodology and linkages, followed by diligent monitoring by CARE's Programme Officers and firming up of the CV remuneration model are imperative for ensuring effective implementation of the activities at the ground.

Even though the MLE programme is at its mid-term and also given the fact that the FSP has worked on similar linkage programmes in the past, its knowledge of the VSLA methodology is yet to be mainstreamed. Further, as discussed in the previous section, the FSP was reluctant to devote adequate manpower and resources to resolve the implementation challenges and scale the programme. The limited capabilities of the FSP's disintegrated mini-CBS was a major challenge preventing effective monitoring of the programme results. However, the FSP has started migrating the VSLA accounts to the main CBS –FlexCube, which ought to remove many of the current barriers. Though Fidelity Bank is committed towards advancing financial inclusion in Ghana and sees potential in promoting low balance savings, the FSP is cognizant of the challenges that lie ahead and has expressed its apprehension in its ability to devote resources and build requisite technical knowhow for linking VSLAs in North Ghana, once MLE concludes. The FSP continues to be keen on scaling savings group linkages across different regions of the country and is in talks with international agencies for exploring the possibility of potential partnerships.

Lastly, it is noteworthy to mention that the core value proposition of the programme is to benefit poor VSLAs by linking them with a formal financial institution. Consequently, building a sustainable business model centred on client-centric practices achieved through transparent communication, flexible and convenient service delivery, the development of a bouquet of suitable, demand driven and reasonably priced financial services will truly determine the success and viability of partners' efforts and contribute to the MLE goals.

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Country Report # 4

Ghana – implemented by Opportunity International(TSP) & Sinapi Aba Savings and Loan company (FSP)

1 Introduction

The country report presents a summary of the macro-economic context and financial inclusion landscape in Ghana coupled with the findings from the onsite mission conducted by Micro-Credit Ratings International Ltd (M-CRIL) from 13th-23rd September 2015. Two programmes, namely CARE Ghana's partnership with Fidelity Bank focusing on savings group linkages and Opportunity International's (OI) support to help Sinapi Aba Trust transform from a non-deposit taking NGO to a Savings and Loan Company were evaluated during the visit. With regard to the OI-SASL Bank programme, the team interacted with stakeholders in Accra and also visited SASL and clients in Kumasi and adjoining districts. The key stakeholders included:

- Opportunity International as the Technical Service Provider & Sinpai Aba Savings and Loan (SASL) Company as the Financial Service Provider
- UNCDF local office at Ghana
- Other stakeholders including Bank of Ghana, MTN (the mobile network operator), Ghana Microfinance Institutions Network (GHAMFIN), GHASALC (Ghana Association of Savings and Loan Companies), Ecobank, Ministry of Finance, UNDP and GIZ

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Annex 4. The report commences with an overview of macro, meso and market level (Section 2) information in Ghana, followed by a brief programme description highlighting OI's engagement with SASL, the programme design and allocation of resources and finally concludes with a section on the main findings gathered through the focus group discussions and individual interviews with clients followed by key recommendations.

2 National overview

2.1 Political context

Formerly known as Ivory Coast, Ghana is a low middle income country in West Africa surrounded by Côte d'Ivoire to the west, Burkina Faso to the north, Togo to the east, and the Atlantic Ocean to the south.

A multi-party democracy since 1990, the country has evolved into a stable and mature democracy. Till date, six competitive general elections have been held, resulting in two transfers of power between the ruling party and the main opposition party. Post a heavily contested election in 2013, the National Democratic Congress (NDC) led by President John Mahama was appointed to govern the country for a four-year term.[i] The country features among the Top 10 African countries in governance according to the Mo Ibrahim Index for 2014.

With its vibrant media and strong public dialogue, Ghana is rated to be free by the Freedom House[ii] and outperforms other Africa nations on measures of civil liberty, political rights and political stability[iii]. In 2015, Ghana was ranked 61 out of 175 countries on Transparency International's Corruption Index[iv] and is the 66th freest country (ranked 5 out of 47 Sub-Saharan African nations) on the Global Index of Economic Freedom[v] due to improvements in market openness, government spending and business freedom, which are undermined by institutional impediments in the form of inefficient protection of property rights, weak rule of law and corruption.

2.2 Macro-economic indicators

Home to 26.4 million people, Ghana is the second largest economy in West Africa and the twelfth largest in Sub-Saharan Africa (SSA). In 2014, the low middle income country's HDI score was 0.579 (ranked 140/188), thus placing it in the medium human development category.[vi]

Even though the country has been able to meet the Millennium Development Goal (MDG) target related to eradicating extreme hunger and poverty, four of its ten regions continue to lag behind on this indicator. According to the Ghana Statistical Services (GLSS 6), poverty rates, though high, declined significantly from 51.7% in 1991-92 to 24.2% in 2012-2013, while the proportion of people living in abject poverty declined from 16.5% in 2006 to 8.4% in 2013 and the number of people who cannot afford to feed themselves (2 900 calories adult equivalent per day) reduced by 39% from 3.6 million in 2006 to 2.2 million in 2013 due to enhanced agricultural productivity particularly for cocoa and livestock farmers and increased employment opportunities in the informal sector.

Despite these improvements, income inequality has been on the rise, widening from the Gini coefficient of 0.353 in 1992 to 0.428 in 2013 [World Bank, Country Partnership Strategy for Ghana; 2013-16].[vii] Moreover, significant spatial disparities and rising income inequality undermine the government's efforts to spur robust economic growth in the country. In addition, the country will not be able to meet the MDGs related to reversing the loss of environmental resources, reducing the proportion of people without access to improved sanitation, and achieving significant improvement in the lives of people living in slum areas.[viii]

Of the 10 regions in the country, Greater Accra, Western, Eastern, Central, Volta and Ashanti are economically more prosperous in comparison to Northern Savannah Ecological Zone comprising the northern parts of Brong-Ahafo and Volta and the Northern, Upper East, and Upper West regions. In order to bridge this divide, the Savannah Accelerated Development Programme (SADP) was launched in 2000 and further strengthened a decade later through the promulgation of an act of parliament. **Table 1** presents the key demographic and indicators of the Ghanaian economy.

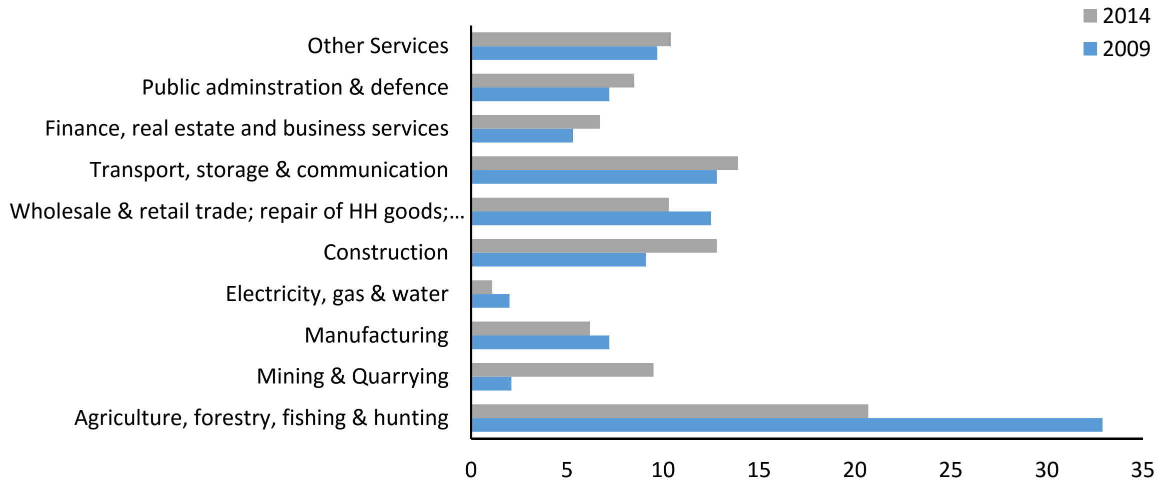
Table 1: Key demographic and economic indicators of Ghana

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	7.9	14.0	9.3	7.3	4.0
GNI per capita, Atlas method (current US$)*	1,260	1,410	1,570	1,606	1,638
Population growth (annual %)	2.5	2.5	2.4	2.4	2.4
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population)*	-	-	24.2	-	-
HDI (value)**	0.571	0.575	0.579	0.584	0.571
Inflation, consumer prices (annual %)*	30.8	26.0	23.6	23.2	22.4
Official exchange rate (local currency per US$, average)*	1.44	1.54	1.93	2.15	3.73

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Post prolonged periods of economic downturn immediately following independence in 1957, political stability and market based reforms resulted in boosting economic growth in during 1981-1990. The nation's GDP surged during 2001-13, with a record high of 15% growth in 2011 as oil production started at commercial volumes. The accelerating growth rates, however could not be sustained and dipped to 4.2% in 2014 and 3.4% in the following year on account of a major power crisis which was aggravated on account of reduced production from two major hydro-dams as a consequence of insufficient rainfall, rapid depreciation of the Ghanaian Cedi, closure of the country's leading gold mines and plummeting prices of major tradable commodities namely, gold and oil. The Ghanaian economy further contracted on account of being driven by capital accumulation, which require a high savings rate. Historically, however the savings rate in Ghana has been low and has further dipped on account of the rising inflation rates. Fiscal balances have also widened leading to a rise in inflation and significant depreciation of the currency reduced economic activity and have had an adverse impact on tax revenues and import volumes. Between January and September 2014, the Cedi depreciated by 31.2% against the US dollar, compared to a depreciation of 4.1% during the corresponding period in 2013. Debt levels, according to current estimates, had climbed to 67.1% of GDP by the end of December 2014 [African Economic Outlook, 2015]. According to the Association of Ghana Industries (AGI) report on the business barometer of September 2014, investor confidence sharply reduced between 2013 and 2014 and the country's ranking in the 2015 World Bank Doing Business Report fell by three places to 70th position out of 189 economies rated. In order to revive the country's economy, international agencies like the IMF and World Bank have extended debt support. **Figure 1** compares and presents the breakup of the contribution of the key sectors to the country's GDP.

FIgure 1: Sector wise contribution to GDP



Source: Ghana 2015, Africa Economic Outlook

The Ghana Shared Growth Development Agenda (GSGDA II) for 2014-17 aims to tackle issues related to growing socio-economic and spatial inequality through focused interventions in the areas of human development, productivity and employment creation, establishment of special development zones to reduce spatial disparities across regions. With regard to putting in place social protection systems, Ghana was one of the first sub-Saharan African countries to put in place a national health insurance (NHI) scheme for citizens. In order to address issues of inequality and eradicate poverty, the Ghanaian government has also launched initiatives such as the social cash transfer programme- Livelihood Empowerment against Poverty (LEAP), School Feeding Programme, Free School Uniforms and Exercise Book Programme, the Capitation Grant and Labour Intensive Public Works (LIPW).

2.3 Financial inclusion landscape

Ghana's Financial Inclusion Vision aspires to create "*a financial sector that is stable and efficient in the mobilization and allocation of funds, fully integrated with the global financial system and supported by a regulatory and supervisory system that promotes a high degree of confidence*".[ix]

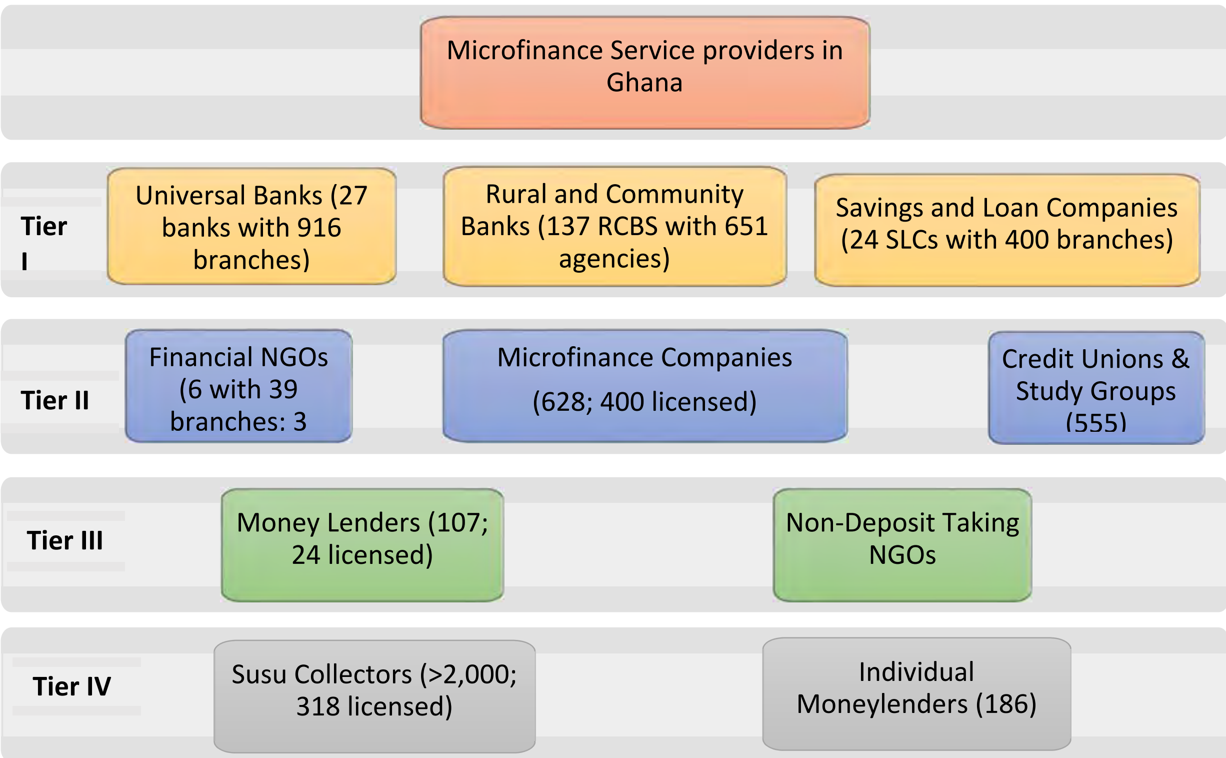
The Bank of Ghana, through its Banking Supervision Department (BSD) supervises all the universal banks; savings and loans companies; finance companies and leasing companies, while the Non-Banking Supervision Department governs the Rural and Community Banks (RCBs), Credit Unions and other microfinance institutions with the intent of facilitating the development of a robust and efficient financial sector that protects the interest of all stakeholders and also boosts economic growth aims to protect depositors' interests, ensure the solvency, liquidity and profitability of regulated FSPs by enforcing adherence to regulatory requirements, promote fair competition among FSPs and providing an efficient payment system in the country.

The banking and non-banking sectors are regulated by a series of legislations that focus on building a stable financial system, ensuring transparency and protection of client deposits. In July 2011, the Central Bank classified financial institutions under four tiers (refer to **Figure 2**) and stipulated norms related to minimum capital, business form, branch expansion and permissible activities. Despite having various categories of financial institutions spread across a four tier architecture, their roles are not well-differentiated leading to considerable overlap in the role played by different FSPs in Ghana's financial inclusion sector.

In order to promote the uptake the savings led financial services, the BoG issued licenses to operate deposit taking financial institutions to several players in the country. Alongside, several non-licensed entities also mushroomed. Given the large number of fully as well as provisionally licensed financial institutions, it was a challenge for the Central Bank to effectively supervise their operations or diligently verify the reported data, eventually leading to a microfinance crisis wherein several fly by night operators (Tier II and IIII institutions) fled with client deposits thereby tarnishing the reputation of the entire sector. Savings and loan companies and microfinance companies were the worst hit with clients withdrawing their savings and choosing to keep their deposits in commercial banks.

A three tier pension system driven by a state pension scheme as well as Tier II and Tier III institutions represented by individual custodians, corporate trustees, and pension fund managers as well as a National Insurance Commission (NIC) working towards developing and promoting the uptake and usage of micro-insurance products are some social protection systems that have been put in place. In addition, the government is also considering putting in place a Credit Union Bill coupled with microfinance and insurance laws.

Figure 2: Tier wise classification of financial Institutions in Ghana



Additional measures to spur financial inclusion through branchless banking via agent networks and mobile financial services provided through E-transact (Nigeria based), TiGO, MTN and Airtel, provision of mobile based micro-insurance policies, electronic funds transfer system for commercial as well as rural banks, integration of ATMs and mobile platforms, three credit reference bureaus- XDS Data Ghana Limited, Hudson Price Data Solutions and Dun & Bradstreet Ghana along with the establishment of a collateral registry-the first of its kind in Africa, have gone a long way towards strengthening the sector. However, the Doing Business 2013 report, credit bureaus in Ghana have limited coverage and were sporadically used by the financial institutions in the country.

Having realized mobile financial services' potential to reach the financially underserved segment, the Bank of Ghana in September 2015 revised the regulations, which now permitted MNOs to setup financial institutions as wholly owned subsidiaries through which they could independently conduct payment transactions. The provision of credit, savings and insurance products through the mobile channel would continue through tie-ups with licensed financial institutions and hence provide a secure platform to consumers.[1]

The Central Bank also piloted an electronic platform E-Zwich for loading and spending of electronic cash by using a card and settlement of inter-bank and online transactions. Subsequently, E-Zwich ATMs were setup in all regions of the country and banks were mandated to start distributing the cards. However, given the development of other alternate development channels, the E-Zwich card has failed to gain the desired uptake.

Funding is another area of challenge that most Ghanaian microfinance providers have to contend with. Barring Rural Commercial Banks that receive funding through the Social Investment Fund (SIF) GIZ and DANIDA's SPEED Facility Fund, other providers struggle to raise adequate funds for subsequent on-lending. International agencies like the International Finance Corporation (IFC) and United Nations Development Programme (UNDP) as well as investors like Oikocredit and Triple Jump provide support to some financial institutions. The Ghanaian government, on its part, established the Microfinance and Small Loans Centre (MASLOC) for providing funding to private microfinance institutions. However, in the absence of a well-articulated strategy and implementation plan the agency has failed to be sustainable.

While efforts have been devoted towards building a differentiated financial system in the country, not much headway has been made with regard to developing a strong consumer protection regime. The government led National Strategy for Financial Literacy and Consumer Protection attempted to build financial capability of bankable adults through roadshows and trainings on various financial products during the Financial Literacy week celebrations, which saw the participation of industry wide stakeholders. GIZ's Responsible Finance (RF) project is another major initiative focusing on financial literacy, consumer protection and banking supervision and involves multiple stakeholders like the Ghana Microfinance Institutions Network (GHAMFIN) and other Apex bodies.

GHAMFIN, with the support of member associations like Ghana Association of Bankers (GAB), Ghana Insurance Association (GIA), Association of Rural Banks (ARB), Ghana Association of Savings and Loans Companies (GHASALC), Ghana Association of Microfinance Companies (GAMC), Credit Unions Association of Ghana (CUA); Association of Financial NGOs (ASSFIN), Ghana Association of Susu Collectors is working on developing an industry wide Code of Conduct focusing on client protection and other responsible finance measures. Though, Ghana does not have an independent ombudsman to facilitate complaint resolution between clients and financial services providers, the Bank of Ghana has setup an Investigation and Consumer Reporting Office (ICRO) within the Central Bank in order to protect the interest of those dealing with banks and NBFIs.

[1] Based on discussions with Eli Hini, Head Mobile Money, MTN Ghana and Mrs Elly Ohene-Adou, Head Financial Inclusion, Bank of Ghana.

Even though significant progress has been made with regard to building a conducive environment with a robust financial system architecture that provides a supportive and competitive platform for multiple providers to operate, these developments are largely concentrated in the southern regions of the country and serve only a small fragment of the population. Findings from the Finscope Survey on Access to Finance and Financial Literacy (2010)[x], show that only 56% of Ghanaian adults avail financial services; of which 64% either save with a financial institution or put money away. Approximately, 25% of the population were estimated to have an account in a formal financial institution, while the proportion of adults saving with a formal financial institution or availing insurance facilities stood at 16% and 5%, respectively. **Table 2** presents a comparative picture of the key indicators related to financial inclusion in Ghana.

Table 2: Progress on financial inclusion indicators: Ghana/SSA

Indicators	SSA		Ghana	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	24.4	15.9
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	29.4	40.5
Male adults (%, age 15+)	26.7	--	31.8	--
Female adults (%, age 15+)	21.4	29.9	27.1	39.4
Adults living in rural areas (%, age 15+)	20.7	29.2	25.2	34.5
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	11.4	9.8
ATM is the main mode of withdrawal	51.7	53.8	24.3	19.9
Mobile accounts (%, age 15+)	--	11.5		13.0
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	16.8
Sent remittances via a mobile phone (% senders)	11.2	30.8	11.8	38.9
Received remittances via a financial institution (% recipients)	--	26.6	--	16.3
Received remittances via a mobile phone (% recipients)	14.5	27.6	6.5	34.3
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	16.1	18.6
Saved any money	40.2	59.6	36.6	55.3
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	5.8	8.1
Loan from family or friends in the past year	39.9	41.9		21.6
Loan from an informal private lender in the past year	5.4	4.7	3.4	4.3
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	11.8	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [xi, xii]
* Population, age 15+ (millions); ^-- Data not available

3 Programme description

3.1 Programme design

<u>Background – application and selection process</u>

Opportunity International and Sinapi Aba Trust had jointly submitted the proposal wherein OI would help SAT build its capacity and enhance its product portfolio as a part of the FSP's transformation into a savings and loans company, post which it would be allowed to mobilize deposits. The two institutions had worked together in the past and Sinapi Aba Trust was the first OI partner financial institution in Ghana.

The key deliverables included conducting marketing campaigns, developing passbook savings, term and demand deposit products, mobilizing clients, training staff and conducting refreshers, converting branches to hubs (in a phased manner) and acquiring an agent network, upgrading the MIS, provide netbooks to staff and launch cell-phone along with conducting learning events and documenting the transformation experience in a case study.

Opportunity International (OI) operates 35 microfinance organizations (MFIs) in 22 countries. Fifteen are regulated MFIs, majority owned and operated by OI. These MFIs serve 940,000 voluntary depositors, 1.5 million active loan clients and 3 million people with a range of insurance products.

Sinapi Aba Trust has been providing microfinance services since 1994, however, was constrained by its legal status to provide deposit services. Also, the central bank brought out a new legislation for regulating microfinance institutions and it was felt important by the management to transform to a more regulated format. It presence in all the regions of the country, strong goodwill and mission to reach out to financially excluded made it a good choice for the project.

In order to mobilize savings and increase delivery channel options, SAT legally registered Sinapi Aba Savings & Loans (SASL) company in December 2011 and was in the process of receiving Central Bank approval to operate as a Tier One Savings & Loans (S&L) institution. Creating SASL allows SAT to comply with new Bank of Ghana (BOG) regulations, sustain its growth and provide deposit and other services to clients. A risk to the project, however, was whether it will be able to avail the license of a savings and loan company.

The already existing strong relationship of OI and SASL helped in the design of the PBA and aligning of project's scope and sequencing with other similar grant based programme such as a significant support for transformation from REGMIFA. While the initial request from OI was for USD2,918,203, it was drastically reduced to USD 700,000. It was rightly estimated by the investment committee that the value added by the MLE programme is relatively small as SAT is already moving forward with its transformation plan, the upgrade of its new MIS, training of staff and acquisition of new equipment. The only value add it can bring to SAT was to further improve outreach and depth. Transformational impact was rather limited. SAT received a significant support from REGMIFA G-20 fund for transformation.

Out of a total grant of USD700,000, SASL share was USD200,000 (28.5%). The share was mutually decided and agreed upon by OI and SASL. OI-US's Relationship Management took the lead in identifying partners for the MLE programme. Sinapi Aba was chosen as the FSP as it met all the criteria stipulated in the RFA. The proposal, activities, milestones and the components of the budget were jointly decided by OI-US and Sinapi Aba, while OI-US's proposal team put together the entire application. In order to maintain oversight over the grantee's performance and commitment, UNCDF directly provided a portion of the budget to Sinapi Aba while the remaining was routed through OI-US.

The agreement was well designed after thorough research with focused and achievable outcomes well integrated to SASL's own business plan.

<u>Project objective</u>

The outcome of the OI-SASL partnership was to launch a tier one Savings & Loans institution in Ghana which reaches 326,085 depositors and 243,401 active borrowers by the end of 2016. The key project outputs are:

1. Offer a range of voluntary savings products to customers
2. Build SASL's staff capacity to successfully operate a sustainable, regulated Savings & Loans company
3. Make deposit services available through SASL's entire existing branch network
4. Use technology to expand available delivery channels and outreach, especially in rural areas

Figure 3 highlights the programme's log-frame with key activities to be undertaken by the programme implementers in order to achieve the set milestones.

Figure 3: OI-SASL programme's objectives and activities from Logframe

Results (Specific Objectives)	Activities
Result 1: Offer a range of voluntary savings products to customers.	1.1 Deploy aggressive savings-focused marketing initiative.
	1.2 Introduce passbook savings accounts
	1.3 Deploy bank staff in target communities to educate on importance of savings.
	1.4 Introduce demand deposit accounts.
	1.5 Introduce term deposit accounts.
	1.6 Reach 326,085 active deposit accounts.
Result 2: Build SASL's staff capacity to successfully operate a sustainable, regulated Savings & Loans.	2.1 Complete at least 17 staff trainings in sales, credit risk, treasury, SME, banking strategies, payment systems, etc.
	2.2 Annual follow-on training implemented.
	2.3 Operate at > 110% operational sustainability.
	2.4 Reach 243,401 active borrowers
Result 3: Make deposit services available through SASL's entire existing branch network.	3.1 Convert 12 outlets to hub branches and 36 outlets to Agencies.
	3.2 Upgrade 36 Agencies to hub branches.
Result 4: Use technology to expand available delivery channels and outreach, especially in rural areas.	4.1 Complete upgrade to Globus Temenos T24 v R10
	4.2 Complete upgrade to T24 biometrics module.
	4.3 Deploy Netbooks with loan officers to encourage savings uptake.
	4.4 Introduce cellphone banking including notifications, funds transfers, cash back, remittances and inquiries.

Source: Application submitted by OI, 2012

The baseline figures and overall programme targets provided in the PBA is shown in **Table 3** below.

Table 3: Performance Targets stipulated in the PBA

	June 2013 (Baseline)	2016 end Target	2016 end Minimum Target
No. of active voluntary depositors	70,000	255,076	247,424
No. of Active Borrowers	138,675	166,538	165,000
Gross loan portfolio	$29,157,377	$13,202,012	$11,221,710
Savings balances - Voluntary	$1,516,304	$40,269,276	$35,000,000
Average loan balance per borrower	$210	$235	$230
Average loan balance per borrower/GNI per capita	14%	15%	15%
Average savings balance per depositor	$43	$158	$141
Average savings balance per depositor per capita	3%	10%	9%
Percentage of women depositors	92%	85%	84%
Percentage of rural depositors	68%	73%	72%
Portfolio at Risk (30 days)	3.16%	5.0%	5.1%
Return on assets	0.00%	2.0%	1.0%
Operational self sufficiency	102%	107%	102%

3.2 Grant support & conditions

The performance based agreement, commenced on July 1, 2013 and completes on January 31, 2017. In order to successfully execute the programme, the grantees were awarded funding of US$ 700,000; of which USD500,000 was allocated to the TSP and the remainder to the FSP. The key activities and conditions of the disbursement tranches is shown in **Table 5**.

Table 5: PBA conditions summarized

#	Payment Date	Grantee		Key Activities
		TSP (US$)	FSP (US$)	
1	Signing of PBA	250,000	80,000	• Agreement Signed • SASL received final operating license from the central bank • Transfer of assets and liabilities and staff from SAT to SASL • SASL start reporting to MIX Market Gold
2	June, 2014	80,000	40,000	• Deploy aggressive savings focused marketing • Introduce passbook savings account • Deploy SASL staff in target communities to educate on importance of savings • Introduce demand deposit accounts • Introduce term deposit accounts • Reach targeted active deposit accounts and borrowers by March 30, 2014 • Complete various staff trainings • Complete upgrade to Globus Tremenos T24 v R10 • Complete upgrade to T24 biometrics module

#	Payment Date	Grantee		Key Activities
		TSP (US$)	FSP (US$)	
				• Define functional specifications – cellphone banking • Application and screen development - cellphone banking
3	June, 2015	80,000	20,000	• Deploy aggressive savings focused marketing • Reach targeted active deposit accounts and borrowers by March 30, 2015 • Convert 12 outlets to hub branches and 36 outlets to agencies • Deploy Netbooks with loan officers • Installation and integration testing with T24 • Agent acquisition and staff training • Launch cellphone banking
4	June, 2016	60,000	30,000	• Deploy aggressive savings focused marketing • Reach targeted active deposit accounts and borrowers by March 30, 2015 • Refresher training • Operate at >107% OSS • Upgrade 8 agencies to hub branches • Agent acquisition and staff training • Launch cellphone banking • Case study on institutional transformation experience
5	March, 2017	30,000	30,000	• Deploy aggressive savings focused marketing • Reach targeted active deposit accounts and borrowers by March 30, 2015 • Refresher training • Operate at >107% OSS • Upgrade 28 agencies to hub branches • Agent acquisition and staff training • Launch cellphone banking
	Total	**500,000**	**200,000**	

Both TSP and FSP have been achieving most of the milestones, however, on account of sharp depreciation in value of the local currency, the FSP has not been able to reach deposit mobilisation targets set in USD.

The following section summarizes the evaluation's team approach to the evaluation followed by a synopsis of the findings organized in accordance to the OECD/DAC criteria-relevance, efficiency, effectiveness, impact and sustainability along with a set of recommendations that can help improve the programme's performance at the end-term.

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MicroLead Expansion Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation which was to follow.

This was followed by a period of in-depth review of all programme literature shared by the PMU and drafting of the inception report containing the final Theory of Change and work schedule, elaborate Evaluation Matrix with questions, sub-questions and indicators which tested the programme's key hypotheses in accordance to the abovementioned OECD/DAC criteria, followed by the preparation of a data collection toolkit comprising Key Informant Interview (KII) questionnaires, household survey forms and Focus Group Discussion guides as well as a list of stakeholders to be interviewed and their role in the MLE programme.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized templates to each TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable. The FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Ghana was spread across 10 working days and undertaken by a two member team, to evaluate the CARE-Fidelity Bank and Opportunity International-Sinapi Aba Savings and Loans programmes. The team held meetings with stakeholders including - UNCDF, CARE Ghana, Bank of Ghana, Ministry of Finance, GIZ, UNDP, MTN, GHAMFIN (Ghana Association of Microfinance Institutions Network) and GHASALC (Ghana Association of Savings and Loan Companies) and Opportunity International's IT Manager in Accra during the first week, before moving to Kumasi for visiting and interacting with SASL's management and clients. The team conducted 75 individual interviews and 6 FGDs (4 with clients/VSLA members and two with non-client groups). Findings from the interviews and FGDs have been elaborated further in **Section 5**.

4.2 Evaluation findings

This section stresses upon the programme design, achievements and lessons learnt from the OI-SASL programme focusing on development and distribution of savings product in Ghana and is centered on the OECD/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability post the culmination of MLE and recommend appropriate remedial measures.

4.21 Relevance of programme design

Sinapi Aba Trust (SAT) is an old, well-established faith based organization having a good standing in the community. The organization has a strong rural focus, with over 60% clients hailing from rural areas and has an expansive network of 47 branches spread throughout the country. Discussions with various industry stakeholders-UNDP, Bank of Ghana, Ministry of Finance, GHAMFIN and GHASALC confirm this also. Client interactions also highlight the organization's goodwill with clients. Sinapi Aba Trust has been providing microfinance services since 1994, however, was constrained by its legal status to provide deposit services. Also, the central bank brought out a new legislation for regulating microfinance institutions and it was felt important by the management to transform to a more regulated format. It presence in all the regions of the country, strong goodwill and mission to reach out to financially excluded made it a good choice for the project. Unlike Fidelity Bank, alternate delivery channels are not a pre-requisite for SASL's growth and outreach, but it could help Sinapi Aba to reduce its costs and penetrate even deeper in the rural areas.

A risk to the project, however, was whether it will be able to avail the license of a savings and loan company. While SAT did receive the license to transform as a savings and loan company, it is struggling to secure an agency banking license without which it can't progress with the alternate delivery mechanism. The new agency banking regulations were enacted in mid of 2015 in Ghana.

The already existing strong relationship of OI and SASL helped in the design of the PBA and aligning of project's scope and sequencing with other similar grant based programme such as a significant support for transformation from REGMIFA. While the initial request from OI was for USD2,918,203, it was drastically reduced to USD 700,000. It was rightly estimated by the investment committee that the value added by the MLE programme is relatively small as SAT is already moving forward with its transformation plan, the upgrade of its new MIS, training of staff and acquisition of new equipment. The key value add it can bring to SAT is to further improve outreach and depth. Transformational impact was rather limited. SAT received a significant support from REGMIFA G-20 fund for transformation.

Out of a total grant of USD700,000, SASL share was USD200,000 (28.5%). The share was mutually decided and agreed upon by OI and SASL and was designed to cover expenses on design of savings product, marketing initiatives, staff training, upgradation of core banking system to include biometrics module, conversion of outlets to full fledged branches, use of netbooks and to promote agent network and cell phone banking product.

OI-US's Relationship Management took the lead in identifying partners for the MLE programme. Sinapi Aba was chosen as the FSP as it met all the criteria stipulated in the RFA. The proposal, activities, milestones and the components of the budget were jointly decided by OI-US and Sinapi Aba, while OI-US's proposal team put together the entire application. In order to maintain oversight over the grantee's performance and commitment, UNCDF directly provided a portion of the budget to Sinapi Aba while the remaining was routed through OI-US.

The agreement was well designed after thorough research with focused and achievable outcomes well integrated to SASL's own business plan.

The key deliverables included conducting marketing campaigns, developing passbook savings, term and demand deposit products, mobilizing clients, training staff and conducting refreshers, converting branches to hubs (in a phased manner) and acquiring an agent network, upgrading the MIS, provide netbooks to staff and launch cell-phone along with conducting learning events and documenting the transformation experience in a case study. Other knowledge management activities include – a client satisfaction survey; client journey mapping to identify challenges faced by clients and documenting the history of SAT.

4.22 Efficiency of programme management

After its transformation in 2013, SASL has been able to mobilise total voluntary savings of GHS 54 million (USD13.5 million) by the end of September 2015. It has a robust core banking software and is able to monitor the progress of the project on a daily basis. The data can be disaggregated and analysed from parameters such as gender, accounts balance, type of products, location, rural/urban, maturity duration and other parameters from a risk management perspective. The programme has been able to deliver the expected results in GHS terms but is lagging in USD terms due to a sharp, over

50% devaluation of the currency. It is commendable that the management has been able to achieve this despite a very adverse external environment and reputational loss suffered by the non-bank microfinance institutions including savings and loan companies in Ghana. Successful introduction of netbooks as part of this project has ensured transfer of data by the end of the day from customer outlets (which have not been converted in to full fledged branches). While the focus of SAT has always been to provide services to the low-income population in under-developed regions, to monitor and analyse bank's achievement in reaching out to low-income clients, it needs to define the segment more clearly.

As was rightly thought during the design of the project, there were other programs that provided significant transformational support to SAT and budget for MLE was kept low at USD700,000. The TSP and FSP already shared an existing close working relationship and were able to provide specific outcomes that needed support from the MLE. The outcomes that include an increased focus on mobilizing savings, introduction of susu savings (passbook savings) and technological upgradation suggest a good value for MLE's grant support.

The technical assistance provided by UNCDF has been through the Programme Specialists. Hermann is now based in Ghana and has been of help to SASL in receiving guidance and support to apply for agency banking license. Close contacts through virtual means have also been maintained for providing guidance to the programme. While the scope of MLE project for OI-SASL is relatively limited, the FSP narrates some useful contribution of the TSP as part of this programme. It has helped the FSP to design and develop the Susu savings product and Smart Kids savings products. UNCDF provided guidance and shared its learning from ML and Youth Start with SASL. Further, it also encouraged the FSP to develop an aggressive marketing plan to attract more depositors, mobilize savings and thus meet the programme targets. The MLE grant was also used to purchase PoS machines and netbooks for branches which were not hooked to the MIS, pilot test the SMS based mobile banking application and develop the biometric client identification application in Temenos T24. Though the biometric system has been integrated in the MIS, the organization plans to use it for authenticating client identity in the future.

The TSP also linked the FSP with a Temenos certified vendor that helped FSP develop a SMS based mobile banking solution in response to the need to develop an application, which would be a relatively inexpensive substitute for USSD technology.

Other useful contribution of the TSP has been in the field of knowledge management. OI is in the process of developing a case study on transformation of SAT to SASL. OI has also supported SASL in developing financial literacy training modules for its clients.

The OI team provided support in the following areas:

- Governance Risk Review and Training on Risk Analysis by OI's Risk Head
- 3 IT experts from OI conducted an IT review, training on Linux and also discussed the pitfalls and design of the proposed cell-phone banking application
- Upgrade to Temenos T24 (used by all OI partners)
- OI's modelling expert conducted training on business modeling & forecasting
- Dana conducted trainings on project management
- Training on Social Performance Management and Client Protection Principles
- SASL also raises funds using OI's website (a platform like Kiva).

4.23 Effectiveness of organizational changes

The funding from UNCDF was received at a very critical juncture when Sinapi Aba was undergoing transformation. Further, on account of the economic downturn, it was difficult to obtain funds and currency devaluation had already escalated the FSP's costs, far more than what was initially anticipated. Thus the fund played a critical role in transformation-especially in aspects related to capacity building human resource and technology upgrade.

As a part of the organization's efforts to meet the programme targets, SASL launched an aggressive marketing campaign called Project 90-30; the intent of which was to mobilize GHS 30 million within a span of 90 days. Staff were incentivized accordingly. Lion's Day is another promotional event where all branch including the senior management actively participate to sensitize and encourage community members to open an account with SASL. Further, post MLE the organization has started focusing on rural areas and provides training on basic financial skills and products to all its clients. 60% of SASL's clients are in rural areas.

The regulatory barriers do not allow the FSP to have its own agent network and the organization is also cognizant of the significant investment required to setup the agent network and manage liquidity requirements. It also anticipates increased competition, given that the regulations have been recently relaxed to allow MNOs to offer payments through their own subsidiaries (registered with the central bank). Despite the abovementioned apprehensions, SASL provided Susu (mobile bankers) with mobile handsets to carry during their visits to local markets in order to conduct an internal assessment of the effectiveness of agency banking. Mobile bankers were expected to perform the role of agents and facilitate funds transfer, balance enquiry, printing account statements with the help of the mobile handset. The application also had provisions for the payment of utility bills. However, this feature was not included in the pilot. SASL is in talks with the MNOs for reducing the transaction cost incurred by the clients; as a result the development of this feature has been delayed.

CPP aspects are yet to be integrated in SASL's loan and savings products and policies. OI is imparting training on CPP to SASL staff, post which policies would be revised. Also, the organization already provides a customer helpline along with suggestion boxes in the branches, where clients can register their complaints. SAT team responsible for client transformation has also started working on CPP. Training on crosscutting themes (gender, livelihood, etc.) has till now not been provided. SEMS policy is yet to be developed. SASL has not conducted any client impact assessment till date, but as mentions earlier, plans to initiate this activity at the earliest. OI has helped SASL develop a process of soliciting client feedback regularly. An elaborate client satisfaction study has been scheduled for Q4 2015 and SASL is currently in the process of shortlisting consultants to conduct the exercise. It is hoped that this exercise will provide useful insights on client behavior, preferences and identify segments for subsequent targeting. A case study on the transformation experience has been drafted and will be published in January 2016.

During the UNCDF workshop in Kampala, OI and SASL attended a workshop on 'Client Journey Mapping' conducted by 17 Triggers. Both partners found the workshop very useful and are keen to conduct this exercise on SASL clients. OI will be visiting SASL in Q3 2015 to initiate the process. Post this; the team will work on revising the product features and addressing the repayment problems faced by the FSP. SASL too, has started conducting trainings on how to survive an economic crisis.

Also, being OI's partner organization SASL is often invited to conferences and workshops organized by OI's technical wing, which provide the FSP with insights on best practices and experiences of other institutions.

After transformation in 2013, SASL launched voluntary deposit products. It is on track to reach out to a target of minimum of around 220,000 voluntary depositors with 1,88,000 depositors by the end of June 2015. However, it is likely to be short of the total voluntary deposit mobilization target of USD25 million by the end of 2015 as the current balance is USD13.5 million. This is due to a sharp depreciation of the local currency. The FSP has achieved the targets if the exchange rate at the time of PBA is used. The PBA may need to be revised in light of such a sharp devaluation of the currency.

It has struggled to mobilise funds from medium and long term fixed term deposit despite paying interest at 27% per annum. It faces tough competition from treasury bills, which offer 28% per annum and are perceived to be safer than deposits with savings and loan companies. Susu savings product or passbook savings product developed as part of the MLE project which provides door step services mobilizing small amounts of client savings has been popular despite the fact that no interest is paid on them, showing the need of clients for safety and convenience. At present, client deposits account for approximately 50% of the SASL's total source of funds and Susu savings contribute 26.5% of the total savings, highest among all savings products of SASL. **Table 8** depicts the programme's progress with regard to outreach specific indicators.

Table 8: Progress on outreach indicators

Indicators (from PBA table 3.2)	2015 Year end target Minimum	2015 Year end target Proposed	Achievement September 2015
Number of Active Borrowers	156,000	158,133	143,760
Number of Active Previously Unbanked Borrowers	25,000	27,025	39,387
% of Female Borrowers	80%	83%	89%
% Rural Borrowers	65%	70%	66%
Gross Loan Portfolio USD	35,000,000	37,348,541	21,768,552
Average Loan Balance per Borrower USD	224	236	$ 151
Average Loan Balance per Borrower/GNI/capita;	14%	15%	9%
Number of Active Depositors (Voluntary)	220,293	231,887	196,169
Number of Active Previously Unbanked Voluntary Depositors	38,000	40,750	94,437
% of Female Depositors(Voluntary)	84%	85%	85%
% Rural Depositors (Voluntary)	71%	73%	72%
Deposits (total voluntary savings) USD	25,000,000	30,051,699	13,527,072
Average Deposit Balance per Saver USD	113	130	$ 69
Average Deposit Balance per Saver/GNI/capita	7%	8%	4%
Return on Assets	-1%	1%	0.25%
Operational Self-Sufficiency	100%	104%	100.06%
Portfolio at Risk > 30 days	5%	5%	3.72%
Number of Board Members	7	7	7
% of Female Board Members	29%	29%	29%
Number of Managers	19	19	17
% of Female Managers	26%	26%	17.6%

Source: MLE MCF Reporting for Q3 2015

4.24 Effectiveness – market demonstration and up-scaling

Post the transformation of SAT to a savings and loan company, it has demonstrated the demand of people for the safety of their money. The Susu deposit product which does not offer any interest but provides the convenience of door step service and transparency by issue of an immediate receipt has been popular among the clients. It is likely that other financial institutions will take a clue and provide such services in future, though it is too early to see the influence on the ground. SASL's success in successfully reaching in remote locations has also influenced NGOs like CARE to partner with it in linking VSLA members to SASL.

At the policy level the awareness about the MLE programme is low. The influence on policy is yet to be seen. The knowledge of the programme among the other development agencies including major international donors like GIZ is also low. The program needs to more actively and effectively involve relevant stakeholders at both the macro and the meso level.

4.25 Likely impact

Though the FSP has been able to mobilise a significant amount of savings, its dependence upon a few large balance savings account is very high. The low balance savings account need to see more activity. FSP also needs to reduce the cost of its operations (which is at present very high at 30% per annum) to make its small savings product more attractive for both the clients as well as itself.

SASL has been successful in opening voluntary savings account as were planned while its transformation and it has been somewhat successful in mobilizing deposits in many voluntary withdrawable savings products especially Susu savings products. However, 90% of the low savings balance accounts still have a balance of less than GHS500, many of these accounts were opened for the borrowers at the time of transformation but have not seen much activity thereafter. While 24% of its savings comes as cash collateral from the borrowers, top 50 depositors contribute around 10% of the total savings balance. SASL needs to do more to increase the level of activity among the low balance savings accounts.

The project aims to reach out to low income unbanked families with the use of alternate delivery channels. 68% of SASL's depositors are in rural locations and require doorstep services. This is a key reason for the attraction of Susu savings products which does not offer any interest but has a fee for withdrawal. This again highlights the need for alternate delivery models which can offer similar convenience to the clients.

Discussions with group loan clients revealed that the loans were perceived to be expensive (5% per month flat interest rate, 3.5% processing fee, a minimum 10% cash collateral, 1% client welfare fund as well as training and loan application fee of GHS 5 and GHS 20, respectively). Discussions with SASL staff and other industry stakeholders highlight that interest rates and miscellaneous charges levied by financial institutions in the country is generally high.

A case study on the transformation experience has been drafted by OI and will be published in January 2016. This activity was deliberately delayed to Q2 2015 as SASL's performance had dipped in 2014 (OSS was showing a declining trend). However, SASL's profitability has improved substantially since then. SASL has very successfully transformed from a not for profit institution to a commercial financial institution which required immense training, changes in governance, organizational cultural changes, upgradation of systems and processes and financial and legal challenges which will offer immense learning. Overall SASL has done relatively well and the project has a good chance to positively contribute to the programme's expected final outcomes set out in the Programme Document.

4.26 Sustainability

After struggling with losses for two years after transformation, SASL reached the breakeven level by the end of Q2 2015. It has mobilized GHS 14.8 million on the Susu Savings product alone developed as part of MLE programme. Though SASL has managed to build a sizeable deposit base, over 90% of the accounts have balance less than GHS500. SASL staff have been given deposit mobilization targets, however, no targets have been set with regard to focusing on mobile/rural clients, thus encouraging staff to focus on clients having higher net worth. The organization had also conducted a focused marketing drive called Project 90:30 wherein staff was given targets to mobilize GHS 300,000 within 90 days. SASL was slightly behind target of borrowers as post transformation, it had to adhere by stricter KYC guidelines owing to which several clients not having the requisite documents could not be given higher cycle loans. Though SASL had achieved the deposit mobilization and portfolio targets in Ghanaian Cedi, currency devaluation resulted in a shortfall in meeting the USD equivalent figures.

SASL finds it difficult to mobilise fixed deposits beyond 6 months term. It faces stiff competition from banks and Government treasury bills, which offer a high, yield at around 28%. Microfinance companies facing liquidity stress are also offering very high rate of interest to depositors. Having realized client preference for short-term savings products, it has increased the interest paid on short-term deposits (having tenure less than six months) and currently short-term deposits earn more interest than the longer-term deposit products. This exposes the FSP to substantial ALM risk. It has managed some of its liquidity risk by availing overdraft facilities amounting to GHS 2.5 million from banks.

High inflation rates, devaluation of the Ghanaian Cedi vis a vis' the US dollar as well as the collapse of several small microfinance companies in the country have adversely impacted the operations of all microfinance companies and savings and loans organizations in the country. The economic downturn spiralled the cost of transformation due to increased expenditure on infrastructure, technology and other operating expenses and thus there was a delay in meeting the OSS targets.

Despite an increase in the interest rates - from 49% to 54% per annum (flat) on all loan products (except agri and micro education loans), the portfolio yield has plunged from 54% in 2014 to 44% in the first half of 2015. The average APR charged by SASL is around 113% per annum (monthly compounding). The reason behind the low yield to APR ratio is unexplained and indicates issues with loan portfolio quality. As per the relationship management of the Ofinso branch, PAR_{30} was 8% in the Ofinso branch, while 8 other branches in that same sector had PAR>30 days of around 12%. SASL's management reported that there could be issues in the quality of the agri-loan portfolio, which has a two-year tenure with bullet repayment. SASL is contemplating reducing the repayment frequency to three/six months in order to reduce risk.

Capital adequacy is another challenge faced by SASL. Tier 1 and 2 CAR is only marginally higher than the required 10% CAR. It has already reached the Tier II limit of 50% of the tier 1 CAR. SASL is talking to investors to raise additional equity.

There has been tremendous improvement in institutional and management capacity of SASL post transformation. As part of its transformation, it received capacity building support through training on change management, strengthening of governance and risk Management, banking, treasury management and IT. Susu savings product and flexi savings product have seen demand from clients and seem to have good potential.

	Dec-12	Dec-13	Dec-14	Jun-15
CRAR				
Capital to Risk Weighted Assets Ratio (Tier 1 capital)	17.62%	8.79%	7.52%	7.59%
Capital to Risk Weighted Assets Ratio (Tier 1 and tier 2 capital)	17.62%	8.79%	11.28%	11.38%
Margins and profitability				
Yield (Total interest income / Average loan portfolio)	15%	49%	54%	44%
Operating Expense Ratio (Admin expenses / Average loan portfolio)	11%	36%	34%	30%
Financial Cost Ratio (Interest expenses / Average loan portfolio)	8%	22%	20%	17%
Return on Assets (Net profit / Average assets)	-2%	-9%	-4%	0%
Return on Equity (Net profit / Average net worth)	-9%	-65%	-42%	0%
Operating Self Sufficiency	89%	83%	93%	99%
Liquidity				
Average Liquid Assets / Average assets	8%	14%	12%	11%
Liquid Assets / total liabilities due to be repaid within 1 year	7%	9%	10%	9%

SASL is among a few institutions with strong presence in all the regions and also has good depth of outreach in rural areas within the covered regions. While it does not have the agency-banking license, this gets compensated to some extent by its fairly good branch network. The current regulations and central bank's policies encourage MNOs to provide agency-banking services. The MNOs are also aggressively promoting mobile money offered by them and people are increasingly getting informed and educated about the use of mobile money. Though, Ghana has been extremely slow to start the use of mobile money as compared to some other countries of western Africa, it is likely to catch up soon as the mobile penetration is 100%. The agent network and acceptability of mobile money offered by the large MNOs is expected to be far greater than banks and cost is expected to be lower. They may however, need to spend on financial awareness to reach out remote and underdeveloped locations such as Northern Ghana. It may be useful for SASL to work with MNOs and offer its products, though there is a risk of client poaching in future.

SASL has a strong goodwill and support from multiple national and international institutions. It has well institutionalized its systems and processes and has a strong team of management. There is some concern regarding its loan portfolio quality and low capital adequacy which needs urgent attention.

5 Client survey findings

As mentioned in **Section 4.1**, the evaluation team spent two days conducting 75 individual interviews and 6 FGDs (4 with clients members and two with non-client groups). The following sections summarize the clients' demographic profile, financial behaviour and level of financial awareness followed by their feedback on the financial and non-financial services provided by the FSP.

5.1 Profile of clients

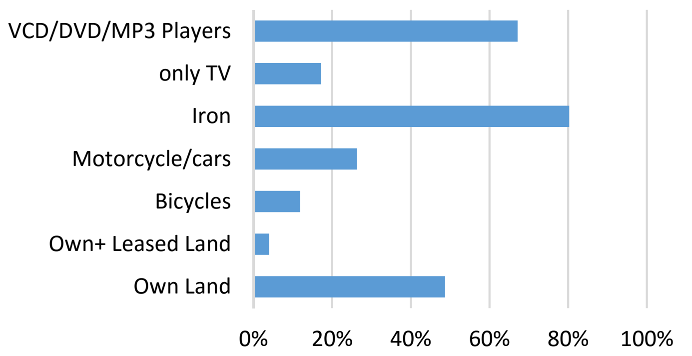
The socio-economic profile of the interviewed clients are summarized hereunder.

- The 75 clients surveyed, 30 were from rural areas while 46 were from semi urban/urban area; 74% of the respondents were female.
- 18% were not literate, 43% had studied up to primary school; the remainder had completed higher education.

- 78% respondents were married; 25% belonged to joint families with an average household size of 7 members. Each household had approximately two working members who were predominantly adults. Insignificant variation was noted with regard to male and female workforce participation rates.
- Majority (62%) were self-employed in norm-farm activities, 11% were salaried and 28% were engaged in agricultural activities.
- 72% respondents lived in owned premises, remaining 28% in rented premises. 95% of the houses were cement/concrete blocks, stone or bricks and 97% of the houses had concrete floor. All houses were equipped with sanitation facilities.
- Charcoal/kerosene was the most commonly used fuel for cooking (46%) followed by gas/electricity (32%); remaining 22% respondents used firewood.
- 49% of the respondents owned farm land, while 4% also owned leased land; the average landholding size being 4.2 acres.
- PPI questions were also incorporated in the survey questionnaire to assess the poverty status of the respondents. It is seen that 11.7% of the clients interviewed lived below US$ 2.5 per day, while 1.6% lived on less than US$ 1.25 per day.
- Moderate level of asset ownership was evinced; majority owned farm land and livestock (poultry and goats), entertainment devices and mobile phones (refer to **Figure 5**).

5.2 Use of financial services

Figure 5: Asset Ownership Pattern



At the time of the survey, SASL had rolled out various savings products as described in previous sections. The key findings related to the usage of products offered by the FSP are presented in this section.

Savings

- Most of the clients have been with SASL since more than 5 years. Even before it got the deposit taking license, Sinapi Aba used to take compulsory deposits from all its borrowers. Around 59% of the respondents had a compulsory deposit account with SAT, 47% being with SAT from more than 5 years and 12% since 2012. 41% of the respondent opened a savings account after 2014. 64% of the respondents now have a voluntary savings account. 91% of the sample follow a regular savings pattern, 36% save daily thanks to the Susu savings account, 18% weekly while 28% save fortnightly.

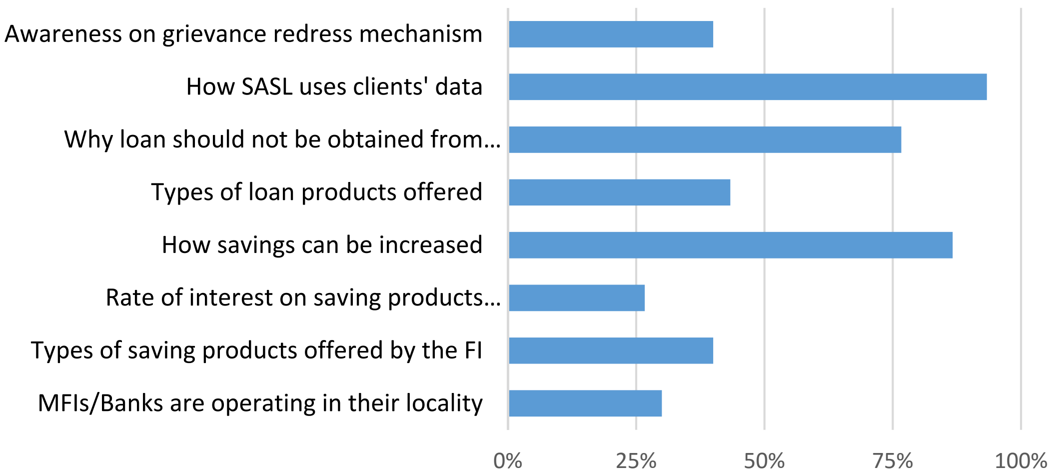
- Interviewed clients reported saving up to US$121 (GHS 485) per month and recounted that the average savings balance across all accounts was US$ 279 (GHS1,109).
- Prior to being linked with SASL, majority of the sample cited saved at banks (41%), 18% saved with another MFI while another 18% saved at home, remaining clients saved with informal savings groups.
- Respondents cited children's education (29%) and emergency expenses (38%) being the key purpose of saving, followed by purchasing consumer goods (22%), debt repayment (12%) and house improvements (8%). Given that respondents opted for more than one alternative in response to this question, the total exceeds 100%.
- 67% or 2/3rd of the clients expressed a high or very high degree of satisfaction with SASL while 28% expressed moderate satisfaction and only 5% expressed a low degree of satisfaction. Major

reasons for dissatisfaction were on account of the low interest earned on the savings balance and various charges levied.

5.3 Financial awareness

In addition to profiling clients' demographics and financial needs, the survey also attempted to test the degree of recall on basic financial literacy concepts in order to assess the effectiveness of the trainings undertaken by the programme implementers. **Table 6** provides a snapshot of the questions asked along with the proportion of clients who were partially/fully able to respond to it.

Figure 6: Financial awareness of the clients



It is evident that some efforts had been devoted towards enhancing the financial awareness levels of the clients. 97% of the sample reported having received financial literacy training including importance of disciplined savings. Around 30% respondents were familiar with some of the other FSPs in the vicinity and over 77% knew the perils of over-indebtedness and about 87% were also able to cite that increased income or reduced expenses would help raise their savings. However, low level of recall was noted with regard to the interest earned on the savings balances. The degree of recall related to privacy of client data was high but on FSP's complaint resolution mechanism was noticeably low.

5.4 Expectations of the respondents

Through the survey (both individual interview as well as FGDs) the evaluation team also tried to gather feedback related to interviewee's expectations from the FSP with regard to the provision of financial services (savings, credit, insurance, payments, etc.) as well as non-financial services in the form of trainings on financial literacy, livelihood development and women empowerment.

With regard to financial services, clients opined that the interest rate on their deposits should be increased and also hoped that SASL will give higher loans based on their ability to save. In addition, respondents also wanted SASL to offer easier withdrawals in cases of emergency. Client expressed need for loan products specifically for agriculture, micro-enterprises and children's education. They also want bigger loans with longer duration at reasonable rate of interest. Some respondents also requested easing of process to avail loans. A few respondents also raised requests for health and business insurance products.

Almost all respondents cited that financial education training ought to be given more focus. Most of the clients are not aware of the services provided by SASL. Some clients also expressed that they would not like to avail loans individually rather than be part of the joint liability group. Many clients demanded SASL to have branches in their locality. Clients expected SASL to provide them trainings on their livelihood and skills development.

6 Recommendations

The above assessment of the OI-SASL programme in Ghana highlights several factors that have led to the programme's progress and risks that may impact its sustainability. Based on the programme evaluation detailed in **Section 4**, this section proposes a set of recommendations that may help further improve the programme's progress leading to the realization of the programme's over-arching objectives.

SASL has been trying to avail an agency banking license from the central bank but has not been successful even after spending considerable time and effort. Not satisfied with the bank led agency banking model in the country, the central bank of Ghana is now in favour of MNOs to lead agency banking services and has liberalized regulations keeping MNOs in mind. The new regulations which have come in the mid of 2015, allow MNOs to form financial institutions and to provide payment services without having to partner with a bank. MNOs also have an edge over banks in terms of technology and agent network. The cost of providing mobile-based e-money service is much less expensive than a card based system. MNOs like MTN, Airtel, Tigo and Vodafone are aggressively increasing their agent network and promoting the use of mobile money. In light of this, it may be useful for the MLE programme to partner with MNOs who can provide payment services and offer savings products while making it easier for commercial banks to reach out to low income clients with investment and credit products in future. In the changed scenario, wherein MNOs are aggressively marketing their respective mobile money and putting in place agent networks, even with an agency-banking license, it may be worth exploring tie-ups with MNOs rather than investing in its own agent network.

On sustainability, though SASL has just managed to break-even, low balance savings now constitute a sizable component of their total source of funds, and is expected to retain focus. SASL has to work to improve its staff productivity and reduce the operating cost especially on low cost savings account. This can be done by focusing on bringing more clients in existing areas of operations and avoiding spreading too thin. The objective should be to make the low cost savings product more attractive for clients and management. A key concern is on account of a high debt leveraging. SASL needs to be better capitalized especially considering the high external risk, short duration of its liabilities, credit and liquidity risk that it faces. Another concern is a large gap between the yield and the APR which needs to be analysed and possible weak loan portfolio quality issues need to be identified.

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Country Report # 5

Rwanda – implemented by WOCCU (TSP) & 90 U-SACCOs (FSP)

1 Introduction

The Rwanda country report summarises the findings from the onsite mission conducted from 22nd to 26th June 2015, as a part of the mid-term evaluation of the MicroLead Expansion (MLE) programme. The report begins with a broad overview of the macro-economic environment in Rwanda, followed by a snapshot of its financial inclusion policies and developments, followed by a brief description of the MLE programme in Rwanda, evaluation findings arranged according to the OECD/DAC criteria of relevance, efficiency, effectiveness, impact and sustainability as well as a snapshot of clients' socio-economic profile, financial behaviour, awareness levels and overall expectations from the Umerenge Savings and Credit Cooperatives (U-SACCO). It concludes with a set of recommendations proposing the way forward to ensure achievement of the programme goals.

During the onsite mission, the evaluation team interacted with various stakeholders including representatives from the Technical Service Provider (TSP), Financial Service Provider (FSP), secondary duty bearers as well as other stakeholders directly associated with the country's financial inclusion sector. In particular, the evaluation team held interviews with

- World Council of Credit Unions (TSP)
- Staff of Kanombe U-SACCO; Board and staff of Bumbogo U-SACCO (FSP)
- National Bank of Rwanda (NBR)
- Regional Cooperatives Association (RCA)
- Ministry of Finance and Economic Planning (MINECOFIN)
- Access to Finance Rwanda (AFR)
- Association of Microfinance Institutions in Rwanda (AMIR)
- United Nations Development Programme (UNDP)

A complete list of stakeholders the team interacted with along with the visit schedule are provided in **Annexes 4** and **7** of the report. In addition to the interviews, the evaluation team also conducted 75 individual client interviews (in two U-SACCOs) and 6 Focus Group Discussions (FGD) with 4 client groups and two non-client groups having approximately 10 members each.

2 National overview

2.1 Political context

Located in Central and East Africa, Rwanda is a densely populated nation where over 60% of its population live Below Poverty Line (BPL). The country has been shaken by a prolonged civil war followed by a brutal genocide in the nineties decade that devastated the nation and led to severe human right violations and an upsurge in the spread of HIV/AIDS. Since then, a lot of progress has been made and the country is among one of Sub-Saharan Africa's (SSA) fastest growing nations.

After ousting the extremist military leaders and putting an end to the massacre, the Rwandan Patriotic Front (RFP), with President Paul Kagame at its helm was elected to rule the country for a seven year tenure commencing from 2010. The Rwandan constitution adopted following a national referendum in 2003, replaced the transitional constitution, which had been in place since 1994 and mandates a multi-party system of government, with politics based on democracy and elections. The government has also enacted laws criminalising genocide ideology, which includes intimidation, defamatory speeches, genocide denial and mocking of victims. The constitution permits political parties to exist but under strict controls, and its emphasis on "national unity" effectively limits political pluralism. In 2013, Parliament authorized the Rwanda Governance Board to register political parties. The country was ranked 55 out of 175 countries and territories surveyed in Transparency International's 2014 Corruption Perceptions Index, thereby placing it amongst one of SSA's least corrupt countries.

2.2 Macro-economic indicators

Two decades after a devastating ethnic strife, Rwanda has become a development success story and unity and reconciliation have been consolidated, strengthening good governance in the medium term. The country entered a period of high economic growth in 2006, and the following year managed to register a phenomenal 8% growth, a record it has sustained since, turning it into one of the fastest-growing economies in Africa. This sustained economic growth has succeeded in reducing poverty as evidenced by a dip in the percentage of people living in poverty from 57% in 2006 to 45% in 2011. Real GDP growth increased from 4.7% in 2013 to 7.0% in 2014, exceeding the target of 6.0% and is projected to rise to 7.5% during 2015-16. **Table 1** summarise the key demographic and economic indicators of Rwanda.

Table 1: Key demographic and economic indicators of Rwanda

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	7.3	7.9	8.8	4.7	7.0
GNI per capita, Atlas method (current US$)*	550	590	640	670	700
Population growth (annual %)	2.6	2.5	2.4	2.4	2.4
HDI (value)**	0.453	0.464	0.476	0.479	0.483
Inflation, consumer prices (annual %)*	2.3	5.7	6.3	8.0	1.3
Official exchange rate (local currency per US$, average)*	583	600	614	645	682

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Efforts to promote spatial inclusion are bearing fruit, with the share of rural households living in integrated and economically viable planned settlements increasing from 37.5% in 2012 to 53.0% in 2013-14.

2.3 Financial inclusion landscape

Post the Rwandan genocide in 1994, the country's nascent microfinance sector has revived significantly with sustained support from the international donor community. The genesis of microfinance in Rwanda can be traced back to the year 2006, when the country's first microfinance policy was drafted for a span of four years (2008-12) and the country's leading microfinance association AMIR was identified to be a key player in mitigating the sectorial bottlenecks.

In order to transform Rwanda from a LDC to a middle income country and forge international trade relations, a Vision 2020 document was formulated by the Ministry of Finance and Economic Planning (MINECOFIN). The visioning exercise led to significant reforms in the financial sector as evidenced by the launch of the Financial Sector Development Program (FSDP) in 2006 that aimed to catalyse access to a wide range of affordable and demand driven financial services through the creation of financial institutions that would help inculcate a savings and investment culture in the country.

The introduction of agency banking, and the modernization of financial services such as mobile banking, ATMs and mobile money, have helped to drive financial inclusion in Rwanda. In 2005, the World Bank and IMF conducted an in-depth analysis of Rwanda's financial sector under the Financial Sector Assessment Program (FSAP), which concluded that it was relatively shallow, undiversified, dominated by an oligopolistic banking sector, and characterized by relatively high lending rates, extremely low insurance penetration, scarcity of long-term debt, home mortgage financing and equity capital, negligible regulation and supervision of pensions and insurance coupled with a poorly functioning payments system. Rwanda's capital market is also nascent and currently has limited abilities to provide adequate long-term financing to the private sector.

An Access to Finance study on financial inclusion in Rwanda highlights that, in July 2014 the financial landscape of Rwanda was dotted by banks (66%), microfinance institutions (6%), insurance (10%) and pension providers (18%). A FinScope Survey conducted in 2012 gives an optimistic picture where it shows that the percentage of Rwanda's population accessing formal financial services has doubled to 42% while the proportion of the financially excluded has halved between the years 2008-12. Further, the National Bank of Rwanda has ratified the Maya Declaration wherein it has committed to raise the proportion of banked and financially included clients to at least 80% by 2017. The Rwanda government, to its credit, treats access to finance as a public good as evidenced by the creation of savings and credit cooperatives (SACCO) in each district (Umurenge) to catalyse people centric financial inclusion. In 2012, approximately 1.6 million clients had been mobilized through SACCOs.[i]

The Finscope findings are further corroborated in the World Bank's "Little Data Book on Financial Inclusion, 2015". The presence of alternate delivery channels significantly helped financial institutions to extend outreach in areas with limited or no banking presence and has played an important role in overall improvement in financial inclusion in Rwanda. Initiatives like the World Bank's Financial Inclusion Support Framework (FISP) endeavour to provide technical assistance and capacity-building in five key areas of financial inclusion: MSME finance, consumer protection, financial education, payments, and monitoring and evaluation will also go a long way towards spurring the development of a robust financial sector in the country. The progress on financial inclusion indicators in Rwanda in comparison to SSA countries is shown in **Table 2**.

Table 2: Progress on financial inclusion indicators: Rwanda/SSA

Indicators	SSA		Rwanda	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	10.6	6.7*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	32.8	42.1
Male adults (%, age 15+)	26.7	--	37.5	--
Female adults (%, age 15+)	21.4	29.9	28.2	35.3
Adults living in rural areas (%, age 15+)	20.7	29.2	31.4	37.9
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	5.3	4.5
ATM is the main mode of withdrawal	51.7	53.8	2.5	2.6
Mobile accounts (%, age 15+)	--	11.5	--	18.1
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	24.6
Sent remittances via a mobile phone (% senders)	11.2	30.8	2.0	59.5
Receive remittances via a financial institution (% recipients)	--	26.6	--	17.0
Received remittances via a mobile phone (% recipients)	14.5	27.6	2.9	44.5

Indicators	SSA		Rwanda	
	2011	2014	2011	2014
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	17.8	25.5
Saved any money	40.2	59.6	30.5	55.2
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	8.4	8.2
Loan from family or friends in the past year	39.9	41.9	27.8	36.6
Loan from an informal private lender in the past year	5.4	4.7	4.1	1.9
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	5.3	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [ii, iii]
* Population, age 15+ (millions); ^-- Data not available

3 Programme Description

3.1 Programme Design

The initial proposal submitted by World Council of Credit Unions (WOCCU) to UNCDF articulated that the TSP would utilize the grant for providing technical assistance to 60 Umerenge Savings and Credit Cooperatives as well as the Umwalimu Savings and Credit Cooperatives in Rwanda in order to accelerate the growth in access of rural and low income populations to financial services, particularly savings accounts. The application was later revised as per discussions between UNCDF and WOCCU and proposed offering technical support to 90 U-SACCOs and supporting GoR in consolidating them into 30 district level entities. The revised proposal omitted Umwalimu (Teachers) SACCOs.

Established in 1971,WOCCU, seeking to support and foster the development of effective financial sectors that address the needs of all people, especially women, the poor and those in rural areas, has implemented more than 275 long and short-term technical assistance programs in Africa, Latin America and Asia. As a global trade association and development agency, it assists cooperative financial institutions in addressing the financial needs of their members and expanding outreach to underserved communities. This mission is often achieved through training and technical assistance activities implemented in collaboration with national credit union systems. [iv]

The TSP has adequate experience and understanding of the financial inclusion landscape as well as U-SACCOs in Rwanda. WOCCU's engagement with financial institutions in Rwanda began in 2001 when it was commissioned by the World Bank for a USAID funded project that involved reviewing the loan portfolio, computerisation, financial issues and systems of Banque Populaire du Rwanda (BPR), the country's largest financial institution. Since then it has worked with BPR, SACCOs as well as other financial institutions in the country.

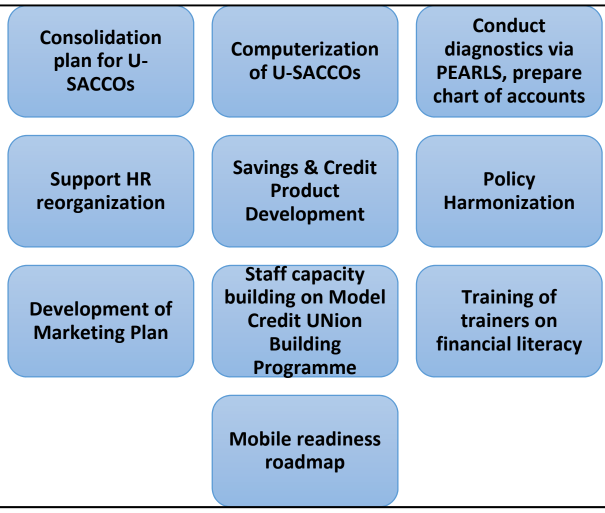
Created in 2010 as the result of a coordinated strategy by the Rwandan government to foster financial inclusion in the country, U-SACCOs were setup in each of the country's 416 sectors (Umurenges), each with a population of approximately 12,000 adults. In addition, the Rwandan Cooperative Agency (RCA) is responsible for providing technical support, promoting and monitoring the performance of the U-SACCOs, whose operations were subsidized by the government for the initial three years under the expectation that over time, these entities would become sustainable and cater to the financial needs of financially excluded segments in Rwanda.

As outlined in the application resubmitted by WOCCU, the TSP would support GoR in the process of consolidating the 90 U-SACCOs and help strengthen the capacities of the resultant 30 entities, which would aid the latter develop a robust national structure for catalysing improved service delivery. It also proposed to boost growth in membership and portfolio of the U-SACCOs, with a focus on net savers through product development, promotional campaigns, policy harmonization and computerization of the U-SACCOs leading to economies of scale.

3.1.1 Programme Objectives

Under MLE, WOCCU aimed to expand the FSP's base of new savers and support investment in the loan portfolio in Rwanda by accelerating rural and low income populations' access to financial services, particularly savings coupled with financial education training for clients through an integrated technical assistance plan (depicted in **Figure 1**). Through consolidation of the U-SACCOs into 30 district level U-SACCOs, the TSP believed that it would be easier to strengthen and sustain the FSP's operations. The TSP's goals and activities were aligned with the Government of Rwanda's (GOR) aspiration to promote transparency, financial discipline, catalyze the growth of the U-SACCO movement through consolidation leading to improved efficiencies and eventual financial independence from government subsidies. The objectives of WOCCU's proposed three-year technical assistance plan under the MicroLead Expansion Program are as follows:

Figure 1: Key Areas of TA support



- Support the GOR implementation of the district U-SACCO consolidation strategy through assistance in the merger process of 90 of the U-SACCOs into 30 district U-SACCOs;
- Accelerate rural and low income populations' access to financial services, particularly savings accounts; Increase opportunities for financial inclusion among disadvantaged groups, such as women and youth;
- Improve the institutional capacity and controls of the U-SACCOs to ensure they adhere to prudential standards of financial safety and soundness, leading to the sustainability of the technical assistance intervention;
- Improve U-SACCO's efficiency, transparency and decision making capacity by facilitating the implementation of a networked core banking solution capable of being managed as a centralized database and able to support the increased operating burdens associated with rapid growth.

The specific programme targets cited in the application are to

- Provide technical assistance in the merging process of 90 U-SACCOs and build capacity leading to sustainability in the resulting 30 district U-SACCOs;
- Increase the number of savers in the district U-SACCOs by 236,000 during the three-year period of implementation;
- Increase total savings in the project SACCOs to US$31.8 million by 2015;
- Increase the number of borrowers in the district U-SACCOs to 60,000;
- Automate the operations of 30 district U-SACCOs;
- Achieve financial independence and sustainability of the district U-SACCOs

The baseline figures and overall programme targets provided in the PBA is shown in **Table 3** below.

Table 3: Performance Targets stipulated in the PBA

	30th June 2012 (Actual)	31st December 2015 (Proposed)	31st December 2016 (Proposed)
Active borrowers	12,121	60,000	76,000
% female active borrowers	26	60	60
% rural active borrowers	85	85	85
Gross Loan Portfolio (US$)	67,11,601	30,198,479	36,129,124
Active Depositors	312,841	549,499	648,527
% female active depositors	40	65	65
% rural active depositors	94	85	85
Total Voluntary Savings (US$)	15,599,830	31,876,172	37,613,883
OSS (%)	268	127	127
PAR 30 (%)	1.8	5	5.0

3.2 Role of Programme Implementers

WOCCU, in the capacity of TSP was provided grant funding to support the consolidation and strengthening of 90 U-SACCOs in Rwanda. Specific responsibilities envisaged at the time of agreement formulation included:

- Participating in Technical Steering Committee meetings and providing technical guidance to the Government of Rwanda for cooperative bank creation;
- Coordinating with diverse stakeholders on creating district U-SACCOs from the strongest 90 U-SACCOs;
- Conducting financial and institutional diagnostics of the district U-SACCOs;
- Signing project participation agreements with the U-SACCOs;
- Implementing the Master Training Plan;
- Providing technical assistance in Master Credit Union Building (MCUB), which included PEARLS, business planning, credit administration, financial analysis, product development, governance training
- Assisting the U-SACCOs to implement the marketing plans, which included new product development, marketing campaigns and member service initiatives, including financial literacy training;
- Supporting the automation of U-SACCOs, including data migration.

The 90 U-SACCOs being supported by WOCCU under MLE were responsible for reviewing the products and processes developed, participating in the trainings conducted by WOCCU, supplying timely and adequate data to the TSP for conducting diagnostics and reporting, piloting and implementing the newly developed credit and savings products.

In addition to the TSP and FSP, the National Bank of Rwanda, Ministry of Finance and Economic Planning and Rwanda Cooperative Agency were also involved in shaping the application submitted by WOCCU. While U-SACCOs were formally registered with RCA, supervision of financial activities was under the jurisdiction of NBR leading to dual governance. The list of 90 U-SACCOs supported under MLE were provided by MINECOFIN and it was expected that the TSP would assess their resilience using the PEARLS diagnostic tool.

3.3 Grant Support and Conditions

Under the MLE programme WOCCU was committed a grant amounting to US$ 2,175, 000; of which US$ 77,500 was contributed by UNDP's Building Inclusive Financial Sector in Rwanda (BIFSIR) Programme. The Performance Based Agreement (PBA) was signed between WOCCU, UNCDF and UNDP on December 2012 and was scheduled to culminate on 31st December 2015, though programme activities would continue till September 2016. The key activities and conditions of the disbursement tranches is shown in **Table 4**.

Table 4: PBA conditions summarized

#	Disbursement Date	TSP (US$)	Key Activities	
			Original PBA (December 2012)	PBA Amendment (October 2015)
1	December, 2012	661,000	Agreement Signed	
2	August, 2013	299,000	Coordinate with different stakeholders to merge district U-SACCOs; Use external audit and financial analysis to address NBR regulatory requirements in the development of the merger process for the district U-SACCOs; List of members, accounting & chart of accounts, loan and savings portfolio; Support HR reorganization; Diagnostics of 30 district U-SACCOs; Develop and sign participation agreements with 30 district U-SACCOs; Prepare and implement Master Training Plan for committees members, managers and personnel; Software evaluation; Mobile Technology Readiness and IT Connectivity Roadmap prepared; Baseline data on no. of women in BoD and management collected	Coordinate with different stakeholders to create coop bank; Use PEARLS financial analysis to address the development of the 90 U-SACCOs; Integrate SMART Campaign's CPP Principles in Master Trainer Plan; Terms of Reference for U-SACCO computerization prepared; Clause related to 'Develop and sign participation agreements with 30 district U-SACCOs' removed
3	February, 2014	653,000	Coordinate with different stakeholders to merge district U-SACCOs; Use external audit and financial analysis to address NBR regulatory requirements in the development of the merger process for the district U-SACCOs; Standardize policies, norms and procedures for U-SACCOs; 30 Marketing plans developed; Assess current product features and develop at least 2 new savings and credit products; TA and follow-up including training on MCUB; group training on policy reforms, governance and Credit Union Management to at least 10 U-SACCOs; Software procurement; Projections updated based on results of pilot	Coordinate with different stakeholders to create coop bank; Use PEARLS financial analysis to address the development of the 90 U-SACCOs; group and MCUB training implemented to 90 U-SACCOs, software implementation and IT usage training to 90 U-SACCOs

4	February 2015	348,884	Testing and rolling out of at least new savings and credit products; Training on cross-selling products; TA on increasing loan and savings volumes to 10 U-SACCOs; financial literacy trainings to at least 15 U-SACCOs; Training on MCUB; group training on policy reforms, governance and Credit Union Management to at least 10 additional U-SACCOs; Software implementation including design of Excel templates and diagnosing operations; Training on IT usage, Data collection and migration in 16 U-SACCOs; MIS reports prepared, signed-off and available on MIX; Programme learnings documented in draft case study; Targets related to no. of unbanked clients met; 30% increase in women in management positions and 2% increase in female representation in BoD	List of members of 90 U-SACCOs compiled and automated; data on loan and savings balances automated; HR reorganization of 90 U-SACCOs moved to Q2 2014, to be conducted post automation of U-SACCOs; 90 marketing and business plans developed; financial literacy trainings imparted to 45 U-SACCOs; group and MCUB training imparted to 30 U-SACCOs
5	February 2016	213,116	TA on increasing loan and savings volumes (30 business plans completed); financial literacy training to additional 10 U-SACCOs; MCUB training and group training on policy reforms, governance and CU management completed for final 10 U-SACCOs; Software implementation including design of Excel templates and diagnosing operations in in 14 U-SACCOs; Training on IT usage for all 30 district U-SACCOs completed, Data collection and migration in 14 U-SACCOs; MIS reports prepared, signed-off and available on MIX; Programme learnings documented and case study on U-SACCO consolidation experience prepared	Providing TA to 90 U-SACCOs; additional 45 U-SACCOs trained on financial literacy; final group and MCUB trainings conducted for final 30 U-SACCOs
	Total	**2,175,000**		

Until June 2015, WOCCU had received 73.2% of the funding amounting to US$ 1,613,000. Despite WOCCU's best efforts to complete all activities stipulated in the PBA within the prescribed threshold, inordinate delays were encountered with regard to finalizing the consolidation structure thereby postponing the plan to computerize the U-SACCOs and subsequent disbursement tranches. Due to this, the PBA underwent an amendment in May 2015 and the TSP was also granted a no-cost extension to complete its work related to validating the U-SACCO's data (not included in the PBA) and facilitating the consolidation plan of U-SACCOs, which is currently being evaluated by the German Savings Bank as well as the computerization of the U-SACCOs. Consequently, PBA targets were renegotiated and a PBA amendment was drawn up, to be signed in Q4 2015. Additionally, the tranche scheduled for February 2015 was also to be disbursed in Q4 2015, once the agreement between RCA and the CBS provider (FinTech) was signed.[v1]

[1] Rwanda's Ministry of Justice has already approved a US$ 4.6 million for CBS procurement

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MicroLead Expansion Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation which was to follow.

This was followed by a period of in-depth review of all programme literature shared by the PMU and drafting of the inception report containing the final Theory of Change and work schedule, elaborate Evaluation Matrix with questions, sub-questions and indicators which tested the programme's key hypotheses in accordance to the abovementioned OECD/DAC criteria, followed by the preparation of a data collection toolkit comprising Key Informant Interview (KII) questionnaires, household survey forms and Focus Group Discussion guides as well as a list of stakeholders to be interviewed and their role in the MLE programme.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized templates to each TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable. The FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Rwanda was spread across 5 working days and undertaken by a three member team, The team, accompanied by representatives from WOCCU also visited Kanombe and Bumbogo U-SACCOs and interacted with the FSP's staff and BoD (only in Bumbogo). With support from WOCCU, the team identified and trained three enumerators on the household survey questionnaires and FGD templates, following which 75 clients of the two U-SACCOs were interviewed and 6 FGDs were conducted with four groups (approximately 10-12 members per group) comprising U-SACCO clients, while the other two FGDs were conducted with community members who were not associated with the FSP. Findings from the interviews and FGDs have been elaborated further in **Section 5**.

4.2 Evaluation findings

This section delineates the programme design, achievements and lessons learnt from the Rwanda country programme focusing on consolidation of U-SACCOs and is centered on the OECD/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability post the culmination of MLE and recommend appropriate remedial measures.

4.2.1 Relevance of Programme Design

Findings from the baseline Finscope Study conducted in 2008 showed almost 225 sectors accounting for 52% of the Rwandan population were completely excluded from the ambit of financial services (formal and informal) and only 21% of the country's adult population had access to financial services, primarily due to the inadequate number of FSPs. In order to guarantee quick and easy access to financial services, the Government of Rwanda established U-SACCOs in each of the country's 416 sectors in 2010. Post the establishment of the U-SACCOs, the second round of the FinScope Survey conducted in 2012 revealed that 42% of the adult population had access to financial services and only 28% were excluded from its ambit, highlighting significant reduction in the proportion of Rwandan adults not having access to financial services.

Further, in 2011 BIFSIR and AFR jointly commissioned a SACCO Sustainability Study to guide investment in the SACCO sector for improved performance, which conclusively recommended that the initial steps in professionalizing the sector entailed a market preparation phase that focused on adjusting clients' perception on SACCO ownership, while concurrently improving operations to provide improved services to clients and thereby boosting economic growth throughout the country.[vi]

The above facts suggest that U-SACCOs play an instrumental role in the financial inclusion strategy of the Rwandan government. The strategy of establishing a U-SACCO for each sector was formulated by the government in 2008, after Banque Populaire (the country's largest bank) was transformed into a commercial bank and other banks' reluctance to downscale became evident. U-SACCOs have good outreach in rural areas, are easy to form and enjoy the comparative advantage of being community owned institutions and thus are highly trusted by members. According to MINECOFIN, the government of Rwanda was banking on U-SACCOs to achieve 70% financial inclusion in the country by 2017. Consequently, U-SACCOs are well-suited to further the MLE objective of providing demand driven responsible savings focused financial services to low income households (including women and rural clients) in Rwanda.

In Rwanda, World Council for Credit Unions (WOCCU) was appointed as TSP to support 90 (out of 416) U-SACCOs in developing savings and credit products, harmonizing credit and savings policies, setting up a MIS to facilitate backend activities, develop marketing material and capacity building of staff. WOCCU already had a good understanding of the financial landscape in Rwanda having been associated with Rwanda's financial sector since 2001 as well as its prior experience in working with U-SACCOs. WOCCU's commitment to the double bottom line objectives, focus on credit union movements in underdeveloped nations including Rwanda, expertise in providing technical assistance for strengthening credit and especially savings functions, good standing with the government and focus on knowledge sharing and learning activities were in alignment with programme's intent of broadening financial inclusion for low income earners on a national scale, with a focus in rural areas makes it an eminently suitable choice for TSP. WOCCU also expressed its commitment to the client protection principles in the proposal submitted to UNCDF.

As a part of the evaluation, the M-CRIL team interacted with a range of industry stakeholders including NBR, AFR, MINECOFIN and AMIR who unanimously opined that U-SACCOS are the way forward for advancing financial inclusion in the country. NBR's Director of Microfinance opined that ideally the MLE grant should have covered all 416 USACCOs, instead of merely supporting 90 U-SACCOs. However, legitimate concerns were also raised on the weak governance structures and managerial competencies, redundant and poorly implemented policies, as well as the absence of a strong technology backbone imperative for scaling financial institutions.

As per the PBA, the Rwanda project was allotted a grant amounting of US$ 2,175,000 which was to be disbursed in five tranches to the TSP. The key milestones stated in the PBA included coordinating with different stakeholders to finalize the plan for merging the USACCOs, preparing the organization chart and chart of accounts, conducting market studies, harmonizing policies, developing and rolling out savings products and providing technical assistance to increase the products' uptake, conducting financial literacy trainings and diagnostics of each USACCO, implementing the Master Trainer Plan, imparting trainings on governance, credit union management and policy reforms and developing, installing the MIS , designing Excel templates and training staff on usage. Further, though validating the USACCO's books of accounts and member data was not included in the PBA, WOCCU having realized the criticality of this activity took upon itself the responsibility of validating the data of 82 U-SACCOs (till Q3 2015).

The main areas where WOCCU is lagging are related to finalizing the consolidation plan and Apex structure, which is a policy process where the government functionaries are finding it difficult to find a common ground, rollout of new loan and savings products (the harmonized policies have not been uniformly adopted by the BoD of all U-SACCOs and inordinate delay in acquiring and rolling out the MIS on account of the confusion centring on the merger plan as well as RCA pushing the development to the next (2016) fiscal years' budget. The delay in finalizing the consolidation plan for USACCOs is a major setback for the programme as it has significant impact on several milestones, including the purchase of a MIS which is now being pushed to 2016. There is a risk that despite its merits the project would not be able to meet its targets within the stipulated timelines.

In line with UNCDF's priorities of targeting women and rural segments, the programme proposed to increase outreach to 60% women borrowers and 65% women depositors. However, the data reported by the TSP for Q3 2015 shows that the programme had succeeding in increasing outreach to only 27% women borrowers and 41% women depositors on account of cultural norms according to which accounts were largely opened in the name of male household member. Further, the figures are also likely to be understated due to the presence of significant number of group accounts (4% borrowers and 31% depositors) whose composition could not be disaggregated gender wise. Also, aspects of gender and environmental sustainability have been incorporated in all policies developed by WOCCU. The TSP has also integrated the Client Protection Principles developed by the SMART Campaign in the 4 new savings and credit products developed under MLE.

Even though the MLE programme also encouraged grantees to develop innovative technology driven delivery channels for cost-effectively increasing outreach, branchless banking was not incorporated in the Rwanda programme design. However, unlike other developing nations where availability and accessibility of financial services were major impediments thus necessitating the development of alternate delivery channels, the presence of U-SACCOs in every sector of the country ensured proximity of financial services and thus establishing an agent network or promoting mobile financial services was not an immediate need. Moreover, the manual MIS and related data issues of U-SACCOs necessitate that technology solutions have to wait for strengthening of MIS and human resources. With regard to knowledge management, the TSP had begun codifying the programme learnings related to the consolidation of U-SACCOs at the time of the evaluation team's visit.

4.2.2 Efficiency of Programme Management

Two applications soliciting grants from the MLE programme were submitted to support the Rwandan microfinance sector. These included BASIX/PAMIGA's proposal to support MFIs and select SACCOs and WOCCU's tender offering to provide technical support to the Umwalimu and Umurenge SACCOs, targeting two SACCOs per district. Post review, it was agreed that WOCCU's proposal was more relevant and the timing of the investment was also apt given the government's focus on developing and promoting U-SACCOs.

The proposal for the Rwanda programme was formulated by WOCCU based on inputs received from NBR, RCA and MINECOFIN. It underwent further revision post consultant review and IC feedback and the scope of the grant was limited to 90 U-SACCOs alongside supporting the GoR to consolidate the 90 down to 30 district U-SACCOs. The consultant summary and IC proceedings acknowledge that on account of being promoted by the government and having a presence in every sector in Rwanda, U-SACCOs had tremendous potential to scale financial inclusion in Rwanda. The quality of consultant evaluation was reasonably strong and raised questions on U-SACCO's capacity, governance structure, member interest, sustainability, strategy to be relevant in the face of high competition, member interest, deteriorating portfolio quality and high degree of government influence. It also aptly identified that even though government support and active endorsement was a boon for the project, the involvement of multiple government functionaries had the potential to prolong the programme, leading to a rank of 26 out of 30 shortlisted applicants.

The MLE programme's focus was on promoting savings led financial inclusion in SSA through innovative technology driven business models. The eligibility criteria for choosing applications was based on a combination of factors: relevant experience, performance and proposed business model. While the TSP eligibility criteria was well-designed and resulted in the selection of a strong TSP, the FSP eligibility criteria was not strictly followed. Institutions like U-SACCOs are small and informal and hence are not likely to have audited statements or be reporting to MIX. Further, it is highly challenging to determine the profitability and portfolio quality of the institution as a whole as there are 416 U-SACCOs in the country with little or no reporting systems.

UNCDF's former CTA for Rwanda was actively involved in defining the scope of WOCCU's activities that were further outlined in the business plan and also helped clarify issues raised by IC. Currently, the MLE Programme in Rwanda is being managed remotely by UNCDF's Programme Manager based in New York and Programme Specialist located in Dar es Salaam, Tanzania. Efforts are made to visit WOCCU's programme office in Rwanda at least once a year for reviewing the programme's progress. Two visits were conducted in February and September 2015, regular follow-ups are done over calls and emails and the quarterly reports submitted by the TSP are discussed in detail. Despite WOCCU's efforts, the implementation of some of the key programme deliverables were delayed on account of the involvement of multiple stakeholders having divergent views and the prolonged and centralized decision making by the government on the appropriate business model (which is key to deciding the future course of action). UNCDF too has tried to bridge this impasse by visiting the concerned government departments during the monitoring meetings and trying to suggest the way forward. Further, the Rwanda country programme incorporated several recommendations proposed during ML Mid-Term Evaluation, which included a revision of the PBA to support necessary amendments based on situational demands. For instance, in Rwanda the activity related to signing participation agreements with 30 U-SACCOs (PBA # 3.2) was removed once it was realized that was contingent upon the U-SACCO's governance model, which would take time to be finalized and several activities scheduled for 2014 were pushed to the subsequent year and hence a new PBA was drawn up. WOCCU has also been granted a six month no-cost extension to complete the data validation exercise and support the MIS development if the model is finalized by then.

Overall efficiency of the programme has been limited due to lack of clarity on the models for consolidation of USACCOs and coordination issues between MINECOFIN, NBR and RCA. Challenges were furthered compounded as the onus of deciding the model and automation process was shifted from RCA to MINECOFIN. A review of the initial and revised proposal suggests that the programme's leverage was anticipated to increase from 6 times in the initial proposal to 9 times in the revised document. Data quality issues as well as the large number of dormant accounts (revealed during WOCCU's data validation exercise) make it difficult to comment on the programme's actual leverage. UNCDF's Q2 2015 report to MCF suggests a 20% net increase in active depositors from the baseline figure of 312,841 depositors. Also, WOCCU had developed 4 savings products with 2,028 voluntary depositors and total voluntary savings balance of US$ 1,325,689.[vii]

Other achievements included completing the inventory files of 358 out of 416 U-SACCOs (82 under MLE), developing new tools to capture USACCO's geographic sector specific marketing data and helping 90 U-SACCOs draft individual marketing plans with the SACCO managers. Financial literacy tools and material developed by WOCCU were distributed to all 90 MLE USACCOs with accompanied training for managers. WOCCU also coordinated with the World Bank consultants working on a national financial literacy programme for USACCOs to ensure coherence between the two implementations.

On the flipside, key activities related to finalizing the consolidation structure followed by automating U-SACCO operations were delayed on account of indecision related to determining the ideal model, which would help improve governance and operating efficiencies and at the same time retain the independence of the U-SACCOs. In Q2 2015, the German Savings Bank was commissioned by the Government of Rwanda to conduct an evaluation and recommend a suitable consolidation plan for U-SACCOs. The three possible choices under consideration are:

- Establishing a COOP Bank with 416 independent U-SACCOs as main shareholders;
- Establishing a COOP Bank with a highly centralized model, which would turn the 416 U-SACCOs into branches of the COOP Bank; and
- Merging U-SACCOs at the district level, wherein the independent district level U-SACCOs become shareholders of the COOP Bank.

WOCCU's proposal was built around the assumption that WOCCU would be supporting the consolidation of U-SACCOs; however the TSP's limited say steering the entire process was not envisaged at the time of programme design. Further, WOCCU's initial plan was to work with a sample of 30 (out of the 90 best USACCOs) and demonstrate how good governance and management practices could be incorporated, strong systems could be built and staff capacities be developed to create sustainable client-centric financial institutions.

Even though the scope of the project was enhanced to cover 90 U-SACCOs, a corresponding revision to the budget was not made. Accordingly, the MIS development and installation cost provided by WOCCU accounted for only 30 U-SACCOs. However, given that WOCCU now has to work with 90 (MLE) for process automation, the financials initially submitted by WOCCU are inadequate. As per the present plan, the cost of the MIS would be jointly funded by AFR (US$ 380,000) and MLE (US$ 200,000) and the remainder would be provided by the GoR. Also, during the course of the project, WOCCU realized that it was imperative to validate the data of all the U-SACCOs; an activity which was not provided for in the PBA. Even though information pertaining to cost incurred in providing each TA component was not available, M-CRIL was informed that till June 2015, US$ 15,000 had been spent on validating the books of accounts and member details of 86 U-SACCOs (of which 21 were covered under MLE).

Till 31st December 2015, WOCCU had received US$ 1,613,000 (73% of the proposed budget) and had spent up to US$ 1,245,521.30[viii]. Further, the grant scheduled for February 2015 was to be disbursed in October 2015, post a PBA amendment and review visit by UNCDF. Given that the achievement of milestones were delayed on account of factors beyond the TSP's control resulting in a vicious cycle where delayed funding further hindered the achievement of programme deliverables, it would have been prudent to build a contingency plan that would take care of events beyond WOCCU's control.

WOCCU was judicious in expending resources in the programme and had expended up to 57.3% of the funding received till December 2015. Thus the TSP was confident that it would be able to successfully complete the data validation exercise if a six month no-cost extension was granted. Despite WOCCU's commitment and good performance, it is likely that the project may not be completed within the MLE programme's timelines. It is expected that final consolidation structure will be decided by December 2015. Further, the contract for U-SACCO automation has been approved and is awaiting signing, post which the CBS implementation will begin from Q4 2015. However, WOCCU is hopeful that the CBS roll-out can happen in parallel to the consolidation of the U-SACCOs and the CBS will evolve organically as the structure of the cooperative bank is determined.[ix]

Though WOCCU is diligent in sharing quarterly progress reports with UNCDF and in reporting performance information to MIX, accessing and ensuring the accuracy of the data supplied by U-SACCOs continues to be a challenge. As per the monitoring process followed initially, U-SACCOs were expected to report quarterly performance data to NBR, who in turn would forward the information to WOCCU for further analysis using PEARLS. The process has since then been revised and the U-SACCOs now directly share information with WOCCU. However, WOCCU reported that delays were common and most U-SACCOs were not prompt in sharing data. Further, post the commencement of the data validation and diagnostic exercise, the TSP has realized that the baseline figures mentioned in the PBA are highly overstated on account of the large number of dormant accounts, which were undetected at the time of signing the agreement.

4.2.3 Effectiveness-Organizational Change of Supported FSPs

The proposal submitted by WOCCU offering to strengthen the resilience of Rwandan U-SACCOs and institutionalize the delivery of savings led financial services included several critical areas where technical assistance would be provided. Even though, WOCCU has been proactive and has often stretched to provide support in areas not provisioned for in the budget, its ability to significantly transform the institutional capabilities of the U-SACCOs has been limited, primarily due to the sheer numbers of FSPs the programme was catering to, volume and complexity of the tasks at hand and delays in deciding the consolidation model which was a vital aspect of the programme design.

U-SACCOs in Rwanda are small, community owned institutions providing members an avenue to save and borrow money. Under MLE, WOCCU is supporting U-SACCOs strengthen their operations through needs assessment, product design, harmonization of policies (savings, credit, liquidity, cash, security, investment policies), development of marketing materials, obtaining client feedback, data validation, preparation of organization chart, inventory of accounts, capacity building, providing trainings on managing credit unions, credit management, business planning and management for staff of all 416 U-SACCOs (BoD, credit committee members, managers, accountants and loan officers), business planning, marketing and financial literacy trainings to managers of 90 U-SACCOS, preparation of IT roadmap and diagnosing the performance of the U-SACCOs.

The evaluation team interacted with the staff from Kanombe and Bumbogo U-SACCOs who reported receiving training on loan and deposit management, preparation of financial statements, financial literacy, marketing and business planning and developing new policies from WOCCU. In 2014, WOCCU conducted a training for the auditors of NBR. In the same year, it also trained the entire NBR supervision Unit on using WOCCU's PEARLS diagnostic toolkit.

Detailed design of four savings products as well as credit products has also been completed upon RCA's request, though at present most of the U-SACCOs limited capacities to implement these. Thus, U-SACCOs continue to mainly offer three types of deposits – current, security and term deposits. Many of the recommended changes were yet to be implemented by the U-SACCOs and were awaiting approval from the U-SACCOs' Board. Also, despite staff training initiatives undertaken by WOCCU, U-SACCOs' staff capacities continues to be an area of concern. This could be attributed to the high attrition rate of U-SACCO staff and the lack of coordination in the trainings offered by multiple partners (WOCCU, AMIR, RICEM, RCA, and BIFSIR). Lastly, despite being trained on data validation and PEARLS, very few U-SACCOS have taken the initiative to rectify the discrepancies.

At the onset of the MLE programme, WOCCU undertook a client satisfaction survey, covering 1,800 members representing 90 U-SACCOs. The results of the survey revealed that respondents were keen that the U-SACCOs become computerized and thus facilitate seamless inter-branch transactions and also hoped that the FSP would develop more credit products. WOCCU's technical assistance strategy is aligned with the results of the client satisfaction survey. In order to make this a continuous process, WOCCU has also developed a format which is to be used by U-SACCOs for periodically soliciting client feedback.

WOCCU had endorsed SMART Campaign's Client Protection Principles (CPP) in the PBA wherein it had agreed to incorporate the 7 CPP principles in the U-SACCOs' policies and diligently monitor the FSP's adherence to the same. In February 2014, WOCCU submitted a document that listed U-SACCO's adherence to the seven client protection principles and showed that 7 principles have been emphasized upon. With regard to client grievance redress mechanism, WOCCU expects to reinforce the principle and incorporate in the Member Policy soon. Currently, the BoD receives member complaints and forwards it to the supervisory committee, who are accountable for monitoring the number of complaints received and actions taken in response to the complaint. The supervisory committee is also responsible for monitoring the performance of the U-SACCOs with regard to CPP.
With regard to products, most U-SACCOs continue to mainly offer three types of deposits – current, security and term deposits and hence clients were unaware of the new offerings. However, 89% of the respondents interviewed by M-CRIL were satisfied on account of the proximity of the branches, having a safe place to deposit money and increase savings and the consequent increase in economic well-being. 75% loan clients were satisfied with the services and cited key causes of dissention to be related to the high interest rates, lengthy processing time and limited loan sizes. Also, there has been no perceptible change in staff attitude on account of the MLE programme. In fact, several clients interviewed by M-CRIL expressed their annoyance with the poor customer service as they would often have to queue up in the cramped branch premises for a long time while staff members attended personal phone calls.

WOCCU has been periodically diagnosing the performance of the U-SACCOs using the PEARLS financial modelling tool. The diagnostics revealed that the investment in banks far exceeded loan portfolio and also pointed to the huge overdrafts, issuance of loans beyond the limits set by NBR. Also, issues of internal lending to promoters, incorrect provisioning, ageing analysis and non-separation of amounts under various categories of deposit products were noted. With regard to loans, challenges related to loan management, policies, collections, incorrect provisioning and ageing analysis and consequent high delinquency were evinced. **Table 5** below indicates its progress as of Q2 2015.

Table 5: U-SACCO's progress on client outreach

	Baseline Q2 2012	Actual Q4 2013	Actual Q4 2014	Actual Q2 2015	Endline (Min) Q3 2016
Outreach in terms of # of discrete individual clients reached	NA	NA	398,276	376,684	NA
# of active voluntary depositors	312, 841	NA	398,276	376,684	18,700
% of women depositors	40	NA	0	0	45
% of rural depositors	94	NA	0	41	80
# of active Borrowers	12,121	NA	16,648	16,614	551,248
% of women borrowers	NA	27	25	27	NA
% of rural borrowers	NA	84	78	84	NA

Based on an analysis of the FSP template shared by WOCCU, the following findings emerge:

- 27% loan accounts were held by individual women clients, which comprised 25% of the total loan outstanding
- 41% of the deposit accounts were in the name of women clients accounting for 27% of the total deposit balance
- 4% of the loan accounts and 8% of the savings accounts corresponded to savings groups comprising 20-30 members, who were predominantly women. These savings groups accounted for 7% of the outstanding loan portfolio and 31% of the total deposit balance. This demographic is not being captured in the current data submitted to MIX.
- Majority (84%) of the loan accounts and 81% of the savings accounts were held by rural clients and accounted for 78% and 76% of the loan portfolio and deposit volumes, respectively
- The number of borrowers, depositors and deposit balance show an increasing trend. With regard to savings, the breakup (as of Q4 2014) was 90% regular (voluntary savings), 8% security savings and 2% term deposits.

Despite challenges in obtaining timely and accurate information from the U-SACCOs, WOCCU regularly reports to MIX (last reported in Dec 2014). It has participated in the two MLE workshops and also attends workshops and roundtables organized by the Technical Steering Committee, when invited. WOCCU has a good relationship with the government and other industry stakeholders who are appreciative of WOCCU's efforts. The TSP has been coordinating with NBR, RCA and MINECOFIN to speed up the process of finalizing the consolidation model for U-SACCOs.

4.2.3 Effectiveness-Market Demonstration, Upscaling

In Rwanda, the MLE programme is scheduled to end in December 2015, while the overall programme culminates in September 2016. In order to complete the data validation with the unutilized funds, WOCCU requested a six month no-cost extension, which was subsequently approved. While all programme stakeholders (NBR, RCA, MINECOFIN) were aware that the MLE programme was scheduled to terminate in December 2015, the unanimous consensus was that WOCCU had achieved considerable progress in improving the capacities of U-SACCOs, which would be undone unless WOCCU's engagement was sustained for another 2-3 years, at minimum.

Through its work in Rwanda, WOCCU has established a strong and positive relationship with the government and other industry stakeholders in the country; all of whom were appreciative of the TSP's efforts. Interactions with a variety of stakeholders indicated that though many were not involved in MLE or any other collaboration with WOCCU, all were familiar with the programme and appreciated WOCCU's efforts and some opined that the MLE programme should have focused on the country's 416 U-SACCOs. On a positive note, WOCCU's work with U-SACCOs also generated the interest of AFR who provided additional funding of US$ 1 million for replicating the activities undertaken under MLE with another 90 U-SACCOs. Though aligned with the MLE goals, this project is independent and will culminate by the end of 2016.

In addition to the programme's principal funder-the Master Card Foundation which provided funding of US$ 2,097,500, the Rwanda country programme also received additional funding of US$ 77,500 from UNCDF's BIFSIR programme. However, UNDP was not involved in the programme and was only broadly aware of the progress achieved. Further, UNCDF through BIFSIR is also implementing a similar initiative in the country wherein it has commissioned two consultants for a year to provide support on the development of a Core Banking System by MINECOFIN and RCA, harmonization of policies and products and data validation. Having realized that WOCCU is struggling to raise funds required for automating the operations of 180 U-SACCOs, UNDP has also expressed interest towards awarding the BIFSIR programme's unspent budget of US$ 175,000 to WOCCU for undertaking data validation and computerization of the U-SACCOs.

Though WOCCU is keen to strengthen the U-SACCOs it is working with and demonstrate the impact and performance to the larger sector, coordination and communication issues impede its progress. For instance, even though several U-SACCOs are members of the Association of Microfinance Institutions, Rwanda (AMIR), it was not officially apprised or involved in the MLE programme. During the evaluation team's discussions with UNDP, it was pointed out that greater effort should be devoted towards ensuring coordination amongst the various agencies operating in the financial inclusion space in Rwanda and thus resulting in increasing cohesion and lesser duplication of efforts. Currently, most interactions amongst various industry stakeholders took place in formal settings (like the Technical Steering Committee and Financial Sub-sector Working Group meetings), which are primarily attended by donors and government agencies. In this regard, building a national knowledge sharing platform will go a long way towards enabling policy changes and stakeholder coordination.

The TSP is also coordinating with Enclude who has been appointed by the World Bank to develop financial education modules for SACCOs in order to synergize their activities. It is currently in the process of documenting the programme learnings and has not made significant inroads with regard to publishing lessons and case studies.

WOCCU has also participated in regional workshops and has been invited to Technical Steering Committee workshops and the Financial Inclusion Sub-sector Working Group comprising representatives from MINECOFIN, NBR, AFR, MINECOFIN, RCA, AMIR, RBA and ASSAR, UNDP on the few occasions. WOCCU welcomes these opportunities as it provides a platform to learn from peers, share experiences and recent developments in the country's financial inclusion space and is the best possible way for it to interact with the multiple stakeholders involved in the small but fragmented financial inclusion sector in Rwanda. Though, the TSP realizes that decision making primarily happens at the High Level Steering Committee comprising only government ministries, it is proactively coordinating with various government agencies to speed up the process of finalizing the consolidation structure and Apex body for governing U-SACCOs.

4.2.5 Likely Impact

The Rwanda country programme reaches out to low-income households in remote and rural areas and therefore has a high likelihood of contributing to the financial inclusion agenda of the government. Findings from the FinScope study also highlight the instrumental role of U-SACCOs in doubling the country's adult population's access to financial services. Being present in every sector of the country, U-SACCOs are well-placed to catalyse financial inclusion by providing easy access to an array of financial services.

Despite WOCCU's best efforts, the MLE programme in Rwanda is yet to gain scale or complete some key activities on account of the delay in finalizing the model for U-SACCO consolidation as the government partners (NBR, MINECOFIN and RCA) failed to arrive at a common ground. Even though WOCCU has designed four savings and credit products each, harmonized policies and conducted financial literacy trainings to sensitize clients, they are yet to be rolled out. Further, the absence of a MIS, robust internal control systems and well-trained workforce hinder further scaling as well as the programme's sustainability. However, it can be hoped that with all systems in place, U-SACCOs will go a long way in creating a set of strong institutions with an elaborate suite of products that will facilitate access to financial services. The delay in procurement of MIS is likely to erode the validity of data validation of U-SACCOs done by WOCCU. The data validation has been done by WOCCU with reference to a particular date and incremental data entries beyond that date will need to be revalidated requiring another cumbersome process.

Progress data reported by the TSP indicates a definite growth in the number of depositors and savings balances. While the project is at par with meeting the targets related to rural outreach, there has been a shortfall in meeting the targets related to the proportion of female clients (borrowers and depositors) on account of cultural norms. Further, it is likely that the number of women clients are under-reported asto the U-SACCOs do not track the composition of savings groups comprising 20-30 members, which are registered in a single account.

While it may be premature to comment on the impact of MLE on clients' lives in the absence of adequate baseline data, the KPIs indicate a 23% increase in the average loan balance (currently US$ 683) and a 4% dip in the average deposit balance (currently US $ 51). The limitations to judging impact also come from the wrong baseline data. Only 48% of the respondents interviewed by the evaluation team reported receiving training on financial literacy. Though, interviewed respondents were not very familiar with the terms of the various credit and savings products offered by the FSP, their awareness on various aspects of the Client Protection Principles was good. During M-CRIL's visit to the two U-SACCOs, several clients cited that the introduction of inter-branch transactions would be highly convenient. Further, clients also cited a preference for brick and mortar structures over agency and mobile banking channels. This is in alignment with the programme's intent to computerize the U-SACCOs to cost-effectively increase outreach and benefit clients thereby resulting in increased client satisfaction and eventually leading to sustainable operations.

4.2.6 Sustainability

U-SACCOs are easy to form, fairly well-capitalized as they primarily depend upon member savings for on-lending. Further, during the initial three years after operation, their operating expenses were subsidized by the government which resulted in substantial profits. Even though some U-SACCOs have managed to be profitable even after the withdrawal of subsidies, their sustainability is questionable on account of the weak governance and management systems and inadequate supervision and staff capacity. The due diligence report prepared by the external consultants also pointed out that the risk of U-SACCO's unsustainability had exacerbated given that they were finally permitted to offer loans without addressing the challenges related to staff inexperience in offering credit, weak governance and manual operations.

Despite best efforts by WOCCU, the overall sustainability of the programme is questionable in the absence of a robust MIS for recording and tracking operational and financial performance. The three pillars determining the sustainability of U-SACCO operations include design and implementation of a consolidation model for governing and ensuring efficient operations of U-SACCOs, increased uptake of savings products and automating U-SACCO operations. WOCCU is currently working on validating the data provided by the U-SACCOs and has expended up to US$15,000 on this activity alone. However, until the model is finalized and the MIS is implemented, data validation will not be a useful exercise as the data is likely to change.

Also, diagnostics conducted by WOCCU using the PEARLS software as well as an Inspection Report prepared by NBR (on Bumbogo U-SACCO) highlight serious challenges in governance, credit quality, loan appraisal, reporting, internal control, non-separation of accounts across various categories of deposit products, lending and operating beyond authorized limits. **Table 6** presents a trend of the financial performance of the U-SACCOs capturing data from the programme's baseline to Q2 2015.

Table 6: Financial progress of U-SACCOs covered under MLE[x]

KPIs	Baseline Q2 (June) 2012	Q 4 (Dec) 2013	Q 4 (Dec) 2014	Q2 (Jun) 2015
PAR 30 (%)	4.0	4.0	3.0	3.0
RoA (%)	1.0	1.0	0.0	2.6
OSS (%)	101.0	104.0	101.0	107.5
OER (%)	NA	24.0	25.0	25.4
Cost per client (US$)	NA	65.0	61.0	NA
Capital to assets ratio (%)	NA	21	22	23.2

Table 6 above indicates that the overall portfolio quality of the 90 U-SACCOs covered under MLE was good and well within the limits stipulated in the PBA. However, the diagnostics conducted by WOCCU indicates serious issues in the portfolio quality coupled with incorrect provisioning and analysis. **Boxes 1** and **2** below summarizes the assessment of the two U-SACCOs visited by the evaluation team based on the parameters of governance and strategy, management and systems and financial performance.

Box 1: Institutional Assessment of Kanombe U-SACCO

Governance & Strategy

- Established in 2010 with a second branch added in Aug 2013; Head office in urban area with 2,100 clients and 1,080 in the rural branch. Reported data shows that the U-SACCO has shown a CAGR of 12% for number of depositors from 2012-15 which subsequently dropped to -4% for the period 2013-15.
- Governed by a BoD comprising 5 members, credit committee (CC) of 5 members and supervisory committee (SC) of 3 members. Good representation of women – 2, 3 and 1 in each of these committees, respectively.
- Quarterly Board meetings conducted; minutes recorded properly in a register purchased from AMIR; CC meets more frequently, but minutes are not recorded properly.
- BoD underwent one week training on social performance and client protection.
- No new savings products introduced; harmonized policies are yet to be put in practise. However, some changes in the features of the existing savings products have been introduced like reducing the security savings from 20% to 15% for new loans, no security deposits taken from clients in and above 5^{th} cycle, interest on deposits increased from 4.5% to 6% to mobilise more savers and deposits.
- Savings mobilisation strategy- (i) Sensitizing children (under 12) on savings by regularly visiting schools, (ii) sensitizing public about importance of savings on Umugando day[2] (iii) 3 delegates from each village of the sector represent the general assembly of the U-SACCO and apprise villagers on savings products and benefits (iv) creation of women groups for loans and savings – 3 such groups have been formed (v) establishing linkages with VSLAs in their operational areas (WOCCU's suggestion) (v) identification of a new urban location (Kiporoso) where there is potential to open a new branch.

Management and Systems

- Well-staffed (total 10 staff including 3 branch staff) with second line of management in place; staff trained by WOCCU on loan and deposit management. Branch manager trained by RCA on fund and personnel management.

[2] On a pre-fixed Saturday every month, citizens of Rwanda are expected to engage in community work and this provides an opportunity to address a mass gathering.

- There has not been much support from the government in terms of strengthening the U-SACCO operations except for coverage of staff salaries and providing funds for purchasing of computer and some office equipment.
- Policies related to loan appraisals, approvals and cash limits are in place.
- Manual bookkeeping in branches. All transactions recorded by the branch account are reported to the HQ for reconciliation. The HQ accountant visits the branch every 2 days for verification of all the transactions. There is a need for stronger monitoring at the outlets and computerisation will help in doing this; data validation by WOCCU completed.
- While members have savings passbooks it is difficult to segregate the savings balances of different savings products as all the transactions are recorded in the same passbook. However, the HQ/branch maintains separate product wise savings records.
- None of the U-SACCOs are audited by an external auditor. Kanombe U-SACCO prepares financial statements as per NBR formats and submits quarterly, half-yearly and annual reports.
- No staff attrition was reported for the last couple of years.
- Several dormant accounts mainly due to forced accounts openings when the U-SACCO movement started for all government related transactions.
- Grievance redress mechanism: U-SACCO has a phone number printed on the branch/HO wall. A suggestion box is also being planned.
- The rate of interest charged by U-SACCO at 24% reducing seems high in comparison to the cost of funds which is in the range of 11-12% (4% on deposits and another 7-8% on operating expenses). U-SACCO staff feels that it is important to build the equity base through retained surplus so that it is in a comfortable position to implement its growth strategy.
- Pamphlets provided by WOCCU is distributed to village heads for conducting financial literacy trainings; village heads have not been trained on undertaking these trainings thus limiting its effectiveness.

***Financial* Performance:**

On the basis of the un-validated operational data and financial statements (since 2012) the following **impressions** can be made on its sustainability:

- Depositors have grown at CAGR 12% per annum from 1,770 in 2012 to 2,414 in March 2015. Proportion of women depositors have been in the range of 30 to 35%. Though one outlet is in rural area, the U-SACCO data does not show any rural members/depositors.
- Average savings deposits/member has shown an increase from US$106 in 2012 to US$206 in 2015, possibly due to slower growth in number of depositors and higher savings accumulation by active members.
- Portfolio to total assets ratio has drastically decreased from 40% in 2012, 54% in 2013 to just 32.5% in 2015. There has been a slowdown in the lending activities of the U-SACCO However, the reported PAR_{30} seems good at around 4% on March 2015.
- The U-SACCO has been profitable in all financial years, 2012 onwards with an OSS of 186% in 2012, 211% in 2013 and 266% in 2014. These profits cannot be attributed to loan or savings products as a significant portion of income came from the fixed deposits and salary grants from the government. Idle funds are parked in commercial banks and earn around 10% on the deposit amount.

Box 2: Institutional Assessment of Bumbogo U-SACCO

- Operating channel-Head Office with 3,000 clients and 2 branches with 2,700 and 1,500 clients respectively. During NBR inspection in November 2014, Bumbogo U-SACCO was asked to close down one branch, which was operating without requisite approval. Plans to open new branches once NBR's branch opening guidelines are met.
- Governed by a 4 member BOD, 5 member credit committee and 3 member supervision

committee. Women representatives are 1, 1 and 2 respectively.

- BoD's Vice President trained by RCA and NBR on governance.
- Savings mobilization cited to be a priority area for the U-SACCO as it will provide funds for on-lending. Savings mobilization strategy- i) shifting of deposits from women accounts to men as men find it easier to operate the accounts (ii) conducting village level campaigns through delegates assigned for each village (iii) offer higher interest on savings to attract new savers.
- No new savings products or feature changes introduced; harmonized policies yet to be adopted.

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Management & Systems

- Total staff strength 11 including 7 women staff; more branch staff required but Bumbogo does not have sufficient funds to hire more resources
- Staff trained on designing credit policies, preparing marketing and business plans, conducting financial literacy trainings and preparation of financial statements; training materials not provided.
- Manual bookkeeping; NBR audit highlighted issues related to related to excess payments and irregular loan approvals; U-SACCO's manager was removed shortly after the evaluation team's visit.
- Nearly 10% accounts are dormant as they were opened when government bought people's land and the payment was made only through an account in U-SACCO/bank. The accounts were not used thereafter.

Financial Performance

- Approximately 70% of total assets are in the form of cash despite high demand for loans by the members.
- On account of NBR's direction to the U-SACCO to stop lending (as the NPL had crossed the permissible threshold of 10%), the FSP had temporarily stopped disbursements. However, lending activities commenced March 2015 onwards.
- Lenient loan appraisals as well as disbursement of high value loans (of more than RWF 5 million and in % terms more than 5% of the total assets of the U-SACCO which can be on-lent to an individual member) resulted in high PAR.

On the basis of un-validated data (since 2012), the following **impressions** can be made on U-SACCOs sustainability:

- CAGR of number of depositors was 25% per annum from 2012- 15, showing a decreasing trend every year. In comparison the CAGR of total deposits was just 1% p.a. during the same period. The average savings balance/depositor significantly dropped from US$ 68 in 2012 to US$ 38 in 2015. The proportion of women depositors ranged from 45% to 50%.
- PAR_{30} was below 10% up to 2013 but subsequently steeply increased to 38% in 2014 and was reported 31.1% in June 2015 which is very high and indicates that nearly 1/3rd of the loans have gone bad.
- The OER has also been on the higher side at more than 75% in 2014 which is inexplicable.
- However, the U-SACCO has still managed to make profits was indicated by its OSS of more than 150% in all financial years, which is again inexplicable. WOCCU diagnostics indicate high data issues in Bumbogo SACCO which could possibly explain reported profits despite high NPL and OER.

The programme has been able to make significant headway in refining policies and products at U-SACCO level, training of key managers and data validation. However, delays in consolidation plan and procurement of MIS affect the ability of these changes to be sustained.

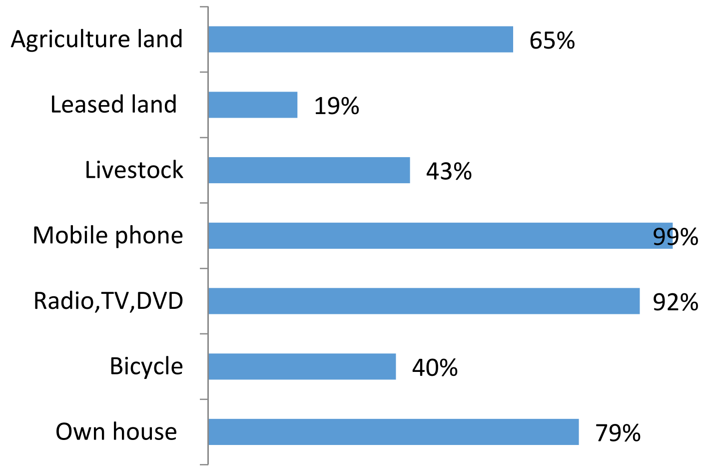
5 Client survey findings

As mentioned in **Section 4.1**, the evaluation team spent two days conducting 75 individual interviews and 4 FGDs with clients from Kanombe and Bumbogo U-SACCOs. In addition, the team also conducted FGDs with non-client groups from the above districts. The following sections summarize the clients' demographic profile, financial behaviour and level of financial awareness followed by their feedback on the financial and non-financial services provided by the FSP.

5.1 Client profiling

The socio-economic profile of the 75 U-SACCO clients surveyed by the evaluation team is summarized below.

Figure 3: Assest ownership pattern



- Merely 39% of the respondents were female. Majority (84%) hailed from urban areas.
- 80% of the sample were married and 4% were widowed, while the remainder were unmarried.
- Only 3% of the sample were illiterate, while 9% could read and write; majority (56%) had completed primary school, 28% had studied up to secondary level and 4% had completed/were undergoing higher studies.
- 77% respondents' belonged to joint families; the average family size being 4.6.
- Primary sources of livelihood were cited to be managing own business (32%), while 31% were salaried and 21% were engaged in agriculture; the remaining were engaged as farm labor. Dependence on non-agricultural activities was noticeably higher in urban areas.
- PPI assessment conducted as a part of the survey shows that 49% respondents lived below US$ 1.25 per day, while 82% lived below $2.50 per day thereby indicating the programme's focus on poor clients.
- Majority (79%) interviewees resided in owned premises. All respondents used firewood as a cooking medium and 99% had sanitation facilities in their houses. Moderate levels of asset ownership was evinced (refer to **Figure 3** for details).

5.2 Use of financial services

The key findings related to use of financial services provided by U-SACCOs is discussed below.

<u>Savings</u>

- Approximately 35% of the respondents had recently (2014-2015) opened their savings account with U-SACCOs, 44% were relatively older saving customers (2012-2013) and 21% had opened accounts earlier than 2012.
- 92% of the sample reported that they had availed the voluntary savings products. 80% respondents mentioned that they did not save regularly, while 11% were monthly and the

remainder were either weekly or daily savers. Banks were cited to be the preferred savings channel by the entire sample.

- 56% interviewees were satisfied with the visited U-SACCOs' services on account of good customer service. On the contrary, several clients also expressed their displeasure with regard to the crowded branches, long waiting time and negligent conduct of the staff who would engage in personal phone calls with the client waited at the counter to complete his/her transactions.

Credit

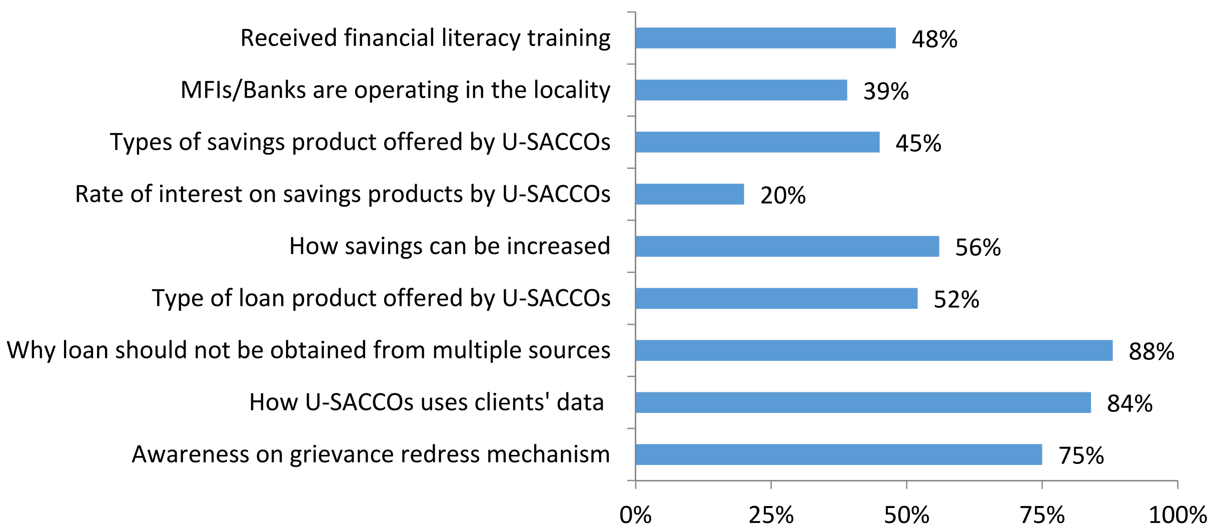
- About 47% of the respondents had outstanding borrowings at the time of interview. Among them, 86% had received loans from the U-SACCO, while 14% had availed credit from savings groups.
- The average loan size extended by U-SACCOs and savings groups were quoted to be approximately US$ 1,048 and US$ 1,044, respectively. Based on respondents' accounts, it appears that MFIs offered larger loans of approximately US$ 1,691.
- Loan purposes cited by clients include house renovation (30%), trading (16%), agriculture (14%) and animal husbandry (5%), while few respondents also mentioned borrowing for children's education, manufacturing and service businesses, meeting household expenses and paying off existing debts.
- 75% respondents were happy with the credit facilities provided by the visited U-SACCOs. Protracted loan processing time and high interest rates were stated as key causes of dissention.

5.3 Financial awareness

Overall, 48% of the respondents affirmed receiving financial awareness training from U-SACCOs. **Figure 4** below illustrates the level of respondents' financial awareness on various aspects related to products and services provided by U-SACCOs and on client protection principles.

It is evident from the analysis that the awareness of the respondents on product (both savings as well as credit) offered by U-SACCOs has been satisfactory. This can be attributed to the fact that majority of the sample were literate. The level of awareness on CPP aspects related to pitfalls of over indebtedness, means to increase saving, privacy of client data and the grievance redress mechanism put in place by the FSP, while 39% were aware of financial service providers present in their locality.

Figure 4: Financial awareness of clients



5.4 Expectations of the respondents

Through the survey (both individual interview as well as FGDs) the evaluation team also tried to understand the expectation of the respondents from Rwanda on financial as well as non-financial services provided by U-SACCOs.

Financial services

With regard to the provision of financial services, respondents commented that U-SACCOs should reconcile savings balances regularly, offer higher interest on savings, reduce the charges levied on credit products, simplify loan processes (especially related to documentation), offer a variety of credit products (home loans, education loans, etc.) along with insurance facilities (for protecting property against fire and natural calamities) and focus on raising awareness on the different savings products which could be availed. Several clients opined that computerizing the U-SACCOs would be highly beneficial as it would allow inter-branch transactions and significantly reduce transaction cost. Respondents also felt that the provision of ATM services would also be highly convenient. Crowded branches and lengthy processing time were cited as causes of dissatisfaction.

Non-financial services

Respondents voiced their needs related to trainings and awareness building activities on products and services offered by U-SACCOs, benefits of savings, budgeting of household expenses, over-indebtedness and also requested the facilitation of vocational trainings on entrepreneurship, livelihood development and proper usage of sophisticated agriculture tools.

6 Conclusion

WOCCU, being an experienced TSP having worked with cooperative structures throughout the world has been proactive in offering timely as well as impromptu support as and when the need arose. Further, having realized the challenges at hand WOCCU has stretched and undertaken tasks which are beyond the scope of the PBA. The TSP has also tried to coordinate the activities of the various industry stakeholders as a part of its efforts to ensure that all were working towards a common objective. In spite of WOCCU's efforts, several critical implementation level challenges have impeded the programme's progress.

Firstly, the PBA deliverables were highly ambitious given the huge scope of the project, working with 90 U-SACCOs each of whom followed different policies and offered different products coupled with the larger issue on supporting the government with the consolidation plan within a span of 3 years. Despite a change in the project scope, the budget (for MIS) was not revised. While it was not anticipated that instead of supporting the government with the merger, WOCCU would be expected to steer the initiative, the PBA deliverables should have been designed keeping in mind the likelihood of delays on account of the slow and centralized decision making at the govt. level. Potential delays and coordination issues had already been anticipated by the consultants who conducted the programme's due diligence mission. In future, programmes involving multiple stakeholders including government functionaries should be carefully designed and the PBAs should ideally have risk based contingency plan, which will ensure that funding support will continue if the programme encounters delays due to factors beyond its control.

With regard to strengthening the efficiencies of the U-SACCOs, WOCCU has developed savings and credit products, harmonized the policies related of all 90 U-SACCOs and trained staff on various aspects of governance, credit appraisal, loan management, financial analysis and financial literacy. However, most U-SACCOs continued to offer the existing products and the harmonized policies failed to get approval from the U-SACCO's Board. In this regard, it might have been prudent if WOCCU had segregated the U-SACCOs into smaller clusters based on their location and client profile and other contextual factors and developed policies accordingly instead of adopting an 'one size fits all' approach.

Discussions with UNDP and AMIR revealed that cohesion amongst the activities carried through various donor support programmes continued to be a challenge leading to duplication of effort. For instance, despite being one of the funders for the MLE progamme in Rwanda, UNDP was not aware of the programme's progress. AMIR, being the country's microfinance association having over 100 U-SACCOs as members was also not involved in the programme. The parallel AFR funding to replicate WOCCU's efforts in MLE with another 90 U-SACCOs is indeed a positive development and similar initiatives will help strengthen the sector. Thus, in order to ensure better cohesion amongst the various stakeholders in Rwanda's financial inclusion space, international agencies like UNCDF/UNDP should advocate the need to setup a knowledge sharing platform where workshops and seminars could be organized on a periodic basis thereby bringing together all relevant stakeholders.

References

[i] (Alliance for Financial Inclusion, July 2014), "Rwanda's Financial Inclusion Success Story Umurenge SACCOs" http://www.microfinancegateway.org/library/rwanda%E2%80%99s-financial-inclusion-success-story-umurenge-saccos
[ii] The World Bank. "The Little Data Book on Financial Inclusion, 2012"
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[vi] Internal Memo on MicroLead II prepared by Amani M'Bale, Chief Technical Advisor, BIFSIR and submitted to Pamela Eser, Programme Manager, MicroLead Programme Manager
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[x] MLE KPIs Q3 2015

Country Report # 6

Malawi – implemented by WWB (TSP) & NBS Bank (FSP)

1 Introduction

This country report summarises the findings from the documentary review, Skype call and the visit to Malawi conducted by the evaluation team (M-CRIL) from 12 to 18 July 2015 as part of the mid-term evaluation of MLE in Malawi. The country report comprises four sub-sections - country context providing a macro-economic overview, MLE programme description, evaluation findings based on DAC criteria and analysis of client survey.

During the field work in the country the M-CRIL evaluation team met with various stakeholders including representatives of the TSP, secondary duty bearer, and the FSP. In particular, the evaluation team held interviews with

- CEO, CFO, COO, SME & product manager, Head of alternate channels Marketing and Relations Manager, Head PBB, Marketing and public relations manager of NBS Bank (New Building Society).
- TSP representatives – Consultant and Senior associate from WWB
- Other stakeholders – Country director and Retail manager of Airtel, CEO of e-Kwacha and Director Commercial, Malawi Posts Corporation.
- Other interest groups – representation of Bank Supervision, Policy & Regulations, Microfinance and Capital Markets Supervision departments of Reserve Bank of Malawi
- UNCDF and UNDP officials stationed at Lilongwe.

A complete list of interviews held and people met is provided in **Annexes 5** and **8** of the report. In addition to the interviews the evaluation team also conducted 75 client interviews (at two branches of NBS Bank) and 6 FGDs (three with clients and three with non-clients).

2 National overview

2.1 Political context

Malawi has a stable and democratic government. Since the end of the one party regime in 1993, it has organized five peaceful presidential and parliamentary elections. The current president Professor Arthur Peter Mutharika is in his first five-year term which started in 2014 & the next elections are due in 2019. Local governance is carried out in 28 districts within three regions administered by regional administrators and district commissioners who are appointed by the central government. AFORD (Alliance for Democracy) became the first registered opposition political party, and other opposition parties formed thereafter. Malawi has 40 registered parties but only a few prominent ones.

In terms of political rights and civil liberties, Malawi is doing relatively well. It is rated as 'partly free' by the Freedom House's Freedom Rating and, with a score of 26 in 2015; the country is ranked 59 out of 180 countries (an improvement of 14 positions in just one year, i.e. since 2014) by the World Press Freedom Index. The corruption scenario is, however, rather gloomy. With a Corruption Perceptions Index score of 33 (down from 37 in 2012 and 2013) out of 100 in 2014, Malawi is ranked 110 out of 175 countries [Transparency International, 2014[i]].

2.2 Macro-economic indicators

Real gross domestic product (GDP) grew by 1.9% in 2012, 5.2% in 2013, and an estimated 5.7% in 2014. Growth in 2014 was primarily driven by growth of the agricultural, information and communication, and wholesale and retail trade sectors. Projections for 2015 indicate slowed growth to slightly below 5%. In the 2014-15 seasons Malawi was hit by floods and drought which affected crop production. Maize is estimated at 2.7 million metric tonnes while tobacco which is the country's major foreign exchange earner is estimated at 170 million Kg.

The fiscal deficit was estimated at 5.9% in 2014-15 and is expected to remain at a similar level in FY 2015-16. The economy continues to operate in a difficult fiscal environment characterized by a large budget deficit compounded by an accumulation of arrears and rising debt service costs. With limited scope for foreign financing at levels previously available to the government following the "cash gate" scandal, the authorities continue to borrow heavily from domestic sources, which further runs the risk of pushing inflation and lending rates up, crowding out private sector investment and hence constraining economic growth. [World Bank, 2015[ii]]. **Table 1** summarise the key demographic and economic indicators of Malawi.

Table 1: Key demographic and economic indicators of Malawi

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	6.5	4.3	1.9	5.2	5.7
GNI per capita, Atlas method (current US$)*	350	370	320	280	250
Population growth (annual %)	3.0	3.0	3.1	3.1	3.1
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population)*	87.6	-	-	-	-
HDI (value)**	0.420	0.429	0.433	0.439	0.445
Inflation, consumer prices (annual %)*	7.4	7.6	21.3	27.3	24.4
Official exchange rate (local currency per US$, average)*	150	157	249	364	425

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Despite reasonable growth rates, GNI per capita (Atlas method) is on the decline, standing at only USD 280 in 2013. Human Development Index (HDI) has improved only slightly over the past years. Malawi's main challenges include improving infrastructure mainly energy and water delivery which are adversely affecting private sector investment, addressing a scarcity of skilled human resources provision of health care, reforming its public financial management (PFM) system, and the large and relatively inefficient public service including parastatals [World Bank, 2015]. Most Malawians rely on subsistence farming, but the food supply situation is precarious and the country is prone to natural disasters of both extremes - from drought to heavy rainfalls - putting it in constant need of thousands of tonnes of food aid every year. More than half the population lives below the poverty line. Moves are under way to exploit uranium reserves to boost meagre export earnings, and there are plans to explore Lake Malawi for oil and gas

2.3 Financial inclusion landscape

The Government of Malawi (GoM) recognizes that a more inclusive financial system is critical to the development of the country's economy. Still a significant proportion of the country's population continue to face severe constraints in accessing financial services – including savings, credit, insurance, and payment services. Promoting Financial Inclusion is one of the strategic objectives of Ministry of Finance, Government of Malawi. The significance of financial inclusion is known by the

2011-2016 Malawi Growth and Development Strategy and is considered by the government as particularly important towards reaching the poverty-related MDGs. Financial services in Malawi are not reaching all those that could make use of them. The FinScope Malawi 2008 survey indicated that more than 65% of the people would either start up a new business or invest in an existing business if given the opportunity to access financial services. The study further indicated that 78% of the adult population was not able to borrow.

Government with financial assistance from the World Bank has started implementing the Financial Sector Technical Assistance Project (FSTAP). In addition to the FSTAP, Government teamed up with the World Bank, USAID, and DFID to mobilize resources to support Malawi's FSDS implementation through the development of the Financial Sector Deepening Trust (FSDT). Under this initiative funds will be pooled for supporting agreed development objectives in the financial sector, especially in the area of financial inclusion [UNCTAD, Access to Financial Services in Malawi].

The formal financial sector is dominated by a few commercial banks, although non-bank financial institutions are gaining ground in recent years. In 2013, Malawi counted a total of 38 licensed MFIs and 45 Savings and Credit Cooperatives (SACCOs). In addition to these, OIBM is a licensed commercial (microfinance) bank and some of the other commercial banks in the country also provide microfinance services. In 2011, the MFIs (21 at the time) and the SACCOs were estimated to serve around 323,000 borrowers and to have a gross loan portfolio of around USD 28 million. There are currently two credit reference bureaus operating in the country.

The Reserve Bank of Malawi (RBM) is the regulatory body responsible for overseeing the microfinance (and banking) sector. The legal and regulatory framework for the sector has recently been formalized through the 2010 Financial Service Act, the 2010 Microfinance Act (regulating both non deposit-taking and deposit-taking MFIs as well as microcredit agencies as defined by the 2010 Financial Service Act) and the 2011 Financial Cooperatives Act[iii]. Subsequent guidelines and directives have sought to complement and strengthen the regulatory and supervisory framework of the sector (for example, a 2014 directive further defines the framework for deposit-taking MFIs). Furthermore, since OIBM started operations prior to the microfinance legislation and hence registered as a commercial bank, it is governed by the 1989 Banking Act[iv]. Finally, in 2013, Malawi adopted a new secured transactions law, namely the Personal Property Security Act[v], which also recognizes moveable property as collateral.

FinScope report for Malawi (2014) indicates that 34% of adults (18 years and older) are served by the formal sector (bank as well as non-bank), an improvement from 26% in 2008. The proportion of banked population of 27% showed an increase from 19% in 2008. About 25% used informal mechanism to manage their finances. The progress on financial inclusion indicators in Malawi in comparison to SSA countries is shown in **Table 3**.

Table 3: Progress on financial inclusion indicators: Malawi/SSA

Indicators	SSA		Malawi	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	14.9	9.0*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	16.5	18.1
Male adults (%, age 15+)	26.7	--	16.2	--
Female adults (%, age 15+)	21.4	29.9	16.9	14.0
Adults living in rural areas (%, age 15+)	20.7	29.2	15.2	16.1
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	9.4	11.7
ATM is the main mode of withdrawal	51.7	53.8	39.2	39.5

Indicators	SSA		Malawi	
	2011	2014	2011	2014
Mobile accounts (%, age 15+)	--	11.5	--	3.8
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	18.6
Sent remittances via a mobile phone (% senders)	11.2	30.8	0.5	12.3
Receive remittances via a financial institution (% recipients)	--	26.6	--	16.6
Received remittances via a mobile phone (% recipients)	14.5	27.6	0.7	7.9
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	8.2	7.1
Saved any money	40.2	59.6	33.0	59.7
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	9.2	6.0
Loan from family or friends in the past year	39.9	41.9	44.0	46.1
Loan from an informal private lender in the past year	5.4	4.7	5.3	12.2
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	0.5	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [vi, vii]
* Population, age 15+ (millions); ^-- Data not available

3 Programme description

3.1 Programme design

<u>Background – application and selection process</u>

In 2008 NBS Bank Malawi (NBS) had received a grant from International Finance Corporation (IFC) for small business loans which had a training component. Later, this project was carried forward by the World Bank. Women's World Banking (WWB) first got in touch with the NBS Bank during the World Bank supported women entrepreneurship training programme. The initiative for the MLE proposal came from NBS Bank in 2011-12. WWB also conducted a country wide assessment to see which bank will be the best fit for MLE and zeroed-in on NBS Bank. There was high intent on the part of NBS Bank and there was sufficient focus on down-scaling at the board level as well. The idea of agency banking existed before the NBS-WWB partnership happened, which was generated during visit of the senior management to Kenya to see M-Pesa and Kenya Commercial Bank operations. Therefore, when the MLE RFA came, it was a good opportunity for NBS to implement its plans with technical support from WWB.

WWB and NBS submitted their application in January 2012, in response to the MLE RFA. The proposal envisaged WWB assisting NBS to reach unbanked population for savings through innovative channels like agency banking and tie up with Malawi Post and Airtel. As of end 2011 (at the time of application), NBS had 378,000 savings account serviced through 37 branches (13 full service, 24 agencies). The business plan proposed to increase the overall depositors base to 701,000 and deposits to USD 131 million during 2011 to 2016, using the agency banking model which envisaged the involvement of 39 branches, 180 Post offices, 190 Postal agencies, 300 retail agents and 100 mobile agents. However, Malawi did not have an agency banking regulation or a credit bureau. [Annex 2, WWB-NBS Business Plan]

The WWB-NBS proposal ranked the highest in the shortlisting process and due diligence was conducted in May 2012. Issues related to reliability of the Post, limited experience of NBS with low-income segment of the population and institutional strength of NBS like good relations with the government, being a listed company with strong HR and technical skills were discussed in detail during the due diligence and was recommended for award to the investment committee (IC). The IC further discussed the need for WWB to on board staff having extensive Africa experience for providing the TA, training requirements of Post bank and Airtel agents and financial education of the clients. WWB provided clarifications to these queries raised by the IC and the project was approved in September 2012.

Project objective

As narrated in the application, the general objective of the project is to build a foundation for sustained growth by developing NBS's capacity to target and serve unbanked Malawians with demand-driven savings products and services, thus positioning the Bank as a market leader within Malawi. Specifically, the project objectives included

- Designing of a strategy to drive growth in the unbanked market, through customer-centered savings products and accessible channels
- Defining low-income market segments to be targeted by NBS and understand their needs for financial services
- Designing and adapting savings products to meet the needs of the target segments
- Developing a network of innovative channels that are accessible and convenient for low income women, including those in rural areas
- Marketing the products using simple and effective approaches including financial education
- Rolling-out sustainable, demand-driven savings products through NBS's 37 branches and agencies as well as an agency banking model

With UNCDF's support, through the MLE project, WWB proposed to support NBS to accelerate its growth, to achieve a 20 to 30 % annual growth rate, reaching at least 700,000 active depositors by the end of 2016, thereby making NBS a market leader for serving the unbanked of Malawi.

3.2 Role of programme implementers & plans

Apart from WWB (TSP) and NBS Bank (FSP) the other key stakeholders that are directly involved in implementation of the MLE programme in Malawi included Roland Berger, Malawi Posts Corporation (MPC) and E-Kwacha while the tie-up with Airtel has not materialised so far. A description of the roles of these stakeholders is provided below

Women's World Banking

WWB is the global non-profit organisation devoted to giving more low-income women access to the financial tools and resources they require to build security and prosperity. In order for more low-income women to have access to financial products than ever before, WWB works closely with its global network of 38 financial institutions from 27 countries to create new credit, savings, and insurance products specifically designed for the unique needs of women [WWB Website[viii]].

Although the WWB network has substantial global reach, WWB has prioritized expansion in Sub-Saharan Africa, as it represents a significant opportunity for WWB to provide its products and services to low income clients and to have a profound impact on poverty reduction within the region. WWB's Sub-Saharan Africa expansion strategy identified Malawi as a priority country and therefore its partnership with NBS Bank for the MLE project.

Being the TSP for the project, WWB's role was to first understand the needs of the clients targeted by NBS Bank with a particular focus on women and clients in rural areas. After gaining an in-depth understanding of current and potential client needs, provide assistance to NBS in product design, channel design, marketing and sales strategy, trainings and capability building and implementation through a participatory approach. Financial education was envisaged as a key component for the marketing strategy and along with product designed formed the main activities for the pilot phase. Finally, WWB would provide assistance in full-scale roll out of the products after an evaluation of the pilot for introducing necessary improvements.

NBS Bank

NBS Bank, the partner FSP of WWB for the MLE programme in Malawi, was established in 1964 and in 2007, transformed into a fully private retail bank with a wide network of operations, including services in rural areas. It is also listed on the Malawi Stock Exchange and is licensed to provide a full range of financial products and services include checking accounts, fixed deposits, foreign currency deposit accounts, credit products, mortgage financing and other value added services including bill payment and airtime. As such, NBS was offering various savings products and also had an agency banking infrastructure in place before the start of MLE programme.

NBS Bank had made a strategic business decision to serve the low-income market with both savings and credit products, before its tie-up with WWB happened. It had recognized that expansion through branches is costly and that, in order to make their products and services more cost efficient and accessible, they need to be present in the rural communities where clients live. The strategy relied on a multi-channel approach to reach the unbanked and under-banked by using distribution channels for which NBS entered into a MOU with Malawi Postal Corporation to use their outlets and as agents for the bank. NBS also intended to use retail and mobile agents, in addition to its wide network of branches across the country, for providing banking services in both rural and urban centres.

In the context of the MLE programme, NBS Bank's primary role was to actively participate in the three project phases to implement WWBs recommended design and strategies – (i) diagnostic & market research (ii) product innovation and marketing strategy development phase will be part of the pilot design and (iii) pilot evaluation and subsequent full-scale roll out. Some of the key performance indicators (KPIs) for NSB Bank are outlined below in **Table 4**.

Roland Berger

Roland Berger (RB), founded in 1967, is a global consultancy of German heritage and European origin and has operations in 36 countries. Roland Berger advises major international industry and service companies as well as public institutions [Website: http://www.rolandberger.com]. It also works actively in Sub-Saharan Africa through its dedicated team for financial services headquartered in Lagos, Nigeria. For this project, RB was expected to contribute their experience in working with commercial banks in Sub-Saharan looking to "downscale" into the low-income client market, and particularly the delivery channels that NBS Bank plans to deploy for reaching rural, female clients on a large scale. It also participated in the preliminary assessment of NBS Bank [WWB-NBS Application].

As part of implementation, in May 2013, Roland Berger supported WWB in conducting a review/ diagnostic of current agency banking model and aligned the various stakeholders in preparation for development and launch of a comprehensive Agency and Mobile Banking (AMB) concept. Workshop attended by senior managers from relevant areas of NBS Bank. The objectives for the workshop were to (i) Illustrate how Agency Banking is an integral component of a multi-channel banking offer, (ii) familiarize NBS Bank staff with key aspects of agency banking, (iii) review the status quo of NBS

Bank's agency banking pilot and (iv) propose an approach for NBS Bank to develop a comprehensive AMB concept, to align and replace existing initiatives.

Table 4: KPIs for NBS Bank

KPIs (to be achieved by 2016)	As in PBA	
	Proposed	Minimum
Savings		
No. of active voluntary depositors	655,015	556,763
No. of active previously unbanked depositors	--	--
% of female depositors	56%	48%
% of rural depositors	60%	51%
Deposits (total voluntary savings) [USD million]	49.6	42.2
Average deposit balance per saver (USD)	76	76
Average savings balance per saver/GNI/capita	33%	33%
Credit		
No. of active borrowers	94,245	80,108
No. of active previously unbanked borrowers	--	--
% of female borrowers	52%	45%
% of rural borrowers	40%	34%
Gross loan portfolio [USD million]	13.2	11.2
Average loan balance per borrower (USD)	140	140
Average loan balance per borrower/GNI/capita	61%	61%
Financial performance		
Return on assets	5%	4%
Operational self-sufficiency	180%	121%
Portfolio at risk > 30 days	5%	10%

-- Information not provided

<u>Malawi Posts Corporation</u>

The government-owned MPC is the country's postal service offering mail, post boxes, parcel as well as international money transfer. Before the MLE programme started, NBS Bank and MPC had signed an MOU to implement NBS's agency banking model [WWB-NBS Application]. During the evaluation visit, MPC informed that it has 182 outlets and its main business that used to be postal services has transformed into money transfer and other services like selling airtime for MNOs. For future, it has ambitious plans to set up 1,000 agents who will operate through mobile phones for facilitating cash-in and cash-out transactions.

As part of the MLE programme, MPC participated in the pilot of the agency banking model as it was in line with its objective of financial inclusion as well as for learning agency banking. Five branches of MPC participated in the pilot but low volume of business and commission rates provided by NBS was not very encouraging for MPC. According to MPC, this was the main reason why their relationship has not scaled beyond 5 branches. NBS Bank provided Kwacha 2 million interest free loan to MPC as float for the five branches and Kwacha 37.5 as commission on both deposits and withdrawals.

<u>E-Kwacha</u>

E-Kwacha was registered as a company in 2013, and its business' concept is based on providing agency banking and mobile money services to promote total financial inclusion in Malawi. The key idea is to provide various services under one roof and this is reflected in various services provided by it. e-Kwacha has partnership with mobile operators that have mobile money platforms, such as Airtel

Money and Mpamba (of TNM). It has also partnered with commercial banks (NBS Bank and OIBM Bank) that are promoting financial inclusion through Agency Banking channel and also works with utility companies and TV channels for bill payments. In case of OIBM, e-Kwacha also collects loan repayments.

For providing the above services, e-Kwacha has developed a network of agents. At present there are 46 agents but the company's vision is to have a network of 10 agents in every district. At present 12 E-Kwacha agents are serving NBS Bank. Of these 4 agents are placed near Mulanje service centre and NBS Bank provides it a commission of Kwacha 37.5 per transaction.

Airtel

Airtel is the largest cell phone company in Malawi and is reported to offer coverage of areas accounting for around 85% of the country's population. [WWB-NBS Application] During the interactions with Airtel, the evaluation team was informed of its network of 6,500 agents and a subscriber base of 3 million of which 2.3 million are active. The agents network includes the filling stations, grocery stores etc. and its application Airtel money can be used for buying airtime & data bundles, cash-in and cash-out at an agent location, P2P transfers and transfers to bank accounts and bill payments (electricity, water, GoTV and merchants).

For NBS Bank, the agents network of Airtel was a good means to expand its agent banking model however the talks between them has not materialised into a partnership so far. At present, Airtel does see a strong business case and also fears cannibalism of its agents while from NBS's perspective the negotiations have not progressed due to Airtel's focus to partner mainly for cross border remittances.

3.3 Grant support & conditions

The performance based agreement was signed between UNCDF, WWB and NBS Bank in February 2013 and is scheduled to complete in February 2017. The Malawi programme was provided a total grant of USD 1,724,715 of which 77% was allocated to WWB and the balance to NBS Bank. The key milestones are shown in the **Table 5** below.

Table 5: Key milestones for WWB and NBS Bank

Milestones	Grantee		Main deliverables
	WWB	NBS	
February 2013	115,100		• Signing of agreement
April 2013	322,045	150,000	• PAR>30 days verified for 31 December 2012, mission findings on PAR issue and proposed plan for reducing it • NBS reporting to MIX, marketing plan for 2013 and involvement of 5 agents for pilot
August 2013	347,960		• Institutional diagnostic, industry and competitor analysis, project work plan, diagnostic of alternative channel, channel strategy recommendations, market research report and savings product recommendations
February 2014	228,300	150,000	• Marketing strategy and plan including financial education • Define management reporting framework • MIS capable of reporting unbanked and low balance client data • Staff training materials and pilot plan for key performance indicators • Membership of NBS at SPTF, SP self-assessment, permanent

Milestones	Grantee		Main deliverables
	WWB	NBS	
			license from RBM for agent banking • Findings from the agency banking pilot, updated channel plans, 50 agents recruited and trained, updates estimate for number of agents to be targeted • Description of savings products to be piloted, marketing plan & budget, training roll-out plan for sales force
February 2015	130,405	40,000	• Pilot assessment report and recommendations for roll out including targets • Learning exchange insights report • 150 agents recruited and trained; 200 staff trained and Board approval for roll-out
February 2016	80,905	60,000	• Draft of documents on lessons learned with focus on agent and mobile banking implementation challenges • 300 agents recruited and trained
February 2017	100,000		• Final brief
Total	**1,324,715**	**400,000**	

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MLE Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation.

This was followed by an in-depth review of all programme literature shared by the PMU and drafting of the inception report which included the proposed work schedule, elaborate evaluation matrix (with questions, sub-questions and indicators for exploring the programme's key hypotheses in accordance to the OECD/DAC criteria), data collection toolkit (comprising key informant interview (KII) questionnaires, household survey forms and Focus Group Discussion guides) and listing of country wise key stakeholders.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each country programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized information templates for obtaining information from the TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable while the FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Malawi was undertaken by a two-member team which spent five working days in interviewing various stakeholders and conducting individual interviews and FGDs with clients. For client survey, visit was undertaken at three branch locations Nchalo, Ginery Corner and Limbe and 135 respondents were covered. Findings from the interviews and FGDs with clients have been elaborated further in Section 5.

4.2 Evaluation findings

The findings of the evaluation team are organised below according to the OECD-DAC criteria of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, likely intended as well as unintended impact along with an assessment of the programme's sustainability.

4.21 Relevance of programme design

NBS is a mainstream commercial bank in Malawi and at the time of application in 2012, it had a 12% market share among banks. Its origins as a mortgage lender, good operational spread in 24 districts of the country and partnership with Malawi Post to pilot agent banking can be said to exhibit its willingness to tap the low balance savings market even before the project. The MLE project and the financial crisis of 2012 leading to sharp devaluation of Kwacha affecting NBS's loan book has strengthened its focus on low balance savings. Post crisis, NBS has changed its operational focus to being a liability focussed bank. The selection of NBS and WWB as the TSP was appropriate as WWB had worked with NBS in the past and has been able to provide good support on agent banking. Considering the low penetration of financial service providers [as per FINDEX, 2015, only 18% adults have a savings account], branch banking acts a significant barrier to access. Banks are not willing to adopt the brick and mortar strategy for expansion due to cost factor. As such, the focus on alternate delivery channels is the right choice for increasing inclusion. NBS had shown its willingness to go downstream and WWB had technical knowhow of agent banking. Compared to other banks in Malawi catering to BOP segment (Opportunity International and Malawi savings Bank), NBS was a good choice. OIBM's portfolio quality was weak and Malawi savings bank is government owned and difficult to change.

The design of the process to engage WWB to support NBS bank in downscaling was appropriate but for two issues. First, the allocation of resources between NBS and WWB was perceived to be unfair in the start by NBS and secondly absence of any specific mention of on-site support by WWB delayed the pilot of Pafupi savings. For future, the eligibility criteria of financial soundness should be followed strictly and in case of doubt an external examination should be done.

WWB as the TSP has been instrumental in doing institutional diagnostic, information technology assessment providing support for transitioning to automated system, market research for Pafupi and setting processes for agent banking. NBS share of 23% in the overall project budget did lead to initial resentment especially as the bank has been going through trying times. The feeling persists even now with the CFO expressing strong concerns on this. While the sequencing of the activity in the PBA did not have full ownership from NBS, the actual roll out has reflected its priorities.

WWBs support for Agent banking has been immense and covers recruitment of agents, laying down processes including commission structure and monitoring of transactions. WWB also played a key role in discussions with Airtel and Malawi Post and helped NBS decide to have its own agent network. The Pafupi savings product is focussed on women and rural areas. The promotional strategy also had a special emphasis on women but the results show that women outreach is low at 37%. The MIS is not able to track rural/urban location of clients and will be possible only after automation.

The KM part under the project relates to drafting lessons learned with focus on agent banking and mobile banking implementation challenges. This is very relevant and will provide evidence to project impact as roll out of Pafupi savings through agent banking has been the core of the project. Further, challenges encountered in partnership with Malawi Post and Airtel will provide learning on factors that influence partnerships- For ex. it is difficult to have a partner who fears cannibalisation of its network more than the synergy.

4.22 Efficiency of programme management

The RFA process was efficient and the consultant observations and IC committee recommendations captured the relevant issues like lack of regulation on agency banking in Malawi and training needs of agents. However, the process rigour got diluted as the figures presented to IC did not capture the portfolio risk adequately and consultants also missed this. The IC presentation showed PAR at 3.5%, while the actual PAR was later discovered at much higher at 74% in March 2013. However, the PBA signed in February, 2013 incorporated reduction of PAR as a key milestone. This underlies the need for a robust portfolio audit in case of FSPs as a precondition to proposals.

The monitoring of programme activities by MLE PMU is adequate but can improve with more time in the field. The involvement of UNCDF representative in Malawi has also added to the oversight and delivery of objectives. There have been some delays but overall the disbursements have kept pace with the activities and three tranches remain to be disbursed till Jan 2017. The tranche due in early 2015 has been postponed because of high PAR and continuance of data issues.

The technical assistance provided by UNCDF has been mainly through the Programme Specialist for East African countries and the UNCDF representative in Malawi. The UNCDF staff based in Malawi took a direct role in TA by facilitating SPM workshop for the NBS senior management. Three country visits were conducted by the Prog Specialist and documented the issues in implementation. There are some issues in communication on project progress between the HQ PMU and UNCDF representative in Malawi as he is not always in loop on the discussions going on.

The quality of TA provided by WWB has been good and is appreciated by NBS. NBS appreciates the efforts of WWB in market research, product design and setting up agent banking. The exposure visits organised by WWB to Kenya and Tanzania for NBS senior management have been very useful. However, while the reporting requirement for TSP is fine, the reporting requirement of bank is a bit too much covering the entire bank. The focus should have been capturing core indicators of the bank and more detailed information on the intervention. In absence of this, the focus gets lost.

The project had focussed on Pafupi but the PBA has targets for the entire bank. As per PBA, NBS was supposed to reach 655,015 depositors by end of 2015 but by Q2 2015, it has managed to reach 428,438 depositors and the rural outreach has remained stagnant at 30%. The Pafupi account has been rolled out in September 2015 and within a year it has already reached 20,000 savers and NBS has a target of reaching 50,000 by end of 2015.

The manual consolidation of data in absence of CBS at NBS leads to data discrepancy and difficulties in providing granular data. It seems that the automation will be completed by early 2016 and it will improve quality of data. For example, at present, outreach under Pafupi has to be manually extracted branch wise and there is no provision to know rural/urban outreach. As monitoring format requires data on entire bank as well as agent banking, NBS finds it onerous. Moreover, the programme goals can be better met by more focussed and granular reporting on area of intervention.

In June 2015, Women's World Banking submitted a case study topic to UNCDF that explores how a commercial bank uses customer insights to design a tailored product combined with agent banking that helps women save more- Pafupi. Final case study is due in February 2017.

4.23 Effectiveness of organizational changes

The MLE programme has sharpened the focus of NBS bank to downscale. The programme focus on downscaling fitted well with the internal strategy focussing on liabilities in the wake of 2012 economic crisis. The MLE component fitted in well with this changed focus. The exposure visits organised by WWB further helped in buy in of NBS management to tap lower income population through agent banking. The attitudinal change is seen in this initiative being looked after by Head of Personal Banking and appointment of staff exclusively for agent banking as well as marked emphasis on marketing through an external agency.

The focus of MLE has been on the design of the Pafupi savings product which was piloted in late 2014 and based on its success began a national roll-out in July, 2015. The product was designed through a market research done in 2013. The research covered three segments of potential clients - rural subsistence farmers, rural cooperative farmers and urban entrepreneurs. The needs and preferences emerging from the survey have been captured in the Pafupi design. Pafupi is designed for low income customers [lower fee and min balance] and its expansion through agent network makes it suited for rural population. Gender concerns are reflected in the market campaign which focuses on women. NBS has a target of reaching 50,000 Pafupi accounts by end 2015, though the outreach by end June, 2015 was 11,598 clients. The progress (as shown in **Table 6**) under overall deposit base of the bank reported under MLE is higher than the PBA target, however there has been a sharp decline in borrowers.

Table 6: Progress of NBS Bank on reaching out to target customers

	Baseline Q3 2012	Actual Q2 2015	Target (Min) Q4 2015	Endline (Min) Q4 2016
No of active voluntary depositors	2,22,331	428,438	405,172	
% of women depositors	29.9%	29.8%^	44%	48%
% of rural depositors	30%	32%^	No info	51%
No of active Borrowers	63,188	14,956	68,457	80,108
No of Pafupi accounts		11,598		
Of which Women		4,294		
Of which rural		35.2%^		
Of which unbanked		9,025^		

^ Figures taken from NBS bank Q2 report to PMU

The role of WWB in helping NBS bank's roll out of agent banking has been immense and covers recruitment of agents, laying down processes including commission structure and monitoring of transactions. WWB also played a key role in discussions with Airtel and Malawi Post and helped NBS decide to have its own agent network. The arrangement with Airtel and Malawi Post did not work out on account of their commercial considerations. Both want to maintain their exclusivity and fear cannibalisation of their customers/agents. This has led to NBS adopting the strategy of having its own agent network, which has issues of viability linked to volume. Interoperability is not operational in Malawi and as such for each channel, agent requires channel specific POS. WWB and NBS in order to reduce cost have planned to shift the agent level interface from POS to smartphone.

NBS has been reporting to MIX even before the MLE project and has received 2 diamonds ranking showing lower level of disclosure. It has however not seen any work on sharing its data with MFT but has become a member of SPTF- which is a first step towards social performance.

Key MLE programme staff of NBS participated in Kigali and Kampala workshops organised by UNCDF. Further, WWB organised an exposure trip to Kenya and Tanzania of NBS Bank officials (Bernadette CEO , Mercus - Head of Retail Banking and Esnat - Product Manager) to experience best practice, opportunities and challenges in developing agent networks and to give participants an in-depth understanding of growth strategies through agency banking.

4.24 Effectiveness – market demonstration and up-scaling

The Pafupi product uses agent banking and received approval from the Reserve Bank of Malawi. At present, the two regulations which will shape the future of payments in the country (National Payment regulation and E-Payments regulation) are at draft stage and hopefully the roll out of Pafupi will inform the policy. The other policy level influence comes in the form of strong endorsement of the product by the Finance Minister during launch of Pafupi in 2014. Tapping into rural savings to boost savings to GDP ratio was highlighted as a key strategy. The involvement of the Reserve Bank of Malawi has been limited to giving approval but has not been involved closely with the project. It is expected that after national level roll out, there will be wider sector level involvement.

As Pafupi was launched in late 2014, it is difficult to gather impact on other players. However, with the national radio broadcasts and posters it has been able to generate attention. The idea of agent banking by NBS has possibly set Malawi Post thinking to start using its own agents to do remittances and set up a subsidiary of Malawi Post for mobilisation of savings. It seems to have seen the potential in its pilot with NBS.

UNDP Officials in Malawi rely on UNCDF representative for brief on MLE. After the closure of FIMA which was a joint project of UNDP and UNCDF, UNDP is not directly involved in Inclusive finance space. UNDP Resident representative suggested that as post restructuring exclusion and private sector engagement will be key areas of work, UNDP will work more closely with UNCDF in near future.

The focus of MLE in Malawi has been on integrating customer insights from research into savings products targeting low-income women and use of agent banking. Choice of a commercial bank adds to the appeal as it demonstrates the success of a mainstream bank in downscaling. The Pafupi product is expected to breakeven and be viable in 3 years; if NBS bank stays on course and is able to generate the planned numbers, it will induce other players to downscale. Now that the project has been rolled out nation-wide, organising workshops on key learnings of the project along with project economics has immense possibilities in the form of forging partnerships with other players. UNCDF's positioning as promoter of low-balance savings will receive strong endorsement from the project. It can also influence policy as the learnings from agent banking can feed into draft regulation on e-payments.

4.25 Likely impact

The programme despite initial delays is likely to achieve its depositor base target as NBS's overall depositor base has kept pace with the PBA targets and it has ambitious plans for Pafupi. The bank has built an agent network of 91 agents (as of June 2015) and plans to have 259 agents by Dec 2016, which is quite close to the target of 300 agents as per the PBA. The training of agents and staff post national roll out will be a key challenge as WWB does not have a field presence now and NBS will have to rely on its own trained personnel to take this forward.

Financial education efforts have been limited to market activation for Pafupi. NBS outsourced this activity to an advertising agency (Exp Momentum) for doing roadshows and women club gatherings. In addition, it used posters, radio messages, distribution of T-shirts and placing of 'A'-signage at agent location. In the national level roll out, it plans to use radio as the primary means. Financial education is embedded in the market activation activities. The underlying intent being to make people aware of their financial problems and linking it to savings as a possible means of solving them.

NBS has benefitted immensely through the handholding provided by NBS in agent banking as well as institutional and IT diagnostic. The relationship remains cordial despite initial misgiving in NBS on the budget allocation. The quality of TA provided by WWB has had a distinct impact on the roll out of Pafupi and the training of agents and staff. The most productive part of the TA came when WWB consultant was onsite in Malawi.

In June 2015, Women's World Banking submitted a case study topic to UNCDF that explores how a commercial bank uses customer insights to design a tailored product combined with agent banking that helps women save more- Pafupi. Final case study is due in February 2017. The case study is apt but needs to include the aspect of cost structure. Further, another case study could be worthwhile relating to experiences in changing the MIS at bank from manual to automated.

4.26 Sustainability

The **Table 7** below presents the trend of the NBS and operational and financial ratios. The bank has been able to maintain profitability despite high PAR seemingly on account of high net margin. As the current focus is on cautious growth in loans and the incremental portfolio after 2012 is performing well, the only cause of worry is the old PAR. Even though it is backed by collateral, it is difficult to liquidate collateral and while the bank is focussing on recovering the bad loans, but write offs will also be required and for that the bank would need capital infusion. The bank is maintaining a good capital adequacy (core capital of 12% as against requirement of 10%) but future write offs will necessitate capital infusion.

Table 7: Trend of key operational and financial ratios of NBS Bank

KPIs	Baseline Q3 (sept) 2012	2013	2014	Q2 (Jun) 2015
PAR 30	58%	51%	44%	48%
RoA	0.63%	5%	4.2%	3%
OSS	121%	115%	124%	110%

Taken from NBS Q 2 2015 Report

Though, the reported data and the fact that overdue loans are backed by collateral gives confidence, the data quality leaves questions. The data reported by PMU to MCF shows negative ROA for 2013 and 2014 as against the above figures reported by NBS – the reason behind the discrepancy is not clear. RBM seemed comfortable with NBS. NBS bank was last covered through onsite supervision of RBM in 2014. As per the last onsite supervision done in 2014 based on CAMELS framework, the position of NBS bank as per RBM has improved across all parameters. The liquidity position is also now comfortable. It also maintains the revised capital requirement norms issues in 2014 in line with Basel-II (10% Core captal and 15% Core+ Non-Core capital).

Pafupi accounts will add to the viability of NBS bank being low cost deposits with enormous potential for scaling up, however the bank projections show that the cost incurred in roll out of

Pafupi will be recovered in 2-3 years and profitability will start accruing to the bank. The sparse presence of bank branches in rural areas adds to the contextual strength of agent banking and is likely to provide a strong traction.

The likelihood of continuance of NBS focus on Pafupi or similar products targeted at low income poor remains strong as the bank has seen the potential and it fits in well with its current focus on liabilities. The bank is thinking of moving from POS based transactions to phone based transactions and has strong synergies with UNCDF's other thematic initiatives of Mobile money for the Poor and Making Access Possible.

5 Client survey findings

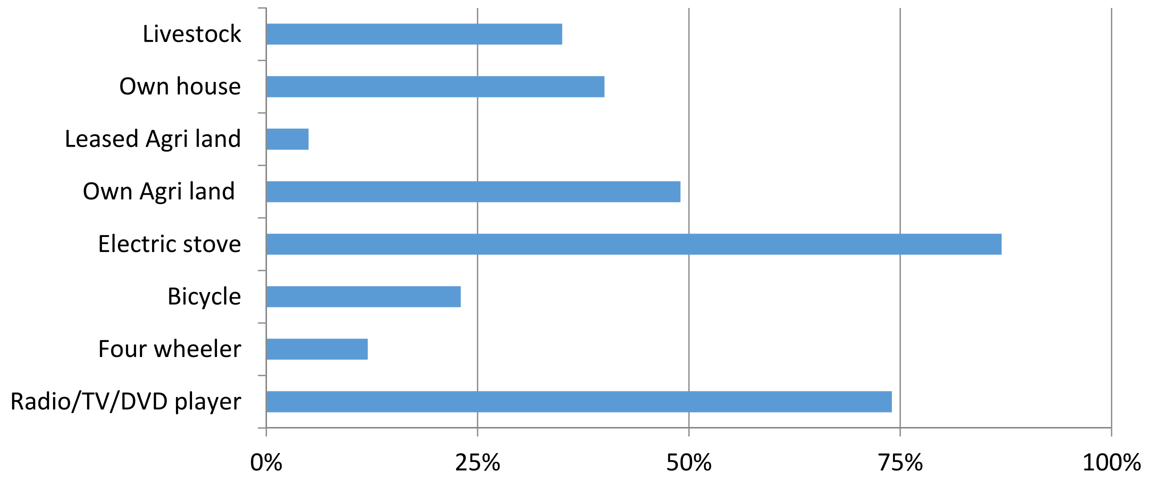
Client survey was undertaken with the view to understand the type of households targeted by the FSP, obtain their feedback on the financial services provided by them and capture any changes in their savings behaviour and improvement in basic awareness on financial aspects. The survey covered 135 respondents of which 77 NBS Bank clients were covered through individual interview and 40 through four FGDs. Apart from this 2 FGDs were also conducted with non-clients covering 20 participants. The survey was conducted at the field areas of Nchalo, Ginery Corner and Limbe branches of NBS Bank. Detailed survey analysis is presented in **Annex 7** of the mid-term evaluation report.

5.1 Profile of clients

Among the 77 clients surveyed, 74% were men and 63% were living in urban locations. The women clients accounted for only 26%. The socio-economic profile of the clients and their household targeted by NBS Bank is summarised below.

- Most of the clients were married (75%) but many were single (23%) as well. The rest were widowed.
- Most of the clients interviewed were reasonably educated, with 64% having studied up to secondary level followed by 24% having higher level qualifications (graduate or post graduate). About 9% were educated up to primary and rest were neo literate.
- A high proportion of the household had joint families (67%) while the others were nuclear (33%) [*family including just the spouse and children*]. The average family size was 4.1 members, though in rural areas the average size was higher at 4.5.
- The main source of household income was self-employment (non-agriculture) (55%) followed by regular wage/salaries (42%) and the remaining were involved in agricultural activities. The average number of working members per household was 1.70 (42% of the average family size) and there was negligible variation in rural/urban pockets.
- The PPI analysis shows that around 18.8% of the respondents are likely to be below poverty line of $2.16 a day at International PPP. The proportion of clients likely to be below the poverty line of $1.08 a day is just 2.3%, indicating limited targeting of very low-income households. This is also reflected in type of assets holding by the surveyed clients as shown in **Figure 1**.

Figure 1: Assets ownership pattern



<u>Savings</u>

- About 59% of the respondents were those who had recently (2014-2015) opened their savings account with NBS Bank, 11% were relatively older saving customers (2012-2013) and 30% had their accounts earlier than 2012. Majority (64%) indicated that they were in the habit of saving in some form (mostly at home or with group) prior to opening of account with NBS Bank.
- About 39% of the respondents had Pafupi saving account, 56% had voluntary savings accounts and 5% had compulsory savings account. The proportion of the Pafupi savings is reasonable as the survey tried to interview more of such clients to obtain their feedback on the product and processes.
- Majority (52%) of the clients indicated that their frequency of saving is irregular. Monthly and weekly savings mode accounted for (19%) each and rest on daily and fortnightly.
- Most of these clients are saving at the branch (61%) as majority of clients are from urban populace and can access the branch.
- The overall satisfaction level with the savings services provided by NBS Bank seems high with nearly 67% indicating satisfaction. The main reasons for satisfaction as informed by the respondents are convenience and easy access to services (40%) and proximity to bank (10%).

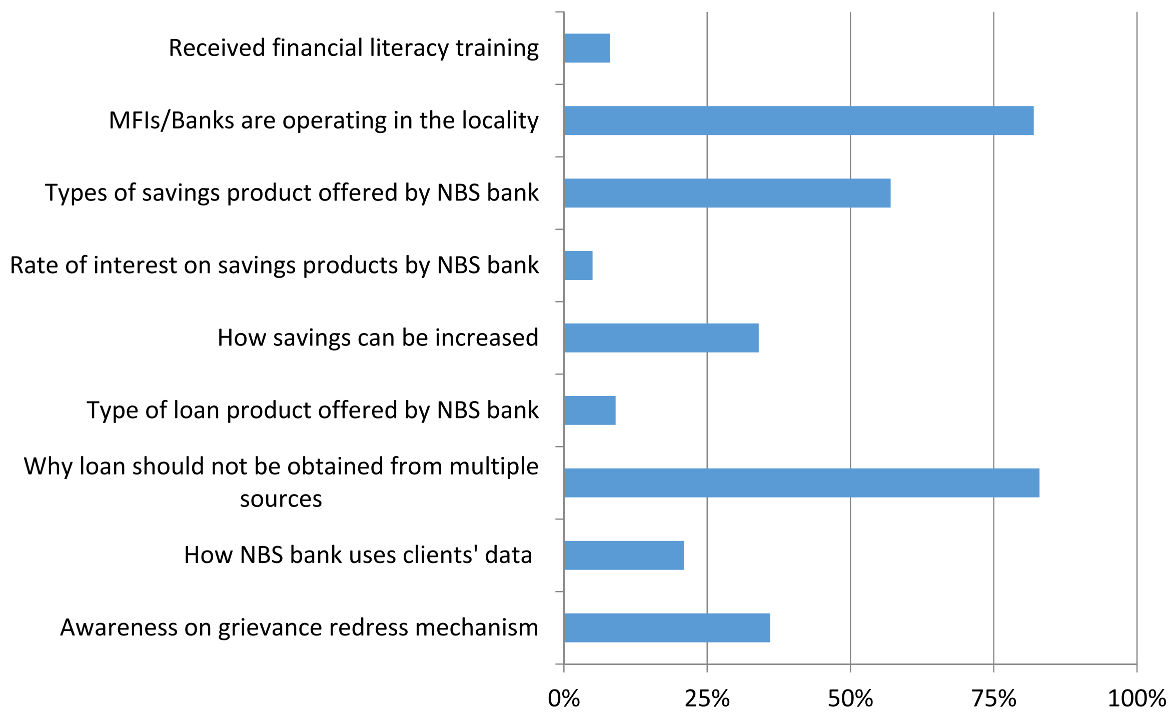
<u>Credit</u>

- Out of 77 clients interviewed only 4% had existing loans at the time of interview.
- The respondents borrowed mostly for purchase of household assets, household expenses, and house repairs & renovation.
- Satisfaction level could not be ascertained for loan products due to limited uptake.

5.3 Financial awareness

Only 8% of the respondents indicated that they have received financial awareness training from NBS Bank. **Figure 2** below illustrates the level of financial awareness of the respondents related to products and services provided by NBS Bank and on client protection aspects.

Figure 2: Financial awareness of clients



It is evident from the analysis that the awareness of the respondents on product (both savings as well as credit) offered by NBS Bank has been limited – reflective of the fact that very few of them had undergone the financial awareness training. The level of awareness on CPP aspects seems mixed – nearly 83% of the respondents were aware of the downfall of over indebtedness and 82% were aware of the MFIs and banks operating in their locality. However, awareness on grievance redressal mechanism and data privacy was low (36% and 21% respectively).

5.4 Expectations of the respondents

Through the course of survey (both individual interview as well as FGDs) the evaluation team also tried to understand the expectation of the respondents from NBS Bank on financial as well as non-financial services. The opinion of the few who could articulate their expectations is summarised below.

<u>Financial services</u>

On savings products and services, clients felt that proper awareness about the product and services should be given to them so that they don't end up losing the benefits. They underlined the importance of keeping them informed about the products terms and conditions at regular intervals. They also felt that the rate of interest provided on savings is not sufficient. Relaxing the withdrawal process was also highlighted. The importance of quick money transfer in account and its confirmation was stressed by most of the clients.

On the credit services, the common expectation of the respondents included offering of loan to clients for business and other income generating activities. Most clients' complaint of not been provided a loan in spite of having salary credited in their bank, awareness about the loan product offering. Delay in cheque clearance was another cause for dissatisfaction. Respondents indicated that training should be provided on loan product features and process to understand it better.

Non-financial services

The respondents emphasized the need of training and awareness building activities related to the products and services provided by NBS Bank, in addition to general financial literacy training on benefits of savings, budgeting of household expenses, over-indebtedness etc. Some respondents want livelihood opportunity to be provided by FSP. Clients also requested for opening more centres in various places for convenience, which was earlier difficult to access, which will in return increase the availability of agents.

6 Recommendations

While the lessons of ML were incorporated while designing the RFA for MLE, for better transfer of learnings from the ML phase a pre-implementation workshop with all the selected TSPs and FSPs would have been useful. The budget allocation between FSPs and TSPs needs to be considered carefully activity wise to avoid misgivings during implementation. Activity wise costing for TSP/FSP should be monitored alongwith programme outputs. Project design should adequately factor in existing programmes in the country to avoid duplication and build synergy.

The programme monitoring should include more on field presence and provision of technical assistance when needed. This requires additional staff as the current capacity of one programme specialist covering multiple countries is not adequate. In countries, where UNCDF staff is based locally, it would have been useful to ensure their involvement in programme monitoring as well as coordination with other stakeholders.

Data generated from the project needs to be validated by UNCDF even if on a sample basis as data accuracy issues cast shadow on achievement. Further, the monitoring matrix needs to be focussed on project deliverables. In case of doubt, an external in-depth evaluation of FSP needs to be added. The system of relying on proposal data is not adequate. TA sequencing is often contingent on external environment and as such the PMU focus should be on broad project outcome and FSP/TSP should have flexibility within that. Further, the indicators to be tracked need to be streamlined rather than being omnibus covering unrelated aspects. Institution wise data can be obtained annually to analyse the profitability and overall direction but having it quarterly is not only onerous for the institution but also reduces the monitoring focus.

It is advisable to have on-site presence of the TA providers than having a short-term consulting approach. Programme outcome monitoring at institutional level need to be articulated in alignment with the project focus. Adding “wish list” like social and environmental concerns or client protection in a saving product design only adds to reporting without any meaningful contribution. To induce sector level change, UNCDF/UNDP need to be proactive in holding national level workshops & roundtables to build awareness. Examples of topics for national level workshops could be regulation for agency banking covering issues like interoperability, impact on low income clients and viability of agent banking network.

Client level impact indicators need to be captured; at present it is inferential. How have access to agents impacted Pafupi clients? Documentation of case studies need to start right at the start, leaving it to the end fails to foster cross learning across countries during project phase.

Financial sustainability of the FSP is key to offering sustainable savings services. This necessitates stronger examination of financial health of the FSP. Focus on outreach numbers runs the risk of jeopardising savings of the poor. Cost implication and its impact on FSP viability need to be monitored regularly by the FSP and reported to UNCDF; at present this is not being accorded priority.

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Country Report # 7

Cameroon – implemented by BASIX, PAMIGA & MIFED (TSPs) & A3C, UCCGN and CEC (FSPs)

1 Introduction

This country report summarises the findings from the documentary review and the visit to Cameroon conducted from 5 to 9 October 2015. The findings are categorised into four sub-sections - country context providing a macro-economic overview, MLE programme description, evaluation based on DAC criteria and analysis of client survey.

During the field work in the country the M-CRIL evaluation team met with various stakeholders including representatives of the TSP and the FSP. In particular, the evaluation team held interviews with

- Resident Director of Centre for Independent Development Research (CIDR), currently heading the TSP team comprising BASIX Consulting and Training Services Ltd (Basix) and Participatory Microfinance Group for Africa (Pamiga) for providing TA to the three partner FSPs. The team later interviewed Basix representatives (CEO, Basix Consulting and the Long Term Advisor who is providing on-site support to the TSP consortium) on Skype.
- Microfinance et Développement (MIFED) team, including the MD, Director Operations and other project staff, which is being prepared by Basix/Pamiga to carry on with the project initiatives after programme conclusion.
- Key persons from the three partner FSPs – Director General of A3C, Deputy Manager of UCCGN, General Manager, Asst. General Manager and Director of Information Systems of CEC
- Other stakeholders including the Head of IFAD funded PADMIR project and UNDP Deputy Resident Representative

A complete list of interviews held and people met is provided in **Annexes 4** and **7** of the report. In addition to the interviews the evaluation team also conducted 75 client interviews (at an A3C village bank branch at Zima and CEC branch at Kribi) and 6 FGDs (three with clients and three with non-clients).

2 National overview

2.1 Political context

Cameroon is a lower middle income country with a population of 21.7 million people. Situated in Central Africa, it shares a border with Nigeria, Chad, Central African Republic (CAR), Equatorial Guinea, and Gabon. Cameroon's ruling party, the Cameroon People's Democratic Movement (CPDM), has long dominated the country's political landscape and currently occupies 148 out of the 180 seats in the National Assembly and 81 out of the 100 seats in the Senate, which was created in 2013. Presidential elections are scheduled for 2018. While Cameroon has enjoyed peace for many decades in spite of its highly diverse population, it now faces and increasingly challenging situation in its northern regions, where Boko Haram is waging a low intensity war. An estimated 7,500 Cameroonians have been displaced internally and Cameroon is also host to an estimated 45,000 Nigerian refugees in the north and 131,000 refugees from CAR in the east [World Bank, 2015[i]].

Cameroon was originally colonized by Germany, but was divided between England and France after World War I. Since gaining independence in 1960, Cameroon has had only 2 presidents - Ahmadou Ahidjo, who relinquished power voluntarily in 1982, and Paul Biya, the current president. Historically, political stability has proved one of Cameroon's most vital economic assets. The country has watched civil wars and serious unrest erupt in each of its neighbours, while managing to avoid major conflict within its own borders. Cameroon's first president, Ahidjo, ruled the country by sometimes authoritarian methods, but the resulting stability allowed for the growth of a highly diverse economy. The popularly elected Cameroonian president presides over the unicameral (1-house) National Assembly, comprising 180 seats. Members are elected by popular vote to a 5-year term of office, but the president has the power to lengthen or shorten the term of a government. The ruling Democratic Rally of the Cameroon People (RDPC) has dominated Cameroonian politics and controlled its government since independence. Since 1990, many opposition parties have freely organized themselves to compete in elections, but the opposition remains divided.

2.2 Macro-economic indicators

Over the last decade, economic growth has averaged 4% and was still too low to make a serious dent in poverty reduction. Growth reached 5.9% at end 2014, compared to 5.6% in 2013, driven by continued diversification of telecommunications and financial services, and the dynamism of transport. Although Cameroon is less dependent on oil than other African oil exporting countries, oil revenue accounts for about 20% of total revenue and about 45% of total exports. Therefore, the oil price decline will necessarily affect Cameroon. The insecurity caused by the presence of Boko Haram in the Far North region has also begun to have an impact on the economy. As in recent years, the tertiary sector was the main driver of economic growth, with telecommunication, transport and financial services being particularly dynamic. This growth would have been higher in the absence of the drastic downfall of international oil prices and the insecurity crisis in the far north which seriously affected the agro-pastoral activities in the region, trade between Cameroon and its neighbours (Nigeria, Chad, and the Central Africa Republic), and the tourism sector [World Bank, 2015[i]]. **Table 1** summarises the key demographic and economic indicators of Cameroon.

Table 1: Key demographic and economic indicators of Cameroon

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	3.3	4.1	4.6	5.6	5.9
GNI per capita, Atlas method (current US$) *	1,170	1,210	1,230	1,290	1,350
Population growth (annual %)	2.5	2.5	2.5	2.5	2.5
Poverty headcount ratio at $3.10 a day (2011 PPP) (% of population) *	-	-	-	-	-
HDI (value) **	0.486	0.496	0.501	0.507	0.512
Inflation, consumer prices (annual %) *	1.3	2.9	2.9	1.9	1.9
Official exchange rate (local currency per US$, average) *	495.28	471.87	510.53	494.04	494.41

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2015 Human Development Report, Human Development Index: http://hdr.undp.org/en/data

Cameroon's economy has been resilient in the face of security and humanitarian crises at the northern borders with Nigeria and the eastern borders with the Central African Republic (CAR) and despite stagnant economies in the OECD countries and a slowdown in growth among the emerging economies. Cameroon's growth was driven by the secondary sector and a larger supply of energy and agricultural goods. According to projections, growth is set to remain strong in 2015 (5.4%) and 2016 (5.5%) thanks to a diversification policy aimed at developing value chains in agriculture and developing the construction sector and the supply of energy. In addition to pursuing a moderately expansionary fiscal policy, the authorities have sought to mobilize tax revenue and improve the returns on public expenditure. They have significantly reduced poorly targeted subsidies on petroleum products and made improvements to projects. The 2013-15 budget aims to maintain the existing line of fiscal policy in 2015. However, the drop in oil prices during the second half of 2014 and the additional security and humanitarian expenses resulting from the Nigeria and CAR crises forced the government to introduce proactive fiscal consolidation measures to prevent the deficit from widening. Decentralisation and inclusion could be used as leverage to restructure the economy and translate the growth into social improvements [AfDB, OECD, UNDP 2015[ii]]

2.3 Financial inclusion landscape

Cameroon's financial system is the largest in the Economic and Monetary Community of Central Africa (CEMAC) accounting for about half of regional financial assets. There are currently 15 banks operating in the country, Nonbank financial institutions consist of insurance companies, pension funds, social security fund and over 512 MFIs represent the remainder of the sector. The majority of the people obtain their loans in the informal finance sector. This sector consists of private moneylenders, informal traders and the tontines. These informal institutions are proving to be still the main grassroots financing system. The activity of MFI's remains marginal in the context of the financial system in Cameroon. Overall access to credit remains very low, and below CEMAC average.

The penetration rate, defined as number of borrowers per 1,000 adults has almost doubled in 2009, reaching almost 17 percent but is still below SSA average (excluding South Africa) [Making Finance Work for Africa; www.mfw4a.org]. Less than 5% of population have access to a bank account, and micro-finance sector has been able to serve the potential customer base only marginally. Large proportion of MFIs in Cameroon are registered as under self-managed savings and credit village banks which are federated under village bank networks. Presently the network has 142 village banks federated into two federations, with more than 60,000 clients.

There is low access to traditional banking for rural populations and relatively high cost of financial services to consumers. Low access to credit for much of the population limits opportunities for diversification and development. There is large potential for micro-financing and tontines sector which would be positive for SMEs, rural populations and women. Also, there is strong potential for training and education as a result of further development in this sector.

In Cameroon, savings services are in greater demand than loans. Microfinance allows microenterprises to grow and evolve into small- and medium-sized enterprises (SMEs). Remittance flows and their end use are improved by measures that reduce fees, build assets, and help channel and regulate such flows into the formal financial sector. Access to financial services is limited, particularly for SMEs. Aside from a traditional tendency for banks to prefer dealing with large, established companies, determining factors are also found in interest rates for loans to SMEs being capped at 15% and being heavily taxed. As of 2006, bank loans to SMEs hardly reached 15% of total outstanding loans.

The International Finance Corporation (IFC), a member of the World Bank Group, has announced an advisory services agreement with Microfinance Institute Advans Cameroun. The initiative is to upscale "commercial microfinance and develop mobile financial services to increase financial inclusion in Sub-Saharan Africa." Over the coming four years, the IFC will advise Advans Cameroun on the roll out of a branchless banking model, involving mini branches, mobile collectors and agents. It is directed towards the 60% of the country's population employed in the agricultural sector, which most often does not have access to financial services. World Bank data shows that less than 20% of men and 10% of women have accounts with formal financial institutions currently in Cameroon. According to IFC Advisory Services, this project could lead to the financial inclusion of 60,000 new customers. [IFC: Press Release[iii]]. The progress on financial inclusion indicators in Cameroon in comparison to SSA countries is shown in **Table 2**.

Table 2: Progress on financial inclusion indicators: Cameroon/SSA

Indicators	SSA		Cameroon	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	19.6	12.7*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	14.8	12.2
Male adults (%, age 15+)	26.7	--	18.8	--
Female adults (%, age 15+)	21.4	29.9	10.9	10.2
Adults living in rural areas (%, age 15+)	20.7	29.2	14.2	11.1
Access to formal accounts (%, age 15+)				
Has debit card	15.5	17.9	2.1	6.1
ATM is the main mode of withdrawal	51.7	53.8	5.8	27.1
Mobile accounts (%, age 15+)	--	11.5	--	1.8
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	4.3
Sent remittances via a mobile phone (% senders)	11.2	30.8	3.3	2.3
Receive remittances via a financial institution (% recipients)	--	26.6	--	7.0
Received remittances via a mobile phone (% recipients)	14.5	27.6	8.8	1.6
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	9.9	7.7
Saved any money	40.2	59.6	51.9	64.0
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.8	6.3	4.5	1.9
Loan from family or friends in the past year	39.9	41.9	45.0	42.2
Loan from an informal private lender in the past year	5.4	4.7	8.3	1.6
Insurance (%, age 15+)				
Personally paid for health insurance	3.2	--	1.2	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [iv, v]
* Population, age 15+ (millions); ^-- Data not available

3 Programme description

3.1 Programme design

Background – application and selection process

The proposal for MLEP in Cameroon was jointly submitted by Basix and Pamiga in February 2012. The other key stakeholders that were part of the proposal included MIFED as an additional TSP and three FSPs – two village bank (VB) federations Association des CVECA et CECA du Centre du Cameroun (A3C) and Union des CECA et CVECA du Grand Nord (UCCGN) and a MFI First Investment for Financial Assistance Limited Company (FIFFA) which was later replaced by Caisse d'Eparge et de Credit (CEC).

The origin of the application for MLE goes back to the collaboration between Basix and CIDR for Africa Livelihood Programme (ALP) supported by Swiss Development Corporation (SDC). The main objective of ALP was to promote financial inclusion, youth employment and local development. CIDR was also involved in promotion of Pamiga as well as MIFED and wanted to work with various partners to diversify its operations, which materialised into the south-south partnership with organisations like Basix. As a consortium, they looked for opportunities for meeting the objectives of ALP. When the MLE/UNCDF opportunity came, CIDR/Pamiga and MIFED asked Basix to lead the proposal preparation.

The proposal highlighted the importance of microfinance in the country and the government's proactiveness in supporting the microfinance in Cameroon through programmes like PADMIR in collaboration with IFAD. It also reasoned that despite these efforts the level of financial inclusion was low and the microfinance sector was able to serve only about 7% of the potential customer base and therefore the need for overall sector building initiatives.

The due diligence mission for the Cameroon proposal, conducted from 11 to 13 June 2012 pointed out that the project has high potential impact (and value addition) for the microfinance sector because of the low growth rates currently seen as well as the critical needs in terms of MIS. It also noted the weakness & unsuitability of FIFFA (with high level of PAR, poor governance & transparency) as the FSP for the MLE programme, inclusion of too many project participants (3 FSPs, 3 TSPs, and the industry association), requirement of an additional French speaking resource person in the TSP team and the need for the consortium to specify TA milestones for a more accurate estimation of the work to be done (which was varied and vast – ranged from development of business plans, product & systems development, MIS development, financial literacy training, risk management and mobile banking for the three FSPs).

The investment committee also echoed the concerned raised by the due diligence mission and suggested to limit the number of project partners (specifically, Association Nationale des Etablissements de Microfinance, ANEMCAM), replace FIFFA which was delicensed by the regulator and expansion of the TA team by including a French expert. The IC also emphasized on the need to have a more focused application (in terms of TA milestones), assurance on commitment of CEC as one of the FSPs and adequate focus on addressing IT & MIS issues. The application was approved after clarifications were provided by Basix/Pamiga and the recommended changes were made to the proposal.

Project goal

The main aim of this project is make available various financial services especially savings and non-financial support services to the rural poor of Cameroon through strengthening of two Federations of Village Banks and CEC Cameroon. The project proposed to reach out to more than 120,000 new clients over a period of four years through

- Strengthening of governance, MIS and human resource capacity of the three partner FSPs
- Supporting CEC expand to rural areas through use of agency & mobile banking channel
- Introduce various risk mitigation services like micro-insurance
- Developing appropriate financial products (like savings, credit, money transfer, and insurance) to meet the needs of the poorer sections of the society
- Strengthening the capacity of MIFED to extend TA to Village Banks to make available a set of financial and non-financial support services in their geographical areas of operations and
- Wider dissemination of knowledge and support to other similar institutions through MIFED

3.2 Role of programme implementers & plans

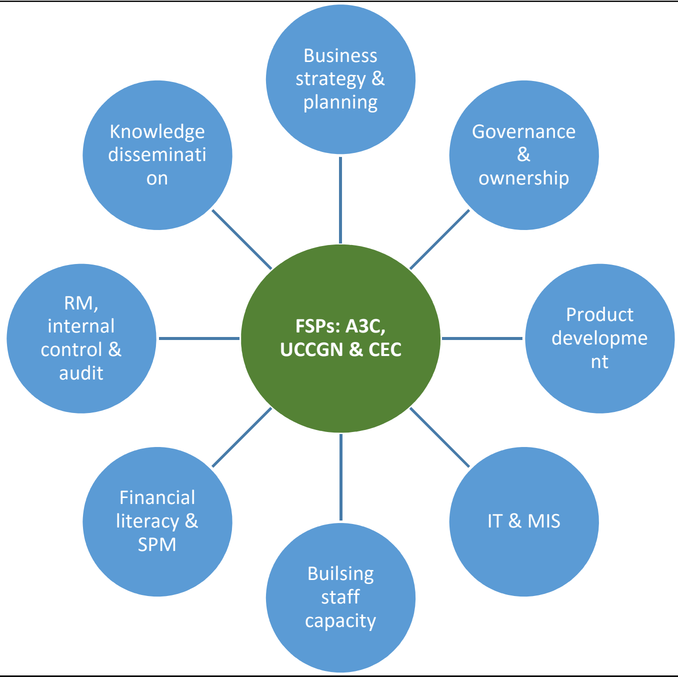
A description of the roles of the key stakeholders of the MLE programme in Cameroon which included the consortium of three TSPs for providing TA to three FSP partners along with other stakeholders like PADMIR is provided below.

Basix and Pamiga as the lead TSPs

BASIX Consulting, which is a part of BASIX Social Enterprise Group of Companies has been working in the area of Micro-finance and livelihood for nearly two decades and has been involved in policy work related to the financial sector. BASIX mission is to promote sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner and has been sharing its experiences and enabling other institutions to deliver financial services in a similar way.

As discussed above, Basix initiatives in Africa began with its partnership with CIDR for the African Livelihood Project and also brought it in touch with other organisations promoted by CIDR including Pamiga and MIFED, having experience working in Cameroon. With its strong operational experience in microfinance and consulting expertise in the field of institutional development and with Pamiga's presence in Africa and understanding of local microfinance scenario, particularly of Cameroon provided a good base for addressing the TA needs of the partner FSPs. The TA plan was based on eight broad components as shown in **Figure 1**.

Figure 1: The components of Basix/Pamiga TA plan



The TA to the FSPs by Basix, Pamiga and MIFED consortium started with a consultative workshop on vision, mission and strategy to develop the business strategy and planning for the project period, with approval from the Board of the FSPs. This was followed by orientation and training of the Board members on corporate governance. To make the Board more effective on governance training was also provided on operational aspects & diversification of products & services while training on financial management is being planned. The next activity was product development which included review of existing products (savings, credit) of the FSPs & the delivery processes, refining of the products & adding new ones (like insurance products) for pilot and roll out. The training of senior management of the FSPs on revised operational models & products and development of marketing plan is on-going. A detailed review of MIS for introduction of an ICT enabled information system was carried out along with the business planning exercise. While the plan to upgrade the MIS was for all three FSPs, mobile/agency banking design and implementation was only for CEC. The next important component of the TA plan was the review of HR policies and staff capacity development plan. The financial management planning included review of cost structure of the FSPs and development of financial monitoring tools. The financial literacy and social performance management (SPM) component included design, development of financial literacy modules, SPM review & monitoring tools, and implementation support for all three partner institutions. The concluding TA activities were providing recommendations to the senior management of the FSPs on risk management systems and on methods to improve the internal control systems. The knowledge dissemination activities were the responsibilities of MIFED through participations in conferences and specifically promoted events related to MLEP.

MIFED

MIFED, created in 1998, is an association under Cameroonian law and has been primarily involved in the field of microfinance in Cameroon. The village banks constitute a large chunk of MFIs in Cameroon and the genesis of MIFED was part of the medium-term Project Credit Rural Décentralisé (PCRD) to create a network of these village Banks in rural Cameroon. MIFED in partnership with Pamiga facilitates the access to financial services for the poor in Cameroon through the networks of village banks including A3C and UCCGN.

The first-hand experience of MIFED in supporting the networks in providing financial services to the poor in rural areas of Cameroon, was the key reason for including them as the support TA provider that can carry forward the initiatives of the MLE programme even after its completion. Apart from supporting the lead TA providers in carrying out various components of the TA plan, MIFED's role also included knowledge dissemination activities like participation in conferences & events related to MLEP.

The federation of village banks A3C and UCCGN

The networks of Caisses Villageoises d'Epargne et de Crédit Autogérées (CVECA's, or self-managed savings & credit village banks) were created in 1996 under PCRD in the regions of the Centre, the extreme north and the North of Cameroon. The overall objective of the project was the establishment of the decentralized financial systems in rural areas, to facilitate access of financial savings and credit services for the underserved population which was excluded from the formal financial until then, adapted to their needs, in a sustainable way. The architect of the project was the ministry of agriculture, and the was managed by MIFED with the technical assistance from Pamiga. The village banks along with cooperatives fall under the Category 1 MFIs in Cameroon and together constitute nearly 90% of the microfinance sector, thereby underlying the importance of supporting such institutions [Basix/Pamiga Application 2012].

Both A3C and UCCGN which were the partner FSPs for the MLE programme in Cameroon are the federations of village banks. A3C received the licence from Ministry of Finance (MINFI) in 2007 to undertake financial intermediation. At the time of evaluation visit (October 2015) 86 VBs were members of A3C and their total combined outreach was 47,000 members of which most were individuals and 25-30% were organised in groups. The group size raged from 10 to 15 but there were very large groups as well with 100 members divided into smaller groups.

A3C also does refinancing of the VBs. It borrows from BICEC @12% p.a. and lends to the VBs @14% p.a. The repayment from A3C to BICEC as well as from VBs to A3C is bullet (at the end of the tenure). To obtain this the VBs have to deposit a guarantee of 50% of the refinancing money required. This guarantee money is mobilised by the VBs through savings from its members. Most of the loans from VBs to the clients is for agriculture and in particular to coco farmers.

UCCGN was established in 2006 and operates in two northern regions of Cameroon – far north and north. At the time of evaluation visit it had 78 VB members. The VBs together have 633 groups (each with an average of 12-13 members) as members. For operational management, the 78 VBs are organised into four unions. However, 27 VBs have virtually stopped functioning as they are located in the red zone and face Boko Haram problem. As the apex, the main responsibilities of A3C & UCCGN included

- Defining general policy for the network (like conditions for membership, exclusion or withdrawal of its member credit unions).
- Developing operational policies, accounting rules and manual etc. Preparing consolidated accounting records and other activities of the network as defined by Regulation of the Banking Commission.
- Ensuring adoption of the policies/manuals by the member VBs. Exercise disciplinary authority and the enforcement of remedies as required.
- Product development – conduct studies to understand clients' needs, develop products and get it approved by the Board for testing and then roll out.
- Serve as a liaison with the banking system and other donors for possible funding needs of its member credit unions

CEC

CEC started operations in 1994 and was licensed by COBAC in 2001 and it chose the legal form of Cooperative in 2005. CEC started with 50 founding members who contributed 50 million. Later (1998-2005) joining members had to subscribe to one share priced at CFA 15,000 as minimum. In order to grow the membership base, CEC revised its policy in 2005 and since then the new members pay for 1 share priced at CFA 1,000 plus CFA 2,500 as membership fee (instead of at least 5 shares each valuing CFA 10,000). At the time of evaluation visit CEC has 51,000 members.

CEC has 12 branches [8 in Littoral region, 1 in West, 1 in South and 2 in Centre]. In order to reduce cost of operations and also based on the suggestion of COBAC to restructure and consolidate, CEC is considering merging the two branches at Yaounde into one which will bring down the number of branches to 10. Under the MLE programme, CEC with support of BASIX/Pamiga started the pilot on branchless banking at Kribi branch using POS/Smart phone in April 2015. Some of the key performance indicators (KPIs) for two federations are outlined below in **Table 4**.

PADMIR

Projet d'Appui au Développement de la Microfinance Rurale (PADMIR) is a joint initiative of Ministry of Agriculture and IFAD for promoting the development of rural microfinance in Cameroon. It is being run as a project with dedicated professional staff as Ministry did not have the bandwidth to undertake this. PADMIR started in 2010 and ends in 2016.

PADMIR has a multi-stakeholder steering committee comprising of IFAD, Ministries of Finance, Agriculture, Livestock, women empowerment, representative of PM's office and ANEMCAM (association of MFIs). Other than the HO in Yaounde, it has a project office in North. PADMIR has 6 professional staff. PADMIR's initial focus was on non-financial services and financial support part started in 2013. Under non-financial services, PADMIR has supported training of MFIs especially networks, on governance, loan management and financial education as well as TOTs for MFI staff. The other area under non-financial services related to financial support for purchase of fixed assets like building, computers, MIS software, generator, furniture. Till date approximately 70% of resources have been spent on providing non-financial support.

Financial support has been two pronged. First, PADMIR has a Facilitation Fund, which provides financial support to farmer members of MFIs for agri value chain. The financing is done individual client wise with each loan file being appraised at PADMIR. Loans under this have tenure of 16-60 months and carry an interest of 3%. PADMIR meets 50% of the project cost, with 10% contribution from client and 40% from MFI. Till date, since its start in 2014, support extended by PADMIR is CFA 300 million and 15 institutions have been supported under this. The second part of financial intervention relates to development of new products. Three new products have been developed and are being piloted – (i) Warehouse receipt based financing with BINUM (Cooperative network in North Cameroon) (ii) Microleasing with CAMCUUL and (iii) Multicycle loans for agri crops with UCCGN.

PADMIR has also worked on restructuring of two networks of cooperatives – BINUM and UCEC and provided support to ANEMCAM in making them autonomous, develop training and communication plan and revise their bylaws. PADMIR has a strategy of working with Networks and that is why while it is working with A3C and UCCGN, CEC has not been covered. There are channels of communication with MLE and it is seen that efforts of PADMIR and MLE go hand in hand. For example, PADMIR supported the acquisition of computers and Perfect software by A3C and UCCGN under MLE programme. Similarly, it will support pilot of mobile based services with A3C after learning from the experience of CEC under MLE in Kribi.

Table 4: KPIs for A3C, UCCGN and CEC (as defined in the PBA)

KPIs (to be achieved by 2016)	A3C		UCCGN		CEC	
	Proposed	Minimum	Proposed	Minimum	Proposed	Minimum
Savings						
No. of active voluntary depositors	75,000	63,750	60,524	51,445	39,688	33,735
No. of active previously unbanked depositors	--	--				
% of female depositors	50%	45%	50%	43%	85%	77%
% of rural depositors	97%	90%	97.5%	90.0%	40%	34%
Deposits (total voluntary savings) [USD million]	10.35	8.80	6.05	5.14	23.39	19.88
Average deposit balance per saver	138	--	100	--	589	--
Average savings balance per saver/GNI/capita	11%	<50%	8%	<50%	49%	<50%
Credit						
No. of active borrowers	30,000	25,500	18,215	15,483	19,845	16,868
No. of active previously unbanked borrowers	--	--	--	--	--	--
% of female borrowers	50%	45%	50%	43%	70%	60%
% of rural borrowers	90%	90%	98%	90%	40%	34%
Gross loan portfolio [USD million)	8.28	7.04	4.04	3.43	16.69	14.19
Average loan balance per borrower	276	--	222	--	841	--
Average loan balance per borrower/GNI/capita	23%	<50%	18%	<50%	70%	<75%
Financial performance						
Return on assets	2.09%	1.78%	2.45%	2.08%	8%	3%
Operational self-sufficiency	115%	>100%	115%	98%	186%	170%
Portfolio at risk > 30 days	7%	9%	7.25%	10.00%	7%	10%

3.3 Grant support & conditions

Five separate PBAs were signed in March 2013 between UNCDF with (i) Basix, (ii) Basix & MIFED, (iii) Basix & UCCGN, (iv) Basix & CEC (v) Basix & A3C [Basix means the consortium of Basix and Pamiga].

The total budget approved was USD 1,680,550 of which USD 1,339,550 (79.7%) was allocated to the TSPs Basix/Pamiga & the support institution MIFED and USD 341,000 (20.3%) to the three FSPs A3C, UCCGN and CEC. The key milestones are shown in the **Table 5** below.

Table 5: Key milestones for Basix, Pamiga & MIFED consortium and the three partner FSPs

Milestones	Grantee					Main deliverables
	Basix/ Pamiga	MIFED	FSPs			
			A3C	UCCGN	CEC	
March 2013	84,900	46,000	21,000	16,500	47,500	• Work plans for the FSPs & MIFED through consultative workshops • Reaching proposed target for unbanked clients • Training plan for orientation of Board on corporate governance, financial management, diversification of products & services for all FSPs • Review of existing product delivery process & system, design of new products, marketing plan & staff training • Review of existing MIS & upgradation, mobile banking implementation plan • Review of operational costs & financial monitoring tools • Financial literacy modules • KM dissemination plan & plan for enhancing risk management system at the FSPs
February 2014	301,700	129,500	27,500	27,500	33,000	• Continuation of training programmes • Necessary adjustments made to products based on pilot findings • Review and plan for insurance products • Operationalisation of MIS at A3C & UCCGN • Operational module for mobile banking for CEC including partnerships with MNOs • Implementation of financial literacy with 20% of all clients trained • Review of social performance of the FSPs • Updates internal control manuals & approval of SEMS by Board of FSPs
February 2015	269,000	115,500	18,000	18,000	33,000	• Continuation of training programmes, updated product delivery manuals and processes, product promotion & marketing updated HR policies & manuals & adjustment recommendations accepted by the FSPs.
February 2016	215,850	129,500	18,000	18,000	33,000	• Same as above and facilitation of KM events (trainings, presentation) by MIFED • 25 agents operations for CEC
June 2016	18,000	29,600	10,000	10,000	10,000	• Achievement of overall targets – 60,943 active credit clients assisted, 167,042active voluntary depositors assisted, deposit to loan ratio of >1 and PAR30 days of <10% for all FSPs • All training programme completed • Social performance self-assessment results & plan of action to enhance it • 25% of all clients trained on financial literacy • Final draft of case study
Total	**889,450**	**450,100**	**94,500**	**90,000**	**156,500**	
% of total budget	52.9%	26.8%	5.6%	5.4%	9.3%	

4 Programme evaluation

4.1 Methodology

The Mid-Term Evaluation of the MLE Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation.

This was followed by an in-depth review of all programme literature shared by the PMU and drafting of the inception report which included the proposed work schedule, elaborate evaluation matrix (with questions, sub-questions and indicators for exploring the programme's key hypotheses in accordance to the OECD/DAC criteria), data collection toolkit (comprising key informant interview (KII) questionnaires, household survey forms and Focus Group Discussion guides) and listing of country wise key stakeholders.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each country programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized information templates for obtaining information from the TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable while the FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Cameroon was undertaken by a two-member team who spent five working days in interviewing various stakeholders and conducting individual interviews and FGDs with clients. For client survey visit was undertaken to the operational areas of A3C (Zima village) and CEC (Kribi branch) and 135 respondents were covered. Findings from the interviews and FGDs have been elaborated further in Section 5.

4.2 Evaluation findings

The findings of the evaluation team are organised below according to the OECD-DAC criteria of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, likely intended as well as unintended impact along with an assessment of the programme's sustainability.

4.21 Relevance of programme design

The MLE programme in Cameroon and its design is relevant. In the context of the importance of microfinance in the country, a sector building approach adopted by the consortium was thought to be one of the better ways to promote savings-led financial inclusion. Though reflecting back on the approach the consortium admitted that it would have been better for them to focus on a single FSP to have a more visible demonstration. However, as the situation was at the time of proposal the dilemma exists at present (i) which FSP or geographical region to leave out as the country needed support all around, (ii) which activities to leave out as all were equally important for organisation building and (iii) respect political sensibilities – the project received government endorsement because it resounded with their financial inclusion strategy.

The two networks (UCCGN and A3C) of village banks focus primarily on low-income customers located in rural areas and MLE fits in well with their organizational strategy. In case of CEC, while their operational area was mainly urban areas, their future strategy was to expand to rural areas as well and targeting economically active low income customers. The two federations, by nature of their operations, had gained good experience in low balance savings while for CEC expected the MLE programme to provide it the required platform to foray into small savings. In this context, the choice of three different types of FSPs in different locations of the country seemed appropriate for sector building measure, though it also meant that there are many stakeholders to be managed by the TSP which may result in dilution of efforts (also pointed out by the due diligence mission and the investment committee). However, the comforting factor was the past experience of the TSPs (Pamiga and MIFED) in working with the selected FSPs and their local presence.

In all the partner FSPs, the collection of savings was being done based on the walk-in-model. The village bank branch, though located in a village, opens only on some specified days of the week thereby limiting the access to the members. Also the plan for restricting of the VBs by merging smaller with bigger ones may not address the issue of improving the proximity of the branch to the members, as some of the weaker VBs may close while the others would continue to function as service points. It would have been beneficial to include A3C and UCCGN as well for development of their alternative delivery channels, for deepening of their outreach in rural pockets. The project currently supports only CEC for development of branchless banking system through use of smart phones/POS devices. While the support from the TSP on development of agency banking model for CEC was in alignment with the requirement, it also needed an upgrade of MIS which was not budgeted for adequately. However, the consortium was later able to source additional funds for MIS software for the three FSPs from PADMIR project of IFAD with UNCDF lobby and support.

All the FSPs were involved in proposal formulation and have shown adequate ownership to the project - A3C and UCCGN were involved from the beginning and CEC a bit later as it was a replacement for FIFFA. The main TSPs Basix & Pamiga had a good track record in providing technical support to partner organisations. Pamiga was supposed to take lead in governance and product development, MIFED in knowledge management and Basix brought on table its expertise on branchless banking and MIS. This seems well knit on paper but the consortium as a whole has faced some challenges in implementation (discussed in detail in Section 4.22) which has effected the overall quality of TA to the FSPs. However, despite the slow progress made in implementation, the FSPs, have indicated the value added to their programmes (like A3C and UCCGN in development of restructuring plan for the federations, training of board and CEC on branchless banking).

4.22 Efficiency of programme management

As discussed above the quality and timeliness of TA provided by the consortium has been affected due to various issues – outlined below. However, the relationship between the TSPs and FSPs continue to be strong mainly due to their past experience of working together.

- Basix as the main signatory with UNCDF was responsible for the overall lead and quality control but UNCDF has direct contracts with the FSPs that had similar deliverables. Basix had a similar contract with UNCDF for Ethiopia project and such arrangements allowed UNCDF to have direct leverage on the FSP to support Basix in case of non/delay in implementation. However, in Cameroon this did not seem to work out very well due to weak coordination among the TSPs and it affected the follow-up of activities/achievement of deliverables. It also complicated the payments to Pamiga, which had to receive the money via Basix and suffered a loss on account of Indian remittance laws which mandated a 20% deduction of tax at source.

- Supporting multiple FSPs was difficult and resources and technical experts with the TSPs limited. Initially the staff deployed by Basix did not seem to have adequate experience which delayed implementation. The staff was later replaced in September 2014 and UNCDF supported the replacement and redeployment of Basix staff from Ethiopia to Cameroon based on the positive learning curve gained working in Africa. The TSP also adopted the short term consulting approach where consultants were completing their mission with limited consultation with FSPs. The implementation was left on FSPs with limited involvement and quality control from project staff. In July 2014 UNCDF recommended the change in approach from STC to designation of focal point within FSP for coordination of activities, redistribution of roles so that same TSP would focus on specific areas (for example Basix focus on IT helped moved the TA forward) for better coordination.

- Data inaccuracies of the FSP baseline data needing MIS upgrade, data cleaning and validation which slowed down the implementation process. After 1 year into the implementation Basix/Pamiga realised that the project targets were high. This was because the baseline (September 2012) was prepared on the basis of inaccurate data provided by the FSPs and was exaggerated. It was only after the team started interacting with the FSPs more closely that it found data inaccuracies due to manual recordkeeping.

- Basix/Pamiga initiated talks with UNCDF to amend the PBA for making December 2013 as the baseline data for determining the endline deliverables. The new targets proposed were 65,000 new savers (against a maximum of ~90,000 originally proposed) and 26,000 new loans (against a maximum of ~50,000 originally proposed). Additionally, the PBA amendment also included PAMIGA as a direct recipient of UNCDF grant, the logframe update, the project activities calendar update and the disbursement schedule update. This proposal could not be enacted until data cleaning was completed and ascertained and the process went on till February 2015 and the discussions on the amendment went on till July 2015. This affected the availability of funds for project implementation as Basix/Pamiga could not receive any disbursement after the first tranche in April 2013. The lack of financial resources has adversely affected the programme.

- As informed, the activities for 2013 and 2014 have been completed but the activities for 2015 are pending and behind schedule. The field activities are almost at a standstill due to lack of resources and the consortium is mainly providing off-site guidance/advice to the FSPs. According to the consortium one of the reasons for the delay also has been the difficulty in getting the approvals of the Board of the 3 FSPs on refined/new products, strategic plan and also in organising training programme for them. Most of the times they are not available when required. The situation is being resolved and PBA amendment and disbursements were scheduled for Q3 at the time of the mission.

In terms of progress so far (up to 2nd Quarter of 2015), the programme as a whole has not been able to reached out to the expected number of new voluntary depositors. As per the original baseline, the project as a whole should result in a net increase of 81,870 voluntary depositors by Dec'16. As of Q2 2015 just 2% of this target has been achieved. However, if the revised targets (65,000 new savers) are considered the project has achieved around 22% of the outreach. Refer to **Table 6** for data on FSPs progress on client outreach.

The RFA process was efficient and the due diligence mission to Cameroon was able to identify various practical issues (as discussed above) which have played their part in slowing down the project. If involvement of ANEMCAM was not rejected by the investment committee the number of stakeholders would have been higher and made implementation more difficult for the Basix/Pamiga consortium.

The monitoring of the programme activities by MLE PMU has been adequate and the support provided to the project team, particularly in obtaining PADMIR funds for MIS software purchase for the FSPs is noteworthy. The programme aimed to upgrade the MIS of one FSP and automate the operations of the two federation of village banks. However, the quality of data reported continues to be an issue and calls for closer scrutiny. Further, having realized that the project is running behind schedule UNCDF has been practical in its suggestion to extent that project endline by six months. The PBA amendment under negotiation has a Dec 2016 endline.

In knowledge management, negligible progress has been made by the TSP. MIFED was supposed to take lead in this area by participating and organising for wider dissemination of knowledge. In order to coordinate with the government and other stakeholders, the consortium formed a steering committee which included Ministry of Finance (MINFI), UNDP, ANEMCAM, Ministry of Economy and Planning (MINEPA) and the project stakeholders (Basix, Pamiga, MIFED and the FSPs). The steering committee has met twice so far. MINFI had initially showed interest in taking the lead to organise annual meets but despite several follow-ups by Basix/Pamiga it has not happened. Apparently, lack of per-diem/stipend for attending the committee meetings was the main reason for the loss of interest.

4.23 Effectiveness of organizational changes

At the organisation level of the three FSPs, the main changes have been

- Development of strategic plans for the partner FSPs. However, this may need revisiting due to the inaccuracies in operational data which formed the basis for the plan.
- Training on governance for the Board members of the FSPs. Organising this was also a time taking process due to unavailability of all members at a mutually convenient time.
- Development of financial literacy modules and TOTs of selected staff of the FSPs, but the on-field efforts through training of end-clients is still to gather pace.
- Identification of procurement of the "Perfect" MIS software. With support from UNCDF, the consortium was able to mobilise the additional funds needed from PADMIR project of IFAD for this purpose.
- Product refinement - a special savings plan for women was developed for UCCGN while A3C's existing product was refined. CEC considered using its existing basic savings product for the pilot under MLE programme.

From the effectiveness perspective the procurement of MIS software was a critical change for all the three FSPs. The software was sourced from a Togo based vendor 'Cagecfi' and is compatible with mobile banking applications. While for CEC it was an upgrade from their existing MIS, for the two federations A3C and UCCGN it helped them to computerise the MIS data of their member village banks/credit unions. The installation of software, data validation & migration was completed in December 2014 and the MIS has started generating automated reports. This has helped in correcting the inaccuracies and data corrections went on till June 2015. Basix/Pamiga feels that the reports generated from June 2015 onwards are very accurate. However, the field visits by M-CRIL team and the interactions with FSPs still do not give confidence on accuracy of the reported numbers. For example, UCCGN has reported 134% OSS in Jun'15 but in its network 27 out of 78 VBs were in loss.

Promotion of alternative delivery channels was being done for CEC and the consortium has been able to build the capacity of the MFI in bringing about this change. CEC had been involved in use of agents for collections for many years but was facing issues of loss of cash and the idea for branchless banking emerged from this need. CEC received valuable inputs from Basix/Pamiga for development of its branchless banking model in terms of selection of new MIS software which led to designing of the branchless banking application which can be used on smartphones as well as POS devise. The pilot on branchless banking was ongoing at Kribi branch at the time of evaluation visit. CEC is currently testing out the feasibility of branchless banking model through these devices by recruiting mobile agents who can provide deposit collection (withdrawal facility would come later) and savings account opening services at the doorstep.

The slow implementation progress in Cameroon has also impacted the growth of number of voluntary savers at the FSPs. Overall, the programme in Cameroon has shown a compound annual growth rate (CAGR) of active voluntary depositors of 50% (assuming Dec'13 as the baseline and Q2 2015 as the current status) but it has been mainly due to the growth achieved by CEC (CAGR of 111%). CAGR of A3C and UCCGN during this period was 34% and 26% respectively. A3C and UCCGN, have around 25-30% of their members organised in groups but they do not have a specific strategy to link with informal savings groups to increase outreach though both these institutions have been associating with such groups for many years. The progress on client outreach is shown in **Table 6** below.

Table 6: FSP's progress on client outreach

A3C	Baseline Q3 2012	Actual Q4 2013	Actual Q2 2015	Target (Min) Q4 2015	Endline (Min) Q4 2016
# of active voluntary depositors	39,748	54,910	46,421	59,843	63,750
% of women depositors	35%	37%	45%	39%	45%
% of rural depositors	98%	90%	--	90%	90%
# of active borrowers	6,115	16,473	24,848	20,945	25,500
% of women borrowers	38%	38%	--	40%	45%
% of rural borrowers	95%	90%	--	90%	90%
UCCGN					
# of active voluntary depositors	29,033	27,567	38,982	47,158	51,445
% of women depositors	25%	--	--	38%	43%
% of rural depositors	95%	--	40%	90%	90%
# of active borrowers	6,328	9,928	10,742	11,909	15,483
% of women borrowers	30%		--	38%	43%
% of rural borrowers	94%		--	90%	90%
CEC					
# of active voluntary depositors	14845	16,468		28,041	50,301
% of women depositors	75%	--		77%	
% of rural depositors	7%	--		30%	
# of active borrowers	6240	6,016		12,899	9,446
% of women borrowers	60%	--		60%	
% of rural borrowers	10%	--		30%	
Overall					
# of voluntary depositors	83,626	71,378	85,403	1,35,042	1,65,496
# of active borrowers	18,683	32,417	35,590	45,753	50,429

The CPP and SEMS related activities in Cameroon are schedule in 2016 and yet to start. The FSPs had started reporting performance data to MIX. CEC and A3C received 3 diamonds in 2013 but since then data has not been reported to MIX. Key personnel of the FSPs had attended the two regional workshops organised by UNCDF. CEC, in particular, acknowledged the information gained during the workshop on digital financial services & the ideas related to agency banking through mobile based technology that they could pick-up for their own programme.

4.24 Effectiveness – market demonstration and up-scaling

Overall 65 EOIs were received by UNCDF from 27 applicants in response to the RPA for MicroLead Expansion issued in October 2011, which translated into 54 applications and finally after shortlisting and due diligence 9 applications were approved for MLE grants and signing of PBAs. In case of Cameroon, three applications (Basix/Pamiga, Horus Development Finance and CamCCUL) were received of which two were in the first shortlist (Basix/Pamiga and CamCCUL).

The programme in Cameroon was designed to have a strong demonstration effect as it focussed on sector building activities. While the choice of institutions (federations and a cooperative), the changes that have happened at the organisational level at mid-term may not be sufficient to bring in large-scale sectoral impact. At present, the market demonstration is most likely to happen through the branchless/mobile banking model that is being piloted for CEC. CEC's pilot has created interest among the other FSPs (A3C and UCCGN) supported under MLE. They are probably one of the first financial institutions in Cameroon to pilot this model and feel that other institutions would learn from them and soon adopt this model. Apparently, Ecobank in tie-up with Orange are also piloting the mobile banking model (using USSD interface).

The involvement of the government in the financial inclusion space has been through MINFI. To make more viable this financial sector and to increase financial inclusion of poor people, the national strategy on financial inclusion was adopted by the government in May 2012. The strategy was developed with support from UNDP, International Fund for Agricultural Development (IFAD), UNCDF, and it identified three main areas of intervention – (i) improving the regulatory framework, institutional and legal of microfinance, (ii) improving the professionalism of MFIs in providing financial services and (iii) adoption of client protection & social performance management framework by the financial institutions. As discussed earlier, Basix/Pamiga formed a steering committee to coordinate with the government and other stakeholders for their involvement in MLE but it has not succeeded. UNDP's awareness about MLE in Cameroon was limited.

4.25 Likely impact

As discussed above and depicted in Table 6, the partner FSPs are behind on their outreach numbers to be achieved by mid-term. Due to the delayed implementation, a number of deliverables are still work in progress. The revision of targets is also under discussion with UNCDF as the baseline numbers were inaccurate. The consortium is of the opinion that despite the delay, the revised targets are steep but achievable.

The targeting of clients by the FSPs, as indicated by the PPI analysis (refer to client survey analysis in Section 5 of this report) shows a probability of 45% of their clients falling under the international poverty line of $2.5 a day at PPP. This means that the focus on low-income population has been moderate, though in terms of rural outreach the focus is high in the two federations A3C & UCCGN. CEC still has a mainly urban focus but with the expected rollout of the branchless banking model their rural outreach may increase.

In terms of policy influence, the branchless banking model being implemented by CEC has the potential to create impact. Cameroon does not have regulations for branchless/agency banking and the CEC experience may provide an impetuous to development of enabling policies.

However, all the partner FSPs have indicated that they have benefitted from the MLE programme. CEC benefitted from the support provided by BASIX/PAMIGA consortium in helping them understand the branchless banking through use of mobile/POS. Before MLE, CEC was using agents but financial transactions were manual. The role of the TSP in identifying the vendor for MIS, development of the mobile application for smart phones/POS was valued by CEC. Similarly, UCCGN and A3C were appreciative of the business strategy developed for them and the trainings received by their staff and board members.

4.26 Sustainability

Table 7 below presents the trend of the three partner FSPs on operational and financial ratios. The data reported by these FSPs to UNCDF suggest that among them only UCCGN has managed to remain profitable as on Q2 2015. However, the evaluation team is doubtful about the accuracy of analysis as it was noted during the visit that 27 out of 78 village banks in UCCGN's network were in loss due to the portfolio affected by Boko Haram problem in their operational areas. A3C reported a positive ROA up to December 2014 but since then it has made losses while CEC has reported losses over the period of last three years.

Table 7: Operational and financial progress of partner FSPs

KPIs	Baseline Q3 (Sep) 2012	Q 4 (Dec) 2013	Q 4 (Dec) 2014	Q2 (Jun) 2015
A3C				
PAR 30	12.4%	29.1%	15.38%*	10.27%
RoA	1.1%	2.1%^^	-1.06%**	-1.42%
OSS	95.0%	111.6%^^	87.83%**	87.36%
OER	--	16.4%	7.79%#	8.55%
Cost per client (USD)		30.9^^	9.8#	--
Capital to assets ratio		22.5%	--	29.27%
UCCGN				
PAR 30	18.4%	7.8%	4.5%	5.0%
RoA	1.7%	8.8%	-0.5%	2.9%
OSS	95.0%	129.3%	93.9%	133.9%
OER	--	27.2%	6.5%	4.9%
Cost per client (USD)	--	19.5	3.4	--
Capital to assets ratio	--	50.9%	46.1%	51.4%
CEC				
PAR 30	18.0%	40.6%	40.4%	25.7%
RoA	3.0%	-5.0%^	-5.4%	-3.3%
OSS	165.0%	87.9%^	73.8%	85.2%
OER	--	28.2%^	15.4%	12.9%
Cost per client (USD)	--	146.1	27.3	--
Capital to assets ratio	--	2.7%	2.7%	8.8%

-- Data not available/reported;
Figures as of ^ Q1 (Mar) 2013; ^^ Q3 (Sep) 2013; * Q3 (Sep) 2014; ** Q2 (Jun) 2014; # Q1 (Mar) 2014;

It is evident that the sustainability of these FSPs have been affected by limited growth of voluntary depositors, A3C with a CAGR of just 6% since Sep'12 (34% since Dec'13) and UCCGN with 11% since Sep'12 (26% since Dec'13), as well as portfolio quality issues. CEC despite having a good CAGR of 56% since Sep'12 (111% since Dec'13) has not been able to translate it into profits due to very weak portfolio quality. As informed to the evaluation team the portfolio quality was affected due to the manual nature of operations (for collection of deposits & instalments) which resulted in cash embezzlements from the agents. The branchless banking model which is being developed under MLE is in response to this problem and CEC expects that once the new model it rolled out its portfolio quality will improve.

5 Client survey findings

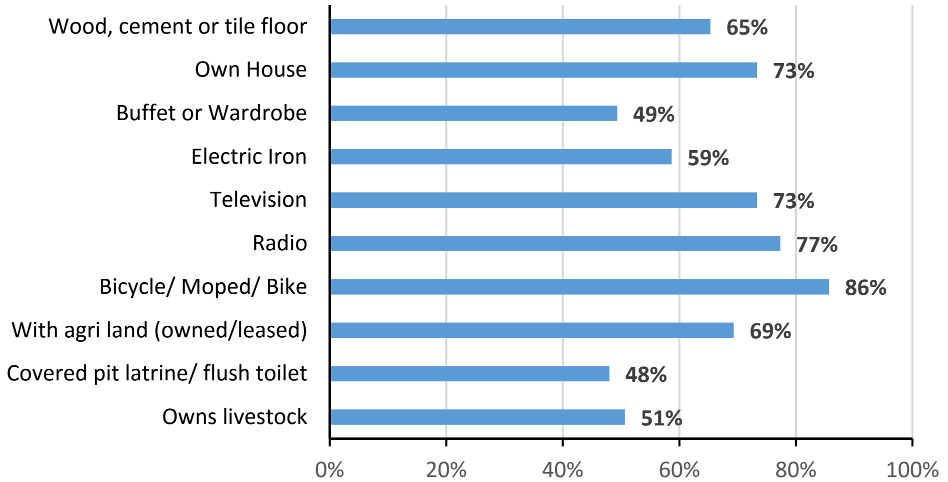
Client survey was undertaken with the view to understand the type of households targeted by the FSP, obtain their feedback on the financial services provided by them and capture any changes in their savings behaviour and improvement in basic awareness on financial aspects. The survey covered 135 respondents of which 75 clients of A3C and CEC were covered through individual interview and 40 through four FGDs. Apart from this 2 FGDs were also conducted with non-clients covering 20 participants. The survey was conducted at the field areas of Zima, and Kribi branches of A3C and CEC respectively. Detailed survey analysis is presented in Annex 7 of the mid-term evaluation report.

5.1 Profile of clients

Among the 75 clients surveyed, 41% were women and 56% were living in rural locations. The socio-economic profile of the clients and their household targeted by A3C and CEC is summarised below.

- Most of the clients were married (73%) but a sizeable number were single (20%) as well. The rest were separated, divorced or widowed.
- The clients were educated up to primary (61%), secondary (27%) and graduate/postgraduate or higher (5%) and only a few were uneducated (7%).
- A high proportion of the household had nuclear families [*family including just the spouses and children*] (71%) while the others were joint families (29%). Average family size was at 6.5 members.
- The PPI analysis shows that around 45% of the respondents are likely to be in the poverty line of \$2.5 a day at International PPP. The proportion of clients likely to be within the poverty line of \$1.25 a day is just 13.7%, indicating limited targeting of low-income households. This is reflected in type of assets holding by the surveyed clients as shown in **Figure 2**.

Figure 2: Assest ownership pattern



5.2 Use of financial services

The key findings related to use of financial services provided by A3C and CEC is discussed below

<u>Savings</u>

- About 47% of the respondents were those who had recently (2014-2015) opened their savings account with A3C and CEC, 36% were old customers who opened account earlier than 2012 and

17% were customers who joined during 2012-2013. A high majority (91%) indicated that they were in the habit saving in some form (mostly at bank or with group) prior to opening of account with A3C and CEC.

- About 76% of the respondents had voluntary savings account, followed by clients with compulsory saving accounts (20%) and the rest had fixed deposit accounts.
- Majority (35%) of the clients indicated that they prefer saving on a daily basis, closely followed by clients with irregular (29%) and weekly (27%) preference.
- Most of these clients were either saving at informal groups (29%) or at the branch (28%). About 14% of the clients saved at home and 13% with other MFI.
- The overall satisfaction level with the savings services provided by A3C and CEC seems quite high with nearly 75% indicating high satisfaction level.
- The main purpose of savings as indicated by clients is for Children education (67%) and House improvement (53%), only 3% of the clients save for debt repayment. Most of the clients, cash deposit savings at the branch (64%).

Credit

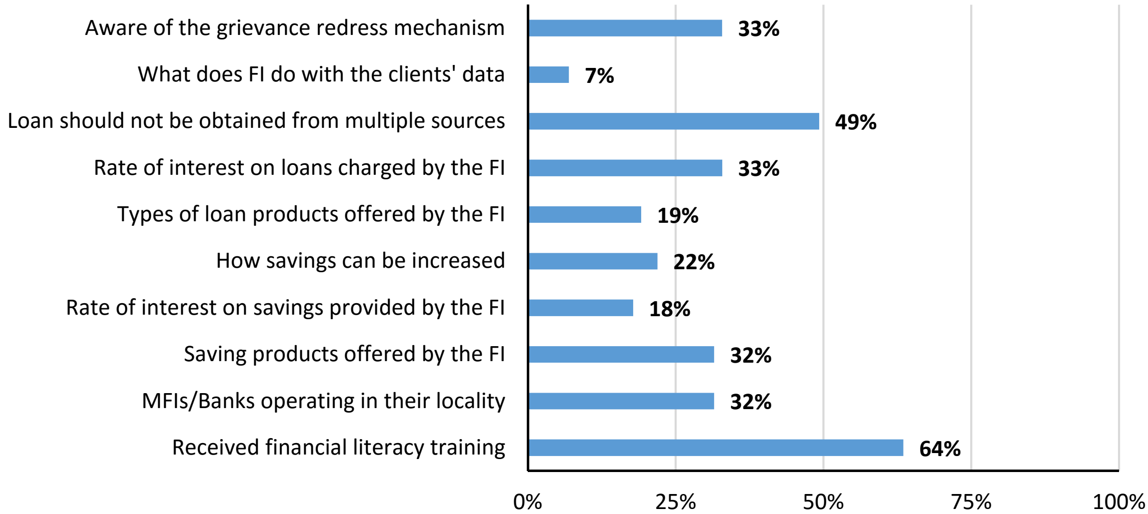
- Most of the respondents borrowed from A3C and CEC (85%), while rest of the respondents either borrowed from other MFI, moneylender or acquaintance. The average loan provided by A3C and CEC was around $935.
- The respondents borrowed for various purposes. The most common needs were for financing self-employment activities like trading & services (47%) and animal husbandry (13%). The other loan purposes included agriculture, manufacturing, house repairs and renovations, education, and meeting household and medical expenses.
- Overall satisfaction level among 74% of the respondents on credit services provided by A3C and CEC remained high or very high. 15% of all the respondents were dissatisfied and other 11% were moderately satisfied. The main reasons for dissatisfaction included high rate of interest and difficulty in getting loan.

5.3 Financial awareness

Overall, 64% of the respondents indicated that they have received financial awareness training from A3C and CEC. **Figure 3** below illustrates the level of financial awareness of the respondents related to products and services provided by A3C and CEC and on client protection aspects.

It is evident from the analysis that the awareness of the respondents on product and interest rate (both savings as well as credit) offered by A3C and CEC has been low. The level of awareness on CPP aspects seems moderate to low – nearly 49% of the respondents were aware of the pitfalls of over indebtedness and also on how savings could be increased 22% (like by reducing unimportant expenses and also by increasing household income) and about 32% respondents had an idea of other financial service providers in their locality. Also, only 33% of respondents were aware of the grievance redress mechanism.

Figure 3: Financial awareness of respondents



5.4 Expectations of the respondents

The evaluation team also tried to recognize the expectation of the respondents from Cameroon on financial as well as non-financial services provided by A3C and CEC through individual interviews and FGDs. Due to low awareness levels on products and services of A3C and CEC many clients were not able to express their expectations. The opinion of the few clients who were able to express their expectations are presented below.

Financial services

On savings products and services, the respondents expected that their money should be safe at all times, and the interest on savings must be increased. During the pilot phase withdrawal of savings using the mobile/POS devise was not allowed and the customers had to visit the CEC branch at Kribi for such transactions. The clients hoped that withdrawal facilities would be improved in near future and would be allowed through the mobile agents. They also felt that the time taken for loan processing should also be reduced. Long term loans were also on their demand list along with reduction in interest rate, and priority loans in case of family emergency.

Non-financial services

The respondents expected A3C and CEC to provide various livelihood and skill development training on vocations like poultry farming and in agriculture best-practices to increase productivity. The respondents suggested training on starting new business or improving the existing income generation activity would be extremely fruitful for them.

6 Recommendations

Since the programme in Cameroon is behind schedule the current focus of the TSPs as well as FSPs has to be on completing various activities to position themselves well to achieve the outreach targets by end 2016. To start with, revision of the business plan and strategy should be the priority, considering the trend over the past couple of years and based on the more accurate data generated by the new MIS software. In tandem, the capacity building activities need to continue, on training of Board members of the partner FSPs on governance & operational aspects, and training of senior management of FSPs and providing advice on improving the internal control systems for improving delinquency management which will help in making these institutions sustainable. The financial literacy modules have been made and some TOTs have been conducted, so the stage it set to take it to the client level.

At the programme level, in case of Cameroon both the due diligence mission as well as investment committee were sceptical about the multi-stakeholder and multi-activity project involving 3 TSPs and 3 FSPs. It is evident that the programme could have better managed if the number of stakeholders were less for greater focus and impact of activities and the resulting demonstration effect.

The short-term consulting approach of the TSPs during the initial phase of the project also did not work well. The main drawback is the lack of continuity and follow-up of recommendations and plans once the consulting mission is over. The country/regional experience of the key staff matters and it is advisable for TSPs to place suitable personnel with adequate experience from the start.

For improving the likelihood of impact, the growth of voluntary depositors is needed. The branchless banking model of CEC has already shown indications of its effectiveness in increasing outreach. It would have been beneficial to develop the capacities of the other two FSPs as well on this aspect. Further, the data at village banks are at present maintained manually and are inputted to the MIS software at a regional centres, so data inaccuracy would continue to happen. The restructuring of the two federations A3C and UCCGN (also suggested by, COBAC, which is the regulator of financial institutions, in its last audit of A3C) by merging smaller and weaker village banks in their network with larger and stronger ones would help in managing them better, in introducing internal control measures, risk management systems and computerisation of MIS.

Going ahead, the key to having a lasting sector level impact would be in demonstrating the branchless banking model's effectiveness in increasing outreach, improving internal control measures and swiftness in delivering financial services to clients in remote areas. Combined with capacity building of key staff and Board members of FSPs, financial education initiative, and enabling MIFED to continue supporting similar institutions, the project can achieve the sector building motive with which it was designed.

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Country Report # 8

Benin – implemented by Consortium Alafia (TSP) & CPEC (FSP)

1 Introduction

This country report summarizes the findings from the document review, phone conferences, a desk review in the week of 10 to 14 August, 2015, and onsite visit to Benin from 17 to 21 August in Cotonou as part of the mid-term evaluation of MLE in Benin. The report has four parts covering country context providing a macro-economic overview, MLE program description, evaluation findings based on DAC criteria and analysis of client survey. During the field work in the country the M-CRIL evaluation team conducted interviewed 18 representatives at various stakeholders including

- CPEC (the FSP)
- Consortium Alafia (the TSP)
- BCEAO
- DID (PASMIF)
- IFAD
- National Agency for Supervision of MFIs.

A complete list of stakeholders can be found in **Annexes 4** & **7** of the report. The evaluation team also conducted a survey of more than 75 clients and 6 FGDs.

This country report aims to contextualize the MLE mid-term program evaluation within the macro economic and financial inclusion (FI) landscape of Benin. This includes the use of extensive macroeconomic indicators as well as financial inclusion data via Findex and other World Bank reporting. FI policies, the regulatory context and any major donor programs are also included. The report outlines the MLE program in Benin including project description and design, role of the FSP and the TSP, the grant support provided and major conditions of the Performance Based Agreement (PBA), as well as the program objectives.

2 National Context

2.1 Political context

The World Bank summarizes the political context in Benin. Since the Marxist – Leninist regime ended in 1989, Benin has had a democrat and stable Government. Since this time, the country has successfully held 5 peaceful presidential elections. The current president, Thomas Boni Yayi is finishing his second term in office and new presidential elections are scheduled for February 2016. (World Bank, 2015) [i]

According to the Ibrahim Index of African Governance (2015), Benin ranks above average in both in Africa overall and regionally in West Africa. Benin ranks 15th out of 54 countries overall in Africa. Although it is a relatively strong performer, it has seen some deterioration since the 2011 rankings due notably to a decline in performance in the Sustainable Economic Opportunity domain. (Mo Ibrahim Foundation, 2015) [ii]

2.2 Macroeconomic Indicators

The World Bank provides a clear overview of the economic and social environment. The GDP grew by 5.4% in 2012, 5.6% in 2013 and an estimated 5.4% in 2014. Benin's economic growth is driven primarily by trade and agriculture and cotton is the major agricultural output. Improvements in the port of Cotonou have increase traffic and efficiency and favorable weather conditions has boosted agricultural output. A drop in informal re-exports to Nigeria led to the underperformance of customs and tax revenues in 2014. Inflation was low in 2013 and 2014 due mainly to low cost of food and oil. The GNI per capita increased modestly from 546 USD to 594 USD from 2010 to 2014, but poverty remains prevalent. Poverty rates remain high with 53.1% of the population living on less than 1.90 USD per day (2011). Women remain more vulnerable and have less economic opportunity. The education and health sectors represent a substantial share of Government expenditure, but improvement is needed to make the expenditure more equal geographically as well as to better manage these key resources to maximize effectiveness and efficiency. (World Bank, 2015) [iii] Table 1 provides an overview of macroeconomic indicators for Benin.

Table 1: Macroeconomic Indicators

Key demographic/economic data	2010	2011	2012	2013	2014
GDP growth (annual %)*	2.6	3.3	5.4	5.6	5.4
GNI per capita, (Constant 2005 US$) *	546.1	551.4	563.3	578.9	594.2
Population, total (millions)	9.5	9.8	10.0	10.3	10.6
Poverty Headcount Ratio at $1.90/day (2011 PPP) (% of Pop.) *	-	53.1	-	-	-
HDI Rank (of 187) (^of 169;^^of 186; ^^^of 188) **	134^	167	166^^	165	166^^^
Inflation, consumer prices (annual %) *	2.3	2.7	6.8	1.0	-1.1
Official exchange rate (local currency per US$, average) *	495.3	471.9	510.5	494.0	494.4

* World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, Human Development Reports (2010, 2011, 2013, 2014, 2015)

The World Bank outlines the major challenges facing Benin in the future. Declining global oil prices are expected to generate some uncertainty regarding Benin's economic prospects. Benin's economy is highly sensitive to changes in Nigeria since 80% of its imports are destined for Nigeria. Similarly, declining world cotton prices are also a factor that can affect growth negatively. Although Benin improved its performance in the 2015 Doing Business report, it still has significant needed improvements to its business enabling environment. Other key needed reforms include: improved internal revenue collection; restructuring the financial control system; improving governance for autonomous public institutions; and improving accounting and budget information systems. (World Bank, 2015) [i]

2.3 Financial inclusion Landscape

The Central Bank of West African Countries (CBWAC) is the Central Bank for the eight member states of the West African Economic and Monetary Union (WEAMU), which includes Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal, and Togo.

The CBWAC announced its commitment to the Maya Declaration in November of 2014. According to this announcement, the CBWAC is committed to strategies and regulations to promote financial inclusion and that its commitment to the Maya Declaration would be the foundation for its further actions to promote community finance[1] notably through microfinance and payment systems. The announcement further states that the CBWAC is committed to developing a financial inclusion strategy at the regional level with a target to achieve 60% access by 2018 and will emphasize the most disadvantaged populations. The CBWAC also plans to update the legal framework for electronic money taking technology evolutions into account and with a focus on consumer protection including transparency. [AFI, 2014][iv]

CGAP summarizes well the regulatory environment in Benin. As a member of the West African Economic and Monetary Union (WAEMU), Benin is subject to the same legal and regulatory frame work that applies to all WAEMU member countries. The enforcement of the regulations is the responsibility of the Ministry of Finance (for smaller MFIs) and the CBWAC itself (for MFIs with outstanding loans or savings deposits more than USD 4 million). The CBWAC adopted a new microfinance law in 2007 to improve upon several weaknesses in the earlier law which dated back to 1994. In 2012, Benin adopted the new CBWAC regulations. The main weaknesses of the previous law related to weak licensing requirements, no prudential ratios, and little reporting. The new law addresses these weaknesses by providing a single licensing regime for each type of institution (Cooperative, Association, and LLC), as well as extensive prudential requirements and reporting requirements (quarterly for smaller MFIs and monthly for larger ones). [CGAP, 2013] [v]. The main requirements of the new law recommend capitalization of 15%, security fund of 2%, tracking of a number of coverage ratios (ratio of long term loans to long term assets of 100%; maximum of 10% loans to a single person; max loans to management of 10% of equity) & liquidity ratios (60-100% depending on the deposit taking status). [SOS FAIM 2015][vi]

The three primary programs related to financial inclusion in Benin are the following:

- UNCDF's Mobile Money for the Poor (MM4P) started operations in 2012. It was expanded in 2014 (to three countries including Benin) with additional support from The MasterCard Foundation in the amount of 24.9 million USD over 5 years to expand mobile enabled delivery channels for the economically disadvantaged.
- "Microcredit for the Most Poor", Government's National Microfinance Fund provides subsidized credit to the market.
- DID (PASMIF), a seven-year project supporting the microfinance industry in Benin which started in June 2010 and is scheduled to finish in July 2017. It works primarily with FECECAM which represents about 50% of microfinance in Benin as well as Consortium Alafia and CPEC.
- IFAD (PAPSFRA), a program which aims to reinforce MFIs and Banks working in rural areas. It started in 2014 and will end in 2022. The project's main components include institutional strengthening, strategic partnerships, and development of adapted financial products.

The overall levels of financial inclusion in Benin are still very low with modest levels of improvement between 2011 and 2014. Overall, only 16.6% of adults had an account with a financial institution (FI) in 2014 (13.6% of women and 12.6% of those in rural areas). The trend is positive for all three groups from 2011-2014. These numbers however continue to lag behind figures for sub-Saharan Africa (SSA).

Benin has very low levels of formal savings with only 7.1% of adults saving at an FI in 2014 and there is no significant improvement since 2011 (7.0% overall). Informal savings levels are significantly higher. Although formal savings lags behind the SSA region, overall savings is similar to regional levels. Similar penetration levels can be seen on the credit side. Formal borrowing levels are quite

[1] "Community finance," in the context of the announcement encompasses responsible financial inclusion focusing on microfinance and appropriate payment systems for the poor.

low with only 7.6% of adults borrowing from an FI in 2014. The growth in penetration of formal credit from 2011 to 2014 is modest. Levels of informal borrowing from family and friends is much higher although levels have reduced from 2011 (32.5% of adults) to 2014 (24.2% of adults). Credit access is similar to regional SSA penetration in 2014, although loans from family and friends is significantly less (than the SSA figure).

The data also shows that mobile banking is very much at a nascent stage in Benin. Only 2.0% of adults have a mobile account in 2014, significantly less that in SSA (11.5%). **Table 2** compares the progress of financial inclusion in Benin vis-à-vis SSA countries.

Table 2: Progress on financial inclusion indicators: Benin/SSA

Indicators	SSA		Benin	
	2011	2014	2011	2014
Population (millions)	853.4	533.1*	8.9	5.9*
Account at a FFI				
All adults (%, age 15+)	24.1	34.2	10.5	16.6
Male adults (%, age 15+)	26.7	--	11.2	--
Female adults (%, age 15+)	21.4	29.9	9.8	13.6
Adults living in rural areas (%, age 15+)	20.7	29.2	8.5	12.6
Access to formal accounts (%, age 15+)				
Has debit card	15.0	17.9	0.7	5.0
ATM is the main mode of withdrawal	51.7	53.8	0.4	39.1
Mobile accounts (%, age 15+)	--	11.5	--	2.0
Remittances (%, age 15+)				
Sent remittances via a financial institution (% senders)	--	31.0	--	13.0
Sent remittances via a mobile phone (% senders)	11.2	30.8	0.2	4.8
Receive remittances via a financial institution (% recipients)	--	26.6	--	10.8
Received remittances via a mobile phone (% recipients)	14.5	27.6	0.4	4.5
Savings in the Past Year (% age 15+)				
Saved at a financial institution	14.3	15.9	7.0	7.1
Saved any money	40.2	59.6	32.4	61.1
Credit (%, age 15+)				
Loan from a formal financial institution in the past year	4.7	6.3	4.2	7.6
Loan from family or friends in the past year	39.9	41.9	32.5	24.2
Loan from an informal private lender in the past year	5.4	4.7	8.7	2.7
Insurance (%, age 15+) Personally paid for health insurance	3.2	--	0.7	--

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [vii, viii]
* Population, age 15+ (millions); ^-- Data not available

3 Program Description

3.1 Program Design

<u>Background – application and selection process</u>

As presented to the investment committee (IC) on October 29, 2014, a new MLE EOI/RFA was issued in April 2014 in order to deploy the remaining MCF funds. This round was targeted at four SSA LDCs including Benin, Burkina Faso, Madagascar and Togo. The focus of this round was to select projects that could improve financial access in rural areas and use innovations to reach scale as well as enable access to a range of financial services, including savings. The preferred target market was low income, rural households with an emphasis on women. The original proposal included CPEC and

Sianson as FSPs and Consortium Alafia as the TSP and was deemed investible by the UNCDF due diligence. The strengths of the project were identified as leveraging the widely accepted doorstep savings collection practice, large potential demonstration effect, strong commitment of CPEC to using alternative channels, strong knowledge management of Alafia as well as the potential to expand the channel to savings groups. The weaknesses noted were principally that Alafia lacks expertise in the delivery channel, that CPEC management needs capacity building to successfully manage the project, and that the incentive for the informal savings collectors to join CPEC needs to be strengthened.

During the IC it was noted that portfolio quality is a problem throughout West Africa and that consolidation and formalization is needed. Agent risk was clearly identified in connection with the lack of expertise of the TSP in the area of agent network management. It was agreed that specialized capacity building would be needed. It was also noted that client education will be needed and that Consortium Alafia has experience delivering financial education. Originally, Sianson was included as a second FSP but they were dropped after it became clear that they did not meet the eligibility requirements. Specifically, it did not meet the RFA requirement for number of depositors, PAR, and reporting to the MIX. However, they were included in the scoring of the project which brought down the score for staff experience and governance. The project was approved unanimously in the amount of US$ 619,356.

<u>Project Goal</u>

The project goal was summarized to the IC as improving the distribution network of CPEC through partnership with Susu collectors. More specifically, the desired project results were:

- Operationalize the “Connectis” system
- Conduct client education to ensure proper usage of the new products
- Improve client protection at CPEC
- Promote sharing of lessons learned and replication among other FSPs

The project aims to use technology and the formalization of traditional Susu collectors to improve CPEC’s distribution channels for savings and other formal financial services. The informal sector served by these Susu collectors is recognized as mobilizing a significant amount of savings and is well known and appreciated by clients for its proximity and flexibility. The premise of the project is the assumption that low income people in Benin are active savers but that the current tools they have available to them do not meet their needs. The approach to use Susu collectors as an alternative delivery channel holds promise to increase financial inclusion but also to address the cost constraints faced by MFIs with traditional brick and mortar expansion.

Under the project, transactions are conducted in the field using a mobile phone synched with the CPEC MIS as well as the functionality to send an instant receipt to the client. Further, the project foresees the ability of the clients to check their balance and apply for loans remotely. The Susu collectors would be able to open accounts and complete deposits and withdrawals up to set limits set by CPEC. The project is well aligned with a new regulation prohibiting informal Susu collectors and providing an incentive for them to formalize by joining CPEC and working on a commission basis (although the business case for this needs to be strengthened). Client education is an important aspect of the project in order to increase awareness, increase uptake and improve proper usage of the service.

3.2 Roles of program implementers and plans

The overall objective of the project is to increase sustainable access to appropriate, demand driven, responsible financial services with a focus on savings mobilization. All this with a focus on a fair proportion of female and rural low income clients.

As the FSP, CPEC is primarily responsible for: completing the pilot of the new delivery channel; fully implementing and rolling out the channel; providing financial education to clients; providing required reporting to the MIX; strengthening its adherence to client protection principles; and strengthening the business case for formalizing Susu collectors. As the TSP, the primary role of Consortium Alafia is leverage its experience to help implement all of the above mentioned aspects under CPEC including financial literacy training for clients, and to provide a knowledge management function to share CPEC's experience with other market players and enhance replication. **Table 3** summarizes the main responsibilities of CPEC and Consortium Alafia.

Table 3: Responsibilities of CPEC and Consortium Alafia

CPEC	Consortium Alafia
• Pilot of the new delivery channel (Connectis) within CPEC. • Roll-out of the new delivery channel within CPEC • Provision of financial education to clients • Providing the required reporting to the MIX • Increase access to financial services, including savings and credit, to women and rural populations • Participate in the CPP evaluation process. • Implement the action plan for improvement and receive needed technical assistance on adherence to client protection standards. • Improving the business case for formalization of Susu collectors.	• Train Susu collectors, CPEC personnel, and clients on financial education. • Conduct an evaluation of CPEC performance against the Client Protection Principles (CPPs). • Create an action plan for improvement, and provide the needed technical assistance for improved adherence to client protection standards at CPEC. • Monitor the pilot and roll-out of the new delivery channel at CPEC and provide quality control. • Provide knowledge management and share good practices with other FSPs in Benin to promote replication.

CPEC's Key KPI's are summarized below in **Table 4**. The proposed increase on the credit side is modest when compared to the proposed increase in savings, which is because MLE is focused on savings mobilization. The number of active borrowers is expected to increase from about 23,000 to 32,000 over the course of the project (2.5 years) while the number of active depositors is expected to increase from about 34,000 to 110,000 over the same period (CAGR of 59.9% for depositors). In both cases, more than half are expected to be women and more than 80% in rural areas. Also, CPEC is expected to maintain good portfolio quality (PAR 30 <5%) and sustainable operations (OSS of 134%).

In addition to CPEC and Consortium Alafia as the key stakeholders, the other important players are EurAfrik (the IT provider), and Amarante Consulting (a digital financial services consultancy). EurAfrik is a service provider with its headquarters at Cotonou and promotes cooperation between Europe and Africa as well as increasing employment and social protection. One of its areas of intervention is information technology and it provided the technological platform (Connectis) for this project, and is responsible for the platform's good functioning and further development. Amarante Consulting is a consultancy specializing in digital financial services in emerging markets. It has been proposed to provide short term consulting services in the area of agent network management to fill the gap due to Alafia lacking the skills in capacity building of CPEC in agent network management.

Table 4: CPEC KPIs

	December 2014 (Actual)	June 2017 (Proposed)
Active borrowers	23,834	32,000
% female active borrowers	50.6	55.0
% rural active borrowers	84.9	88.0
Gross Loan Portfolio (CFA billions)	8.3	11.5
Active Depositors	33,887	110,000
% female active depositors	46.9	52.0
% rural active depositors	87.2	85.0
Total deposits (CFA billions)	2.4	7.2
OSS (%)	130	134
PAR 30 (%)	2.3	5.0

3.3 Grant support and conditions

The total amount of the grant for the project is USD 619,356 with USD 434,356 allocated to Consortium Alafia and USD 185,000 for CPEC. The initial tranche was set to be disbursed in March 2015 after the signing of the PBA, validation of the work plan and data submission by CPEC to the MIX. Subsequent tranches were scheduled for September 2015 and July 2016 with the final tranche in February 2017. The contract was signed in March 2015, and as of the onsite mission of the evaluation team, the first tranche had been paid to Alafia but was initially delayed from being paid to CPEC due to lack of reporting to the MIX Market Gold. In September, once CPEC had adequately reported to the MIX, their tranche was disbursed.

After the first tranche, the main disbursement conditions are related to project implementation including a survey of Susu collectors, pilot project, formal agreements with Susu collectors, trainings of Susu collectors as well as clients and performance management. **Table 5** summarizes the grant support and disbursement conditions.

Table 5: Grant support (in USD) and disbursement conditions

Milestones	Grantee		Main deliverables
	Alafia	CPEC	
March 2015	245,000	105,000	• Signing of the Performance Based Agreement (PBA) • Valid work-plan • CPEC submits info to MIX Market Gold
September 2015	70,000	30,000	• CPEC joins the Social Performance Task Force • CPEC endorses Microfinance Transparency • Establishing a project management committee • Completed Susu collector survey • Building awareness of the new delivery channel among Susu collectors • Acquisition of needed equipment for project roll out • Development of documents needed for the management of the new channel • Training staff of CPEC and Susu collectors on the new channel to lead up to the pilot • Pilot of project, evaluation and improvement of management tools

			• Development of training materials for financial education of clients • Training of trainers of 30 CPEC staff for financial education of clients • Training of 2,000 clients on financial education • Assessment of client protection principles at CPEC, action plan and implementation of improvements • Project monitoring including effect on clients
July 2016	70,000	30,000	• Meeting of the protect management committee and minutes • Contracting of Susu collectors • Training Susu Collectors on the new delivery channel and on financial education for clients • Financial Literacy training to 2,000 clients • Continued implementation of needed improvements in client protection • Project monitoring including effect on clients • Creation and publication of case studies • Workshops and visits organized for sharing the experience of CPEC. • CPEC introduces systems for social and environmental monitoring
February 2017	49,356	20,000	• Performance monitoring including at the client level
Total	**434,356**	**185,000**	

4 Program Evaluation

4.1 Methodology

The Mid-Term Evaluation of the MLE Programme commenced with an initial briefing call with the UNCDF Evaluation Unit, followed by introductory calls with the FIPA team responsible for managing the programme, Advisory Panel and the principal funder-The MasterCard Foundation wherein the M-CRIL team was apprised of the programme, its objectives, goals and expectations of the evaluation.

This was followed by an in-depth review of all programme literature shared by the PMU and drafting of the inception report which included the proposed work schedule, elaborate evaluation matrix (with questions, sub-questions and indicators for exploring the programme's key hypotheses in accordance to the OECD/DAC criteria), data collection toolkit (comprising key informant interview (KII) questionnaires, household survey forms and Focus Group Discussion guides) and listing of country wise key stakeholders.

The evaluation team sent introductory emails and setup calls with the key stakeholders of each country programme at least two weeks prior to the scheduled visit date. The purpose of the evaluation, M-CRIL's agenda, tentative schedule for meeting representatives from the TSP, FSP and other programme stakeholders including clients and logistics were discussed. The team also sent customized information templates for obtaining information from the TSP and FSP. The TSP template sought information on the progress achieved and quantum of time and resources devoted to each deliverable while the FSP template focused on the past three years' operational and financial information along with details of the credit and savings products being offered by the FSP. The templates were reviewed by the evaluation team prior to the visit and the KII checklists were updated accordingly.

The evaluation of the MLE programme in Benin, undertaken by a two-member team, spent one week in the country conducting the key informant interviews as well as client survey and FGDs. The team interviewed senior managers of CPEC (the FSP) and Consortium Alafia (the TSP) as well as other key stakeholders like the CBWAC (regulatory authority). Also, important programs like DID PASMIF were interviewed for their perspective on the market and project context in Benin. The client interviews and FGDs were also conducted across three branches in Cotonou, Zogbodomey, and Bohicon covering 135 respondents. Findings from the client interviews and FGDs are outlined in Section 5.

4.2 Evaluation findings

Evaluation findings are organized according to the OECD-DAC criteria of relevance of program design, efficiency of program management, effectiveness of organizational changes and market demonstration, likely impact (intended and unintended), and sustainability of the project. The evaluation team only scored the Relevance criteria due to the early stage of MLE in Benin (PBA signed in March 2015). Thus, below is a detailed analysis for the relevance criteria and only high level observations for the remaining criteria.

4.21 Relevance of program design

The MLE program has the objective of supporting financial institutions in SSA to promote savings focused financial services to excluded populations, particularly women and those in rural areas. The program aims to do this by linked a variety of types of FIs with experienced TSPs and by focusing on financial education and alternative delivery channels.

There is some synergy between ML and MLE in Benin in terms of the selection of FSP/TSP. More specifically, the use of a variety of FSPs and TSPs is consistent with the project in Benin which includes a cooperative (CPEC) as well as a national network as the TSP (Consortium Alafia). Also, the fact that CPEC is established and is already licensed to take deposits minimizes some of the regulatory risk which was experienced as part of the ML program. As of December 2014, it had 33,887 active depositors (46.9% female and 87.2% from rural areas) and 2.4 billion CFA in total deposits. Furthermore, the Cellule de Surveillance des Structures Financieres Decentralisees (of the Ministry and Finance and Economy) confirmed that CPEC is permitted to deploy Susu collectors to collect savings directly into the clients' accounts. CPEC has a strong commitment to using alternative delivery channels and this project is considered a key aspect of its strategy.

As far as the scope for financial inclusion and demand for the financial services and the use of alternative delivery channels, the relevance of the project in Benin is high. This is evidenced by the statistic that only 16.6% of adults have an account at a formal financial institution in 2014. The concept of the project to use technology to bring small balance savings to clients at their homes and their businesses and at the same time to leverage the familiarity of the population with traditional savings collectors has been validated by stakeholder interviews during the client survey and FGDs. The evaluation suggests that there is a strong demand for such a product among the population that clearly expressed appreciation for proximity in the delivery of their financial services (including savings). Stakeholders also agree about the prevalence of informal savings and that its formalization will yield benefits to clients (security and better remuneration, for example). This is validated by the fact that the pilot phase has reached approximately 3,000 clients with 10 mobile agents of CPEC. However, although the Susu collectors are not recognized by CBWAC and they are subject to closure and fines for operating illegally, we agree with the PMU that a stronger business case is needed and that enforcement alone is not strong enough to push them to join CPEC. One convincing argument given by Consortium Alafia is that the awareness building among clients on the risks of the informal savings option will drive clients to CPEC's model and hence the Susu collectors themselves.

At present the agents go to the clients with their smart phones (Android), collect daily savings, and enter the savings amount directly into the smart phone. The client keeps a record of the deposit on a savings booklet and the agent records it in her ledger manually. Additionally, the data is automatically passed via internet to the server at the CPEC office. "Kebo", the system developed by Eurafrik, is able to capture the data via the smartphones and store it but the project has not yet been able to build a "bridge" for the data to be passed on to Perfecto (CPEC's overall MIS). The evaluation team met with Perfecto, and described the problem and were told that a solution could be found in one month's time. Also, the system Kebo relies on an internet connection which is not always reliable in Benin.

In terms of Governance and Systems, CPEC's performance is average, while it performs better in terms of profitability. Adherence to client protection principles has been a focus in the past but has not been a strong priority in recent years. Nevertheless, CPEC has potential and is among the top 10-15 MFIs in the country (among roughly 36 overall according to the MIX). Also, CPEC's commitment to the use of technology and alternative delivery channels is well aligned with the project. These factors make CPEC a reasonable choice of the IC. However, in order to overcome the challenges faced by the FSP, strong monitoring and control of the project implementation will be needed.

CPEC's Board has 7 independent members that are mostly public sector but with a range of experience and meet quarterly to review performance information. Some organizational challenges exist on the management team related to having clear roles and responsibilities as well as clear communication. There is a system of planning in place although the current business plan (2014-2019) is still in draft form.
In terms of systems, the MIS is not integrated and requires manual consolidation which is not currently well enough managed by CPEC. The main risks are known by the management and all the policies and procedures are reported to be in place. However, controls need to be improved in order to have better reporting both to the central bank and also to the MIX. An internal audit department visits branches 2-3 times a year and provides feedback.

In terms of client protection, CPEC was evaluated in 2011 by the Smart Campaign, but the follow-up after this has been lacking. Client surveys are conducted by CPEC, but only when external funds are made available for this. There is limited information provided to clients about products, pricing is not very transparent (including flat rates and fees) and clients do not receive a copy of their contracts. There is not a credit bureau available for most MFIs. Also, a complaints mechanism was launched in 2013 but has since been dropped and is no longer actively used. A high point is that there is a code of conduct in place which is signed by staff and which includes client treatment standards.

Alafia is a relatively well functioning national network with above average performance. In 2012, Alafia scored 3.1 (out of 4) according to the SEEP Network's evaluation methodology and reports that it is currently 52% self-sufficient. Alafia has worked extensively in training of MFIs in Benin, including trainings related to client protection, and has some experience in promoting the use of technology in financial inclusion. Alafia also has good knowledge management and provides an effective mechanism for sharing CPEC's experience and promoting replication among FSPs. One gap in required expertise at the TSP is related to mobile banking/agency banking. Alafia is counting on UNCDF to bring in the required consultant to provide the needed support in this area.[2] With that said, for the reasons mentioned above, Alafia is an adequate selection by the IC as the TSP for the MLE project.

[2] UNCDF MLE funded staff from CPEC and Alafia to attend a Helix Institute of Digital Finance agent network management training held in Q4 of 2015 in Dakar.

There were no major issues raised or complaints from the FSP or TSP regarding the project design and/or the budget elaboration. The FSP reported that it was difficult to report some of the required information to UNCDF (including the number of previously unbanked). The relationship between the TSP and FSP was professional and based on mutual respect. Gender and responsible financial services have been built into the design of the project. There are gender related KPIs, although as of the time of the mission, the reporting from CPEC on this was not adequate. The logframe includes CPEC implementing systems for social and environmental monitoring and this is a disbursement condition for July 2016.

4.22 Efficiency of program management

Until now, the program team has demonstrated good project monitoring and oversight, being responsive to challenges like inadequate reporting by CPEC to the Mix Market Gold according to the requirements of the PBA. Due to delayed reporting on the part of CPEC, the first tranche payment to it was delayed and the PMU was addressing the issue at the time of the onsite mission (August 2015). Delays internal to CPEC management systems (i.e. long periods required for Board approval of project related documents) has cause an initial delay in project implementation. Notwithstanding the technical skills gap in agent network management, CPEC appreciates the technical support provided from Consortium Alafia in areas like Client Protection assessment and client financial education. CPEC reported some challenges with reporting requirements like the indicator on the percentage of previously unbanked clients. Overall, the RFA/PBA process identified the key strengths and challenges to the project, important regulatory factors, and institutional weaknesses of CPEC.

4.23 Effectiveness of organizational change and market demonstration

Due to the early stage of the program in Benin, it is premature to comment on these criteria. However, more research and analysis is needed in order to strengthen the business case for the formalization of Susu collectors. Consortium Alafia has an important knowledge gap preventing it from providing technical assistance to CPEC on the new delivery channel. So it’s good that this has been planned for with a specialized short term consultant. Determining the true effectiveness of the channel, the client education, implementation of responsible financial services, knowledge management, as well as the outcomes in terms of policy change and demonstration effects will require more time.

4.24 Impact

Although at a very early stage, initial signs indicate the target population of low income clients (focus on fair proportion of rural and female clients) can be served with a relevant product to improve their economic standing. The key technical gap in terms of agent network management at Consortium Alafia and CPEC needs to be met (and the PMU is well aware of this). The appropriate use of alternative delivery channels holds high potential for case studies and client satisfaction.

4.25 Sustainability

CPEC is a sustainable operation with an OSS of 130% as of December 2014. At this early stage it’s difficult to know whether the planned increase in small balance savings will increase the sustainability of CPEC, however, the results of the pilot are promising in terms of scale. The CPEC management team is in need of training to appropriately manage the new delivery channel, which is planned for the project and will be needed for the continuation of the project after the end of the project life. CPEC is committed to the use of alternative delivery channels and considers this project an important aspect of their strategy.

5 Client survey

The evaluation team undertook a client survey to understand the type of households served by CPEC (including those covered in the pilot) and to collect feedback on the financial services provided to them as well as to gauge their financial awareness. The evaluation team also led a team of three enumerators to survey more than 75 clients and conduct 6 client focus group discussions including clients and non-clients, for a total of approximately 135 respondents. The client interviews and FGDs were conducted across three branches in Cotonou, Zogbodomey, and Bohicon. Detailed survey analysis is presented in **Annex 7** of the mid-term evaluation report.

5.1 Profile of clients

Of the 75 clients interviewed in the client survey, just over half (54.7%) were female, and most were from urban areas (78.7%)[3]. The socio-economic profile of clients is summarized below:

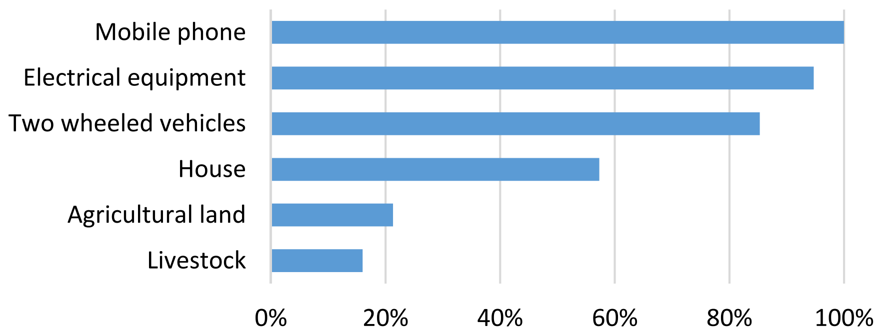
- Most were married (76.0%) and most of the remainder were single (18.7%). In terms of educational levels most had completed either primary (38.0%) or secondary (35.2%). The remainder were uneducated (11.3%) or were educated higher than secondary level (15.5%).
- In terms of the household profiles, the majority of the 75 clients were living in nuclear families (65.3%) with the remainder in joint families (34.7%).[4] Composition is nearly the same for rural clients with 68.8% nuclear and 31.3% joint. Various sizes of families were represented in the sample although most fell into the range of 2-4 members (28.0%) or 5-8 members (49.3%). Families larger than this were in the minority (10.7%) as were singles (12.0%). A similar composition is seen when disaggregating rural families, although rural households have a larger percentage of singles (25.0%). Families of 2-4 members represent 31.3% of the sample and families of 5-8 members represent 43.8%.
- On average, families in the sample had nearly equal numbers of men (1.9) and women (1.8) and boys (0.8) and girls (1.2). The average number of adults (3.8) was twice that of children (1.8). The average number of total family members was 5.5. Similar numbers are seen when looking only at rural areas, although overall family size is smaller (3.8).
- Overall, the average number of earning members of the families was 2.5 about half of whom were men (1.2) and half women (1.3). The average number of earning members of the household drops to 1.8 in rural areas with half being men (1.0) and half women (0.9).
- The sample has a large majority of self-employed non-agricultural workers (78.3%), followed by those with a salary (13.3%), agricultural labor (7.2%), and self-employed (agricultural) (1.2%). Perhaps surprisingly, the percentage of self-employed (non-agricultural) is even higher in rural areas (93.8%) with the remainder being self-employed (agricultural) (6.3%).
- The most common asset in the sample was the mobile phone (100%) both overall and in rural areas. This was followed closely by electrical equipment (94.7% overall/87.5% in rural areas). Ownership of two wheeled vehicles is also very common overall (85.3%) and in rural areas (87.5%). Larger vehicles are much less common both overall and in rural areas (both less than 20%). The next most common asset is the house overall (57.3%) compared to renters (41.3%). In rural areas home ownership drops to 50%. Only 21.3% of the overall sample owns agricultural land. This increases only to 25% in rural areas. A relatively small percentage of the sample overall owns livestock (16.0%). This increases to 25.0% in rural areas. Both overall and in rural

[3] The evaluation team worked with the management of CPEC to select branches where it could sample both urban and rural clients, thus selecting Cotonou, Zogbodomey, and Bohicon. A limiting factor to sampling more rural clients was the travel time required for the team to access these areas.

[4] Nuclear means respondent living only with spouse and their children. Anything else is joint.

areas the livestock is comprised of goats and poultry. Asset ownership is depicted in **Figure 1** below.

Figure 1: Asset ownership



- PPI analysis for Benin indicates that the probability of the clients falling under the international poverty line of $2.5 at PPP is about 60.8%, while the probability of falling under the national poverty line is around 15.3%.

5.2 Use of financial services

The key findings related to use of financial services provided by CPEC is discussed below

Savings

- Most of the sample has recently opened a savings account with CPEC (82.7% opened in 2014-15). The remainder of the sample is split between account opening during 2012-13 (5.3%) and 2011 and earlier (8.0%). When looking only at rural clients, all are new savers with CPEC (account opened in 2014-15).
- The majority of the savings accounts are voluntary (65.3%) or compulsory (21.3%). Fixed deposits make up a small proportion of the savings accounts (4%). In rural areas, nearly all savings accounts are voluntary (93.8%), and the rest are compulsory (6.3%).
- In terms of frequency, the majority of the sample respondents saved daily (66.7%), and the proportion becomes even higher in rural areas (87.5%). Overall, there is also a significant percentage of monthly savers (17.3%).
- With respect to purposes, overall, emergency expenses (33.3%), consumer goods (28.0%), and children's education (26.7%) rank as the most common purpose of savings. Home improvement (10.7%) and debt repayment (9.3%) are less common. Respondents also frequently cited "other" purposes for their savings (62.7%). When looking only at respondents from rural areas, similar savings purposes are cited except that a much higher proportion of the sample cites repayments of debts (25.0%). The other percentages are: emergency (75.0%); consumer goods (56.3%); children's education (37.5%); home improvement (12.5%). 56.3% of the rural sample also cited "other" purposes.
- In terms of amount of savings, overall, clients report saving USD 99 on average per month and an average savings balance of USD 156 and average household savings per month of USD 246. When looking only at rural respondents, savings amounts per month as well as savings balances greatly reduce: average savings per month (USD 50); average savings balance (USD 42); average household savings per month (USD 94).
- The vast majority of respondents, overall and in rural areas, saved before opening an account with CPEC (77.3% and 87.5%, respectively). Overall, the respondents report that before CPEC,

they primarily saved with: other MFIs (36.0%); banks (24.0%); and informal groups (16.0%). When looking only at rural respondents, the proportion that saved at banks reduces greatly to 6.3%, and the use of informal groups to save rises to 43.8%. Saving with other MFIs is also common (50.0%).

- Most clients (>80% overall and >90% in rural areas) report “very high” or “high” levels of satisfaction with CPEC’s savings products. The remainder reported “moderate” levels of satisfaction.

Credit

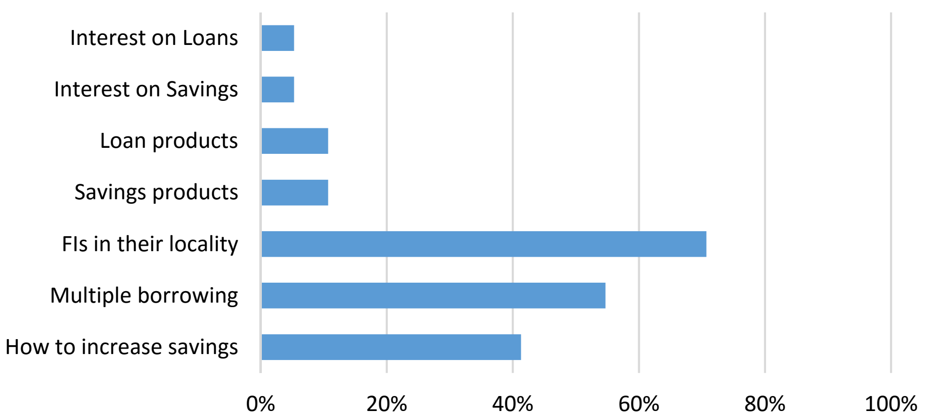
- The most common sources of loans overall are CPEC (21.3%), and other MFI/Credit Unions (8.0%). Few respondents had loans with banks (1.3%). Overall, only 30.7% of respondents had active loans at the time of the interview. In rural areas, only one respondent had a loan and it is with CPEC.
- Overall, the average loan amounts for other MFIs/Credit Unions (630 USD) and CPEC (718 USD) are very similar, while banks (8,403 USD) is much higher.
- In terms of loan usage, overall, the main uses are: trading (56.5%); house repairs (21.7%); services (17.4%); and household expense (13.0%).
- Most respondents reported their satisfaction level with CPEC’s loan products to be “very high” (17.4%) or “high” (56.5%). The remainder reported it as “moderate” (8.7%) or low (4.3%).

5.3 Financial awareness

Overall, 22.7% of respondents reported receiving financial literacy training. Respondents showed the highest levels of awareness (i.e. registered “yes” in the questionnaire) for the following: MFIs/FIs operating in their locality (70.7%); knowledge of how to increase savings (41.3%); and risk of multiple borrowing (54.7%).

Respondents knew the least (i.e. registered a “partial” or “no” in the survey) regarding their awareness of savings and credit products offered by CPEC and terms and conditions of these products, in particular. Respondents registered a “partial” or “no” the most frequently for: “Savings products offered by FI” (89.3%); “Rate of interest on Saving” (94.7%, with “no” at 88.0%); “Types of loan products offered by the FI” (89.3%); “Rate of interest on loan products” (94.7%, with “no” at 89.3%). Respondents were also mostly not aware of how their data is used by the FSP (“partial” -> 8.0%; “no” -> 81.3%) as well as the grievance redressal mechanism (“partial” -> 17.3%; “no” -> 68.0%). **Figure 2** captures the awareness of clients on various financial aspects.

Figure 2: Financial awareness of clients



5.4 Expectations of clients

The expectations of clients conveyed to the evaluation team through the client survey and FGDs are summarized below. The relatively low level of financial literacy and awareness of different offerings limited somewhat the scope of replies.

Financial services

Proximity was a major factor cited by respondents for all financial services, notably credit and savings. Specifically in terms of savings, clients desired a reliable and safe place to save with a "higher" interest rate and a product which would allow them to withdraw money as and when they need it (which can help them avoid borrowing). With respect to credit specifically, clients emphasized their desire for credit offered at "lower" interest rates to invest in their businesses and generate income. Ease of loan processing was also quite a common expectation. Regarding insurance, the most common expectation was for health insurance, education insurance, and "old age" insurance. Some interesting individual responses were a desire for financial services related to funerals (credit, etc.), a desire to know more about credit, savings and insurance product offerings (financial literacy), and loans for housing.

Non-financial services

In terms of financial literacy and skills development, there were some common themes regarding client expectations which are evident. A common expectation of clients is broadly to receive training and capacity building to enable them to better run their businesses. This includes management skill, budgeting, accounting, managing revenues, among others. Skills training on how to manage credit was another common reply. A number of respondents simply requested "training" which may also reflect lower awareness of the different trainings available. Other replies mentioned by clients were basic literacy training, training on businesses in the service industry, food services, carpentry, hair-dressing, sewing, agricultural as well as the artisanal business.

6 Recommendations

As the PMU is well aware, it will be important to follow closely the main risks related to the project which are institutional weaknesses of CPEC (including reporting capacity), strengthening the business case for the delivery channel, working out any technology issues including syncing data from the new channel with the existing MIS, and filling the gap in agent network management with a specialized consultant.

The due diligence process of the PMU seems to have uncovered all the risks that the evaluation team also cites in the report. This may be more likely since both teams were evaluating the project at around the same time and not much progress has been made yet in terms of implementation. Each form of technical assistance will be absolutely essential to the successful roll-out and sustainability of the project. Client education is needed both to strengthen the business case and also ensure adequate uptake and usage of the channel by clients. Given the overall weaknesses identified in management and information reporting at CPEC, the technical assistance with regards to the new channel could have positive impacts on overall management too. Alafia has been identified as a capable TSP for managing project knowledge, dissemination and promotion of replication and will need to implement these as per the log-frame.

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[viii] The World Bank. "The Little Data Book on Financial Inclusion, 2015"

Case Study # 1

Why FSPs should link with savings groups? Is there a business case for such linkages?

The Global Findex Report released by the World Bank in 2014 suggests that Sub Saharan Africa has the highest rates of formal financial exclusion, defined as the percentage of adults without bank accounts, at 76%.[1] A study conducted by the Bankable Frontier Associates[2] in Sub-Saharan Africa (SSA) shows that while savings groups are an important alternative that provides proximate financial services, enforces savings discipline, provides opportunities to save a lump sum and offers short term loan windows and options to avail emergency finance and thereby supports millions of low-income households who do not have access to any form of formal financial services, this arrangement is also highly susceptible to risks. Instances have been noted where the groups' savings patterns have been monitored by third parties and the lockboxes were robbed close to the time of share-out thereby depleting members' yearlong savings. In order to obviate this risk and also ensure a higher return at the time of share-out, members are often compelled to borrow more than what they require, which is undesirable and also results in inequitable and negative returns for those who tend to borrow more.

As a result, the focus has shifted to other win-win solutions in the form of linking savings groups with banks and other formal financial institutions in a cost-effective and viable manner. Also, savings group linkages are often a stable and effective springboard for mature savings group clients having higher credit requirements to progress further up the financial inclusion ladder and open individual accounts with FSPs. A report jointly published by Accenture and CARE delves into the nuances of the group based financial models and states that the group experience helps members develop financial literacy skills and reduces the cultural barriers that banks face in persuading members to open accounts as the need is already established.[3]

The MicroLead Expansion Programme (MLE), like its predecessor MicroLead was designed to test the hypothesis that savings-led financial services leads to the creation of resilient financial service providers (FSP). The programme aims to extend savings services to a minimum of 450,000 low income people in rural markets of Sub-Saharan Africa (SSA) through the provision of technical support in the form of market research, product and channel development, marketing and financial education from established technical service providers (TSP) and establishment of sustainable greenfields. It provided funding to 11 projects spanning 10 SSA nations. The projects selected were diverse and included bank downscaling and greenfielding, financial cooperative creation and strengthening, savings group linkages to formal financial institutions, MFI transformation into deposit-taking institution, human-centered product design, and deployment of alternative delivery channels such as mobile money, rural agents, susu collectors and point of sale devices.[4]

This case study assesses the MLE projects focusing on savings group linkages and attempts to present if there exists a strong business case for FSPs to promote savings group linkages. The analysis stresses upon the programme design, achievements and lessons learnt from the projects focusing on savings groups.

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[1] World Bank Global Findex 2014, http://datatopics.worldbank.org/financialinclusion

[2] Bankable Frontier Associates, Focus Note 1: Outcompeting the lockbox-Linking Savings Groups to the Formal Financial Sector, http://bankablefrontier.com/wp-content/uploads/2015/02/BFA-Savings-Group-Linkages-Focus-Note-1.pdf

[3] Within Reach: How Banks in Emerging Economies can Grow Profitably by Being More Inclusive (Accenture, CARE, 2015)

[4] http://www.uncdf.org/en/microlead

1 Informal Savings Groups: A tool to promote financial inclusion

The past decade has witnessed the growing prominence of financial inclusion in the global development agenda. With that the scope of financial inclusion has also been broadened to cover a multitude of financial products-savings, credit, insurance, transaction accounts, remittance services and related advisory services that will help poor households enhance their incomes, smoothen consumption and effectively manage risks through improved financial capabilities and a robust and supportive consumer protection regime.

World Bank estimates suggest that approximately half the world's adult population amounting to over 2 billion people are excluded from the ambit of formal financial services and continue to rely upon informal mechanisms in the form of saving at home, purchasing livestock and other household assets and pawning jewelry to meet their financial requirements.[5] Empirical evidence gathered from various studies like Jack Kendall's A Penny Saved: How Do Savings Accounts Help the Poor[6], Banerjee and Duflo's The Economic Lives of the Poor[7] and the landmark Portfolios of the Poor, How the world's poor live on US$ 2 a day?[8] to name a few indicate that poor households are more interested in savings over availing credit. Furthermore, it has often been argued that while credit provides the economically disadvantaged with opportunities to invest in productive assets, it also exposes them to greater livelihood risks, savings products help households build an asset that can be used for subsequent investments and cope with financial shocks. Credit, backed by savings and appropriate insurance cover, cushions the bottom of the pyramid from unforeseen risks.

The FinScope studies[9] suggest that for poor households, informal savings groups are the most preferred channels of depositing money, second only to members' homes. Informal savings groups are easy to form and replicate, and are based on a more decentralized community driven approach wherein members are mobilized into groups and trained to save and lend internally to one another. The groups are self-managed and thus obviate the risk of 'mission-creep', operate solely on member savings for inter-lending and have proven that simple structures can be cost-effective and provide economies of scale. Members benefit as they can transact and network at a common point within the community premises, while implementation agencies have sufficient volumes for conducting trainings or promotional campaigns. The outcomes of these community-wide drives tend to be positive as it encourages peer learning and even reticent participants are found to be more forthcoming and eager to participate in the presence of other enthusiastic community members.

Globally, the origins of informal savings associations can be traced back to the Irish Loan Fund, burial societies in the then Rhodesia (Zimbabwe) and Rotating Savings and Credit Associations (ROSCAS) and Accumulated Savings and Credit Associations (ASCAs) which existed as early as the nineteenth century. Since then, the number of such groups have surged throughout the world and particularly in developing nations. Moving ahead to the end of the twentieth century, the celebrated Grameen model which has been espoused by many, has matured significantly from insisting upon regular savings to flexible deposit

[5] http://www.cgap.org/topics/financial-inclusion
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Westley and Palomas 2010. *Is There a Business Case for Small Savers?* CGAP/The World Bank, September 2010
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[8] Collins, Morduch, Rutherford, and Ruthven, 2009), "Portfolios of the Poor: how the world's poor live on $2 a day", http://www.portfoliosofthepoor.com
[9] Uganda 2013 FinScope III Survey, https://www.bou.or.ug/opencms/bou/bou-downloads/Financial_Inclusion/Finscope-Report-2013.pdf

products for its clients. Likewise, the nineties decade in India witnessed the rapid growth of the Self-Help Group Bank Linkage Programme (SBLP) where potential borrowers were aggregated into groups, trained and made to exhibit sound financial discipline by regularly saving a small pre-determined sum within the group, inter-loaning amongst fellow groups and maintaining books of records; the final step being formally linked to mainstream financial institutions for savings and credit. However, the success of these interventions attracted the attention of the private sector players lured by the potential of commercial gains and as a result a transition to credit led movements was seen from 1990s and somehow globally the focus shifted to credit.

Despite the gains, over the years, it has been realized that the provision of credit alone is inadequate for improving the economic well-being of low income clients and need for savings and remittances is more basic than credit. As a result, the need for supporting savings led interventions is now receiving attention. Further, lessons learnt from the microfinance crisis in India, Bolivia, Nicaragua and Bosnia indicate that savings focused institutions were better positioned over their credit led counterparts to weather the upheaval and emerge relatively unscathed.

In line with the importance being accorded to financial inclusion, the World Bank Group in October 2013 advocated that universal access to basic transaction services as an important milestone towards full financial inclusion[10] that will help provide the economically disadvantaged with adequate opportunities to step out of poverty and improve their economic well-being. In this context, the implementation of a technology-driven savings-focused programme spanning multiple Sub-Saharan African countries; of which the focal point of several projects was to directly or indirectly support the linkage of informal savings groups with financial institutions is undoubtedly timely and relevant. This analysis attempts to situate the programme amongst all relevant interventions in SSA and make a critical assessment as to whether there exists a viable business case for Sub-Saharan African FSPs to establish linkages with informal savings groups.

2 Informal savings groups in Sub-Saharan Africa

Informal savings associations serve as an important vehicle for providing social protection and catalyzing last mile delivery of financial services to financially excluded communities. The most common forms of savings groups are the Rotating Savings and Credit Associations (ROSCAs) where monthly deposits are collected from members and the entire sum is paid to a particular member based on a pre-determined rotation cycle and the Accumulated Savings and Credit Associations (ASCAs), which follow a similar mechanism except that the savings are internally rotated and paid back with interest leading to an increase in the corpus. Typically, these groups are formed organically or with the support of an intermediate agency which brings together groups of 15-30 low-income men and predominantly women who carry out financial transactions and also contribute to a social fund for activities of common interest and may occasionally start some common enterprise. All group norms and functions are decided by members who meet periodically to conduct financial transactions. All group savings are stored in a safety deposit box maintained by three signatories.

The savings cycle is usually one year and the end of which savings are “shared-out” among members in proportion to their contributions. Mature groups that have successfully completed at least one cycle undergo assessment wherein their vintage, deposit and loan balances, loan utilization, portfolio quality, group discipline, awareness of the various terms and processes, quality of recordkeeping are appraised for possible linkage with FSPs.

[10] http://www.cgap.org/sites/default/files/FocusNote-Financial-Inclusion-and-Development-April-2014.pdf

Informal savings groups are particularly popular in Sub-Saharan African nations having high degrees of financial exclusion. The Global Findex Database 2014[11] that measures how and why people save highlights that 9% of adults accounting for 17% of savers in developing economies reported having saved semi-formally in informal savings associations or outside their homes in the past year, while in SSA alone, 24% of adults (40% of savers) reported having saved in informal channels over the past year. The study goes on to point out that almost 60% of these informal savers in SSA (14% of all adults) did not have any account, thereby highlighting the tremendous potential for FSPs to reach thousands of people and helps them increase their financial resilience with increased and reliable avenues to save and borrow money. **Table 1** summarizes the findings from the Global Findex Studies and highlights the high degree of financial exclusion and reliance on informal savings channels in these countries, and thereby makes it evident that the MLE intervention was highly relevant and had the potential to provide financial access to millions to underserved households.

Table 1: Findings from the Findex Studies[12]

Countries	As % of adults				
	Financially included	Rural adults included	Females included	Population saving in a financial institution	Save in informal savings groups/ at home
Rwanda	42.1	35.3	37.9	25.1	24.1
Malawi	18.1	14.0	16.1	7.1	28.0
Uganda	44.4	35.6	45.7	16.8	36.7
Tanzania	39.8	34.3	33.2	9.0	13.1
Ghana	40.5	39.4	34.5	18.6	21.5
Cameroon	12.2	10.2	11.1	7.7	34.6
Burundi	7.1	6.7	6.5	4.0	8.1
Benin	16.6	13.6	12.6	7.1	36.8
Burkina Faso	14.4	12.6	13.0	8.7	18.0
Sub-Saharan Africa	**34.2**	**29.9**	**29.2**	**15.9**	**23.9**

Note: Data for Liberia was not available

Savings groups are undoubtedly popular and much-needed in Africa. While some are promoted by iNGOs like CARE International, Catholic Relief Services, World Vision, Oxfam, Freedom from Hunger, Stromme Foundation, PACT, Plan International, International Rescue Committee, Save the Children, World Relief and the Aga Khan Foundation, other informal arrangements like Savings and Internal Lending Communities (SILC), *makgotlas* for funeral expenses or *stokvels* for community entertainment play an instrumental role in promoting social welfare alongside financial inclusion. The State of the Linkage Report 2016 that provides a global mapping to linkage activities suggests that across 73 countries worldwide, there lies potential to link at least 11.5 million VSLA members with financial institutions and help them glean cumulative savings of up to US$ 116 per year (US$ 58 saved by each member in a year). Of these, Africa, alone has the potential to link 9.7 million VSLA members.[13] The report goes on to cite that 106 active savings group products are being offered by 95 FSPs across 27 countries to low income clients; two-

[11] World Bank Global Findex 2014, http://datatopics.worldbank.org/financialinclusion
[12] Little Data Book 2015
[13] The State of Linkage Report The First Global Mapping of Savings Group Linkage (CARE, Plan, Barclays, 2016)

thirds of these linkage products are being offered by 58 FSPs located in SSA, while Asia Pacific and Latin America account for 29% and 6% of the linkage products developed. Banking with low income clients often living in remote areas is fraught with challenges and demands the development of suitable products with low or nil transaction charges, simple account opening procedures including KYC requirements, multiple account signatories, strong security features, possibly supported by technology driven delivery channels to reduce clients' transaction cost. Often the complexities couple with the high cost of delivery deter bankers from reaching out to low poor clients. Savings groups are an effective alternative that provides the required economies of scale for financial institutions to engage with low income clients. Based on the experiences garnered from savings group linkages throughout the world and SSA, in particular, CARE International, Barclays and Plan International have jointly formulated the Linking for Change Savings Charter (refer to **Box 1**) that aims to build a powerful global alliance of leading organizations, committing to developing new savings products for poor communities in the developing world. As of October 2015, key signatories included UNCDF as well as MLE grantees CARE and Fidelity Bank.

Box 1: Linking for Change Savings Charter

- It's a win-win investment that brings social and economic rewards
- Banking the poorest is possible
- It starts with savings
- People come first
- Financial education matters
- No one can do it alone

While savings groups were prevalent in all the programme countries, five projects exclusively focused on the savings group linkages. **Table 2** highlights the proposed initiatives of the TSPs/FSPs for linking the savings groups with FSPs in various MLE programme countries and the status of their progress. The project level achievements and impediments are detailed in **Section 3**.

Table 2: Proposed MLE initiatives pertaining to savings group linkages

Country	TSP	FSP	Proposed initiative
Uganda*	MEDA	Ugafode	FSP Ugafode Microfinance Limited to develop cost effective, client-responsive savings products with the support of TSP, MEDA • Increasing the number of depositors of the FSP to 96,013 clients (at least 65% of depositors being women and at least 75% of depositors living in rural areas) by March 2017
Tanzania	CARE	MCB	Linkage of VSLAs to MCB through Franchisee, village agents & deliver of products through mobile/agency banking • 70,000 new members through VSLAs • Financial literacy to 100,000 members, including over 27,000 existing members of CARE • Formal financial services to 50,000 members through the linkage of 2,000 VSLAs • Pool of 125 Village Agents and Franchisees for financial literacy and linkages
Ghana	CARE	Fidelity Bank	Linkage of VSLAs in the North, Upper East and Upper West regions with Fidelity Bank through local implementation partners and community based volunteers. Service delivery to be facilitated by community based agents • 42,500 members through 1,700 new VSLAs • Financial literacy to 72,500 members, including over 30,000# existing members of CARE through 2,900 CARE VSLAs • Financial linkage of 30,000 new VSLA members with Fidelity Bank thus enabling them to access formal financial services

Country	TSP	FSP	Proposed initiative
Liberia*	WOCCU	LCUNA RCUs	WOCCU Liberia to establish 4 regional credit unions and remodel Liberian Credit Unions National Association (LCUNA) • 40,000 new savers (60% female and 70% rural) in the regional credit unions • Total savings & share mobilisation of USD 1.9 million and loan portfolio of USD 1.9 million (by December 2016)
Burkina Faso^	FFH	RCPB SOFIPE	Freedom from Hunger (FFH) to design and scale up cost-effective models of groups-based savings services for two FSPs (SOFIPE and RCPB) using digital channels so that the rural poor and women can access formal financial services • To financially include over 2,400 savings groups that are created under the MicroLead Expansion programme • 55,200 women receive financial literacy training • 1,500 VSLAs linked through group savings accounts and 1,104 individual savings accounts by Feb 2017 with 100% women and rural clients

*Savings group linkages were added to the scope of the project in Uganda after the PBA was signed. In Liberia, savings group linkages are an important but not direct objective of the MLE programme.

#On account of implementation level challenges due to connectivity failures and limited agent network, Fidelity Bank's targets were revised to 15,000 VSLAs post a PBA amendment signed in December 2015.

^ The project has been launched in March 2015 in Burkina Faso and hence has not been included in the analysis.

3 Analysing the approaches used by MLE programme partners

The MicroLead Expansion programme (2013-17) was conceptualized with the intent of expanding the deposit services of robust Financial Service Providers (FSP) in SSA, who would be supported by credible and experienced Technical Service Providers (TSPs). Given the high degree of financial exclusion in the programme countries, one of the areas of the programme's focus was to increase outreach to low income women and the underserved in rural areas, where the financially excluded tended to rely upon informal arrangements for addressing most of their financial needs. Thus, the programme funded several initiatives aiming to link informal savings groups with formal financial institutions. With the guidance provided by the TSPs, the FSPs intended to increase their client base by reaching out to newer segments and build appropriate products, policies and systems to support the strategic shift.

Of the 11 projects which were funded under MLE, CARE's partnership with Fidelity Bank in Ghana and Mwanga Community Bank in Tanzania, MEDA's collaboration with Ugafode in Uganda, World Council of Credit Union's endeavours to strengthen credit unions in Liberia and Rwanda and Freedom from Hunger's association with RCPB and SOFIPE in Burkina Faso primarily focused on linking informal savings groups with financial institutions, while others too indirectly reached out to hitherto excluded savings associations.

3.1 Country experiences: informal savings groups linkages

The different approaches adopted by the various projects focusing exclusively on reaching out to savings groups, achievements till date and setbacks encountered have been detailed below. Given that the projects in Benin and Burkina Faso, initiated in early 2015 are in the formative stage, they have not been included in the analysis.

<u>CARE Tanzania</u>

CARE International introduced the VSLA methodology in Zanzibar in the early-2000s, post which it rapidly spread throughout the country and formed the modus operandi of subsequent CARE interventions across various sectors. CARE realizes that while the VSLA model helps community members save and lend to one another, additional services facilitated through bank linkages will keep their savings secure and also provide access to higher quantum of credit needed for expanding businesses and enhancing income and hence is involved in multiple interventions like the Bill and Melinda Gates Foundation-funded SaveUp and LinkUp programmes, Pesa kwa Wote in partnership with FSDT and VSLA Plus initiatives.

Established in 2000, MCB is a community bank operating through 1 branch in Mwanga district and 3 service centres throughout the Kilimanjaro region in Tanzania. The FSP sees a strong business case in working with savings groups as it would help increase MCB's outreach in rural areas and also provide an additional source of funds. MCB's relationship with savings groups commenced in 2009 when VSLAs approached the bank for opening accounts. Having realized that VSLAs are professional and have a better repayment history in comparison to other savings associations in the region, it opted to work with VSLAs. The FSP also caters to other solidarity groups, including World Vision promoted VICOBAs, whose operations were similar to that of VSLAs except that only profits were shared out.

CARE and MCB have been working together in linking VSLAs with the bank since 2010 and had linked 60 VSLAs prior to the MLE partnership. In the same year, MCB explored potential partnerships with MNOs to develop special SIM cards having security features similar to the safety deposit box, which was operated by three signatories. Post a tie-up with Vodacom, 76 group SIM cards were designed and distributed to groups; of which only six did not have any technological glitches and were found operational and continue to be used by the members. Given the high cost of building the special SIM cards, the initiative was subsequently discontinued.

Under MLE, CARE Tanzania is supporting Mwanga Community Bank in developing new saving products which can be offered to Village Saving and Loan Associations (VSLA) in the Kilimanjaro region of Tanzania. Usage and integration of alternative delivery channels (through technical support from Access Africa), staff training and linking VSLA members to MCB are also some of the areas where CARE is supporting MCB.

Based on MCB's own experiences as well as suggestions offered by CARE, MCB abolished the ledger fee and offered 3% annual interest on savings products and strengthened the product's security. As a result, two members (instead of one) were required to be present in the branch for withdrawals, withdrawal slips were signed by MCB staff followed by verification calls to randomly sampled group members. The process has been depicted in **Figure 1**. With regard to loans, cycle wise limits were set and the previous policy requiring a group to provide assets as collateral was also done away with as it dissuaded many groups from applying for loans. Instead clients were asked to make fixed deposits amounting to 20% of the requested loan size. VSLA loans, priced lower at 19% per annum in comparison to the riskier agricultural and solidarity loans charged at 30% and 18%, respectively also record good repayment rates. Further, in order to encourage the group members to deposit their share-out money into their individual accounts at the end of the VSLA cycle, MCB designed an individual savings account for the group members that was piloted in June 2015.

In order to convenience clients and increase outreach, MCB is also focusing on alternative delivery channels. Currently, clients having a Vodacom account have the option to transact using mobile wallets. The service is provided free of cost and MCB remunerates agents for facilitating the transactions. The FSP is also in talks with Vodacom for registering a wallet and has approached Selcom for the development of an interoperable mobile interface and has also applied to the Bank of Tanzania for agency banking license. However, work on developing the new technology driven channels has been temporarily halted after CARE Access Africa's focal point who was interacting with the MNOs on behalf of MCB resigned.

Figure 1: Deposit and Withdrawal Processes customized for VLSAs

Deposit

VSLA group formed

Group elects minimum 3 signatories to operate the account

Individual members deposit their savings in the group

Any one member is chosen to deposit the group's savings in the bank

Bank issues deposit slip acknowledging receipt to the group

Withdrawal

Initially-any one signatory was allowed to come with the signature of another signatory for withdrawing funds

After multiple instances of fraud, two signatories need to be physically present in the branch for withdrawing the group's savings

MF Programme Manager and assistant sign the withdrawal slips

As an added precaution, the MF assistant randomly call a group member to verify whether s/he is aware of and okay with the funds being withdrawn

Even though CARE-MCB partnership under the MLE programme had a delayed start on account of recruitment issues, progress in terms of achievement of targets has been slow. By July 2015, only 405 VSLAs had been linked vis a' vis a target of 731. By the time implementation activities conclude in December 2016, it was targeted that 2,000 groups would be linked. This is indeed an uphill task given the current level of progress. The two key reasons behind the shortfall are convincing VSLAs to open bank accounts as group members are often not ready to move money from their box to virtual cash coupled with the commission structure for franchisees and Community Based Trainers (CBT), which is skewed towards group formation activities.

Interface of the M-PESA mobile wallet used by MCB clients

As a policy imperative, CARE Tanzania's initiatives in the country are administered via a franchisee model and the TSP's role is limited to providing training, technical assistance and regular monitoring of the project activities. As per the information shared by the partners, CARE remunerates a team of 15 franchisees for forming and training groups, while MCB bears the cost of linking mature and interested groups with the bank. Franchisees work with and are responsible for remunerating Community Based Trainers (CBTs) belonging to and having goodwill in the communities. Franchisees earn up to US$ 50 for forming groups having up to 30 members while they are given only US$ 2 for the linkages, which has to be shared in equal proportion with the CBT responsible for training the groups. As the linkage incentive is paltry in comparison to the incentive given for group formation, group formation activities are accelerating while there is significant shortfall in the linkage targets. Even though each franchisee has been given a target of linking at least 2 VSLAs every week and 24 in a quarter, majority were unable to meet their quota.

In order to spruce up linkage activities and meet the project targets, CARE and MCB together initiated a promotional campaign titled Mwanchi (meaning Citizen in Ki-swahili) Day in May 2015 wherein staff from the two agencies visit communities, mobilize and sensitize VSLA leaders on the importance of savings, MCB's product suite, documentation requirements and help interested members open accounts at MCB. Until September, five drives were conducted and resulted in 126 VSLAs being linked with MCB. Anecdotal evidence cited by the FSP[14] shows that of the 35 groups linked in August 2015; 26 were on account of Mwanchi Day efforts while the remaining were either a voluntary initiative of the group or created by the franchisees.

While it may be difficult to sustain the project once funding support from MLE is withdrawn unless groups are amenable towards paying the CBTs for their services, MCB is convinced of the business case linking and transacting with VSLAs, which, in addition to furthering financial inclusion in rural Kilimanjaro region provides access to low cost deposits, which will in turn increase the bank's portfolio. The FSP's commitment towards working with VSLAs has resulted in the creation and strengthening of its microfinance division; prior to MLE all microfinance activities were carried out as small standalone projects. MCB expects group savings (currently contributing to 2.6% of the bank's deposit base) and credit products to account for approximately 20% of the bank's portfolio by 2019.

Ghana (CARE-Fidelity Bank)

The proposals submitted by CARE Tanzania and Ghana having been designed by CARE's Access Africa team, were similar in design and scope. The initial application, proposing a partnership between CARE Ghana and Ecobank Accion Savings and Loan Company (EASL) was revised after EASL withdrew from the project. The FSP was substituted by Fidelity Bank, which was the first Ghanaian bank to receive agency banking license from the Bank of Ghana. Given that CARE Ghana and Fidelity Bank had previously collaborated on a similar VSLA linkage project, smaller in scale and funded by VISA in Ghana's Ashanti region as well as the bank's interest in reaching to 5 million people within 5 years through furthering financial inclusion, it was believed that the partnership was well-aligned with the MLE objectives. True to CARE's mission of empowering the underserved in remote areas, the project endeavoured to link VSLAs in the Northern, Upper East and Upper West regions of the country with the FSP through the use of alternative delivery channels.

The key deliverables included forming VSLAs with the support of local implementation partners and subsequently linking the groups with Fidelity Bank. While CARE Ghana was responsible for mobilizing groups and training members through local implementation partners, who in turn would appoint committed and socially driven Community Volunteers (CV) for engaging with the VSLAs, Fidelity Bank's

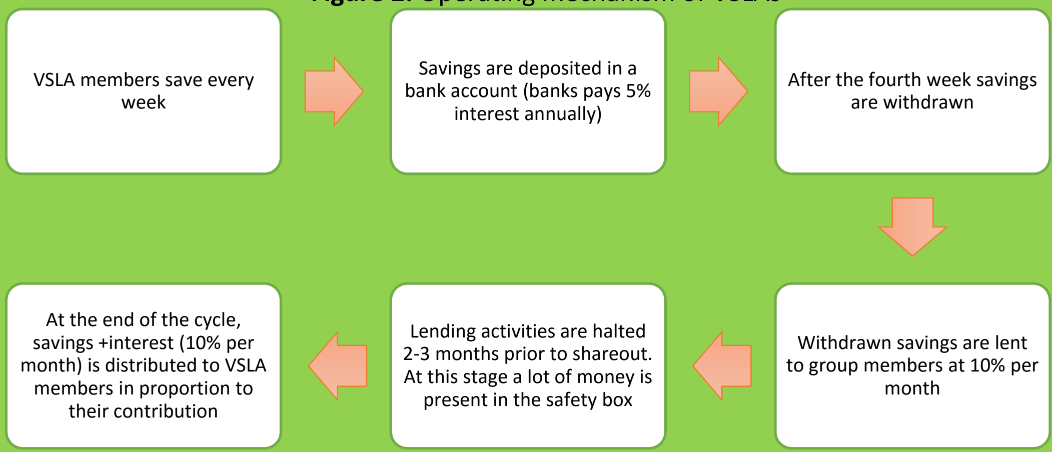
[14] Based on Discussions with Hamishi A. Chimwaga, Microfinance Development Manager, Mwanga Community Bank, 2 Sep'2015.

role was to develop appropriate financial products, link mature VSLAs with the bank and develop channels to facilitate last mile delivery through mobile money and agents located near the communities. **Box 2** summarizes CARE's efforts in forming and linking VSLAs in north Ghana.

Box 2: VSLA operations in North Ghana under the MLE Programme

CARE is well-known for its experience in working with VSLAs throughout the developing world. It had formed and trained VSLAs prior to the launch of MLE programme. Some of these VSLAs were to be linked with Fidelity Bank as a part of the project deliverables which cited working with 70,000 VSLA members. VSLAs operations are group led and members decide their own policies. Process is depicted hereunder in **Figure 2**.

Figure 2: Operating mechanism of VSLAs



CARE sells the safety box to VSLA members who contribute to a social fund and a loan fund. The box is maintained with a member who is in the group's management committee and also has a good standing with the community. Three other members who are not in the management committee each hold a key to one of the three locks on the lockbox. The entire group closely monitors the safety box and members are expected to memorize their loan and savings balance; failing which they are penalized.

Fidelity Bank pioneered a SMART savings product with simplified documentation and account opening procedures for clients. The product was extended to VSLAs devoid of any charges and group as well as individual savings accounts were opened for each member. All clients were initially provided with a SMART card, which was later replaced by pin and chip based cards and could be used in any of the country's GHLINK ATMs. Additionally, clients would earn 5% annual interest on their savings balances.

Though the project also intended to develop credit products, both partners agreed to put it on hold until the savings product had stabilized.

With regard to channel development, Fidelity Bank collaborated with MTN to develop a pin based mobile wallet which could be operated by the groups as well as individual members. The bank also appointed 29 agents for supporting VSLAs with their transactions. It was also decided that the bank would give commissions to the agents and clients would not be charged.

The project design was ambitious and demanded significant investment in technology. Despite both partners' efforts, challenges were manifold and significantly impeded the project's progress. On account of budgetary constraints, groups are linked on a batch mode when Fidelity Bank's Agent Officer accompanies CARE staff on their monitoring visits. Though CARE has been successful in forming VSLAs, 641 VSLAs with 16,700 members formed till the end of June 2015, the project is far from meeting its bank linkage targets. Fidelity Bank managed to open only 3,185 accounts, which include group accounts for VSLAs as well as individual accounts for VSLA members; the total deposit balance is only GHS 54,525 (USD 13,600).

Temporary shortage of SMART cards halted linkage activities for two quarters. Technology glitches in the form of PoS failures, connectivity issues and inflexible and non-integrated MIS hindered the project's progress. Challenges were further aggravated on account of the devaluation of the Ghanaian Cedi against the US Dollar, which ended up escalating the cost of importing the smart cards and PoS machines.

Attracting and incentivizing agents is another challenge with which the bank is contending. Bank of Ghana regulations mandate that all mobile money agents must possess a business license. Having realized that most agents in rural North Ghana did not have the requisite license, the FSP requested the Central Bank for a waiver on this requirement, which was approved. Fidelity Bank also assumed that the agents would be catering to VSLAs as well as other non-poor clients and the latter would subsidize the cost of servicing VSLAs. However, most community members in the project locations hailed from similar socio-economic circumstances and the agents ended up earning very little commission and hence were not motivated to support VSLAs. However, client interactions revealed that clients were being charged a flat fee for all withdrawals which was being revised upward to attract agents.

VSLAs are keen to be linked with Fidelity Bank as they want a safe place to save. The safety deposit box contains up to GHS 20,000 at the end of the VSLA cycle and have been robbed on a few occasions. Other incentives include the potential availability of loans which could help them enhance their businesses and avail other financial services. However, on account of insufficient liquidity at the agent cash point, groups are yet to deposit savings and till date only few individuals have been using their accounts. Given that groups would be withdrawing large sums during share-out, the limited float maintained with agents discourages members from depositing their savings in the MTN wallet. Other factors like distrust in the mobile channel, the split pin being known to the local implementing agencies on account of the low literacy level of the clients which limited their ability to operate the card independently, restricted mobility of the agents and technological glitches resulting in clients' account balances being untraceable during account migration also deterred the usage of this channel.

The success of this model is contingent upon the Community Volunteers who are appointed by the local implementation agencies in accordance to the guidelines stipulated by CARE. At the time of group formation, CVs sign an agreement with groups wherein they agree to pay the CVs for the eight trainings conducted. However, till date none of the CVs have been paid; the primary reasons being that several groups are used to donor endowments and hence are reluctant to pay, while on the other hand CVs often find it hard to take fees from groups where their relatives are members.

It is also noteworthy to mention that the intervention was designed by CARE Ghana and Fidelity Bank was involved only when the budget, deliverables and scope had been finalized. Though the bank is committed towards furthering financial inclusion in the country, it has a predominantly urban outreach and was unfamiliar with the terrains of North Ghana. On hindsight, the bank is of the view that it would have been better to operate in a commercially viable manner in peri-urban locations, understand the VSLAs and eventually move to remote rural locales.

Despite the limitations in project design, product features, technology glitches and target achievements, both partners are now working towards revisiting their strategy to focus on areas where the linkages have been successful and thereby work towards achieving the project goals. Though Fidelity Bank sees potential in promoting low balance savings, the FSP is cognizant of the challenges that lie ahead and has expressed its apprehension in its ability to devote resources and build requisite technical knowhow for linking VSLAs in North Ghana, once MLE concludes.

Having realized that connectivity failures and challenges in acquiring a sizeable agent network in North Ghana, a PBA amendment was negotiated in December 2015 and the FSP's targets were reduced to 15,000 VSLA linkages in North Ghana. In addition, CARE Ghana has partnered with SASL and GT Bank for focusing on savings group linkages in other parts of the country, while the FSP is exploring potential collaborations with international NGOs like Plan International for taking the linkage project forward in other regions of Ghana.

<u>Uganda</u>

Incorporated in 1994 as a NGO providing micro-credit facilities, Ugafode Agency for Development was issued the license to operate as a Microfinance Deposit-Taking Institution (MDI) in 2010. One of the goals of the partnership between Ugafode and MEDA was to support the FSP transform from a credit focused institution to a deposit taking one, which was achieved through the development of a client centric savings product (GroupSave) offered through a branchless banking delivery channel (AirSave).

The idea of targeting existing savings groups like Village Loan and Savings Associations (VSLA) and Savings and Internal Lending Communities (SILC) was formulated in a joint meeting between Ugafode, MEDA, IDEO. Org and UNCDF and was welcomed by the FSP as the partnership would provide the much-needed critical mass to the MDI operating in a crowded microfinance market. Human centred research on potential new products was done by IDEO.org, while 17 Triggers was brought in to design the social marketing campaign and branding strategy, post which the innovative savings product and channel, GroupSave and AirSave, were developed targeting low-income clients.

The product was piloted in four branches in June 2014 and partnerships were negotiated with intermediaries like Catholic Relief Services (approach explained in **Box 3**) and CARE International, which form and closely work with local community-based organizations (CBO). Under MLE, Ugafode has collaborated with 4 CBOs-Villa Maria and CIPA in Kyotera, NABTA in Mpigi and RACOBAO in Lyontonde, while a Memorandum of Understanding (MoU) has been signed with another CBO Mace in Kagadi.

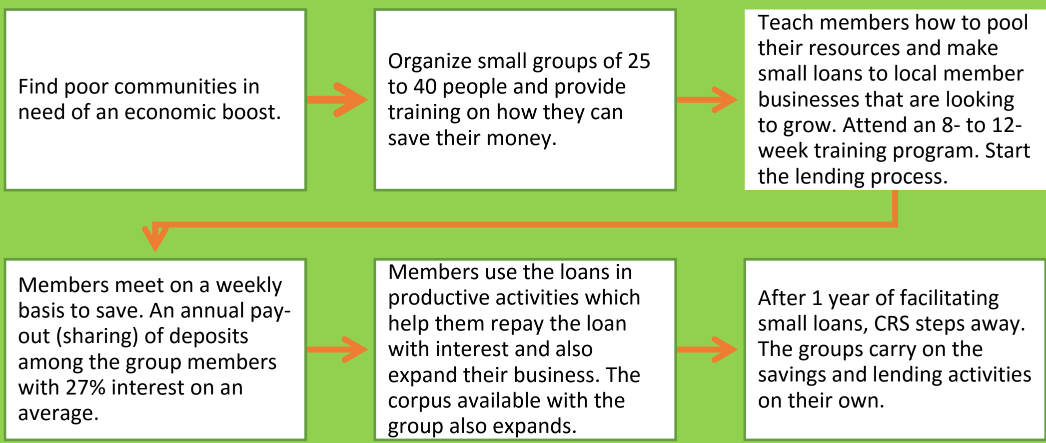
SILC members were desirous to be linked to FSPs where their savings would be secure given the occurrence of several untoward incidents where the safety deposit boxes were robbed and the box keepers murdered. As a result, 280 GroupSave accounts were opened during the pilot spanning from June 2014 to May 2015. Ugafode rolled out the products in all 13 branches as soon as it obtained approval from the Bank of Uganda (BoU) to operate the AirSave channel.

Ugafode's GroupSave product is a group savings account that provides members easy access to a reliable formal financial institution, a safe place to save and earn 5% annual interest on their deposits. In addition to the group accounts, individual accounts are also opened for each member. In order to convenience clients, the AirSave channel was developed, which allows clients to access their savings accounts on a real time basis, add money to their mobile wallets through any MTN agents, transfer funds to/from their savings accounts, check account balance, view transaction history and buy airtime. Efforts were made to ensure that the operating mechanism of the safety box was replicated in the channel design where a six digit pin was split and given to each of the three signatories who were require to entire the complete code for withdrawing group savings. Currently, the FSP subsidizes clients for using the mobile wallet and incurs a cost of UGX 540 (US$ 0.2) for transferring funds from the client's account to the MTN wallet. UGAFODE plans to start levying transaction fee once it attains scale and also intends to introduce PoS terminals to further increase access to services and products.

Box 3: The Savings and Internal Lending Communities (SILC) Approach

Catholic Relief Services' SILC approach was developed in 2006-07 with US$ 2.9 million worth of funding from Bill and Melinda Gates Foundation and adopted in Tanzania, Kenya and Uganda. The approach is built around the concept of solidarity and similar to the VSLA methodology pools member savings for internal lending in the community and thereby contribute to the economic well-being of some of the most financially excluded and marginalized communities in the world. CRS developed a cost-effective and replicable Private Service Provider (PSP) model, wherein savings groups facilitators are identified, trained and certified by CRS and partner CBOs to independently form groups, train members, coordinate meetings and maintain records in exchange of a fee paid by the members. Group formation and training continued post the culmination of the SILC Innovation Project (2008-12) and till date, CRS has formed over 4,800 SILCs in Uganda with an outreach of over 179,673 members. The SILC approach is summarized hereunder in **Figure 3**[15].

Figure 3: Operating mechanism of SILCs



With The MasterCard Foundation's support, CRS has initiated a project Titled Expanding Financial Inclusion (2013-17) in Eastern Uganda, Zambia, Senegal and Burkina Faso where the focus is on linking mature SILCs with financial institutions.

However, despite best efforts approximately 60% of the accounts created during the pilot are hardly used (25% accounts were reported to be inactive for over 365 days by Ugafode) and only 8-10 groups are actively using the AirSave channel. M-CRIL's findings are corroborated by the results of the savings pilot assessment conducted by Enclude, which indicates that the average account activation rate[16] across all branches was around 50%. The report also highlights the shortfall in customer acquisition targets by pointing out that as on 19th February 2015, only 189 accounts were opened against a target of 576 with a total balance of UGX 36,338,183 (average UGX 192,265/account ~US$ 57/account); of which only seven accounts that have a balance of more than 1 million UGX ($345). The challenges in implementing the

[15] www.crs.orgs/countries/Uganda
[16] Account activation is defined when at least one transaction (deposit or withdrawal) is conducted after the customer opens the account

project are manifold. Clients perceived the FSP to be credit focused and opened savings accounts primarily to avail credit. Consequently, the savings accounts became dormant once the loans were disbursed. In addition to client perceptions, a laidback work environment and absence of targets incentivizing branch staff and the MDI's salesforce to actively promote savings-led financial services adversely impacted the product take-up.

The usage of the AirSave channel was dismal due to multiple reasons including the low literacy levels of clients, discomfort and lack of trust in using mobile based devices for conducting transactions, connectivity failures, float and liquidity shortages and absence of MTN agents. Also, the remote locations of the groups made it difficult for branch staff and MNOs to visit and train groups on using the channel. Ugafode's tie-up with only MTN also proved to be limited and points to a possible gap in the market research conducted as some GroupSave clients interested in using the mobile channel had registered with Airtel and not MTN.

Though individual savings accounts contributed to over 90% of the total savings portfolio, Ugafode plans to accord greater priority to the group model as it is easier to manage, less riskier and will generate funds for on-lending. The FSP aspires to reach 87,246 savings accounts, including 916 GroupSave accounts having a total deposit balance of UGX 13.9 billion (US$ 4.14 million) by the end of FY 2015; of which the GroupSave portfolio would amount to approximately UGX 300 million (US$ 89, 286) and 60% GroupSave users would start using the AirSave channel. In order to realize its objective, the MDI is in the process of formulating customer engagement, CBO engagement and agent engagement strategies focusing on staff training and orientation on savings focused financial services; recruitment, training and quality control of agent performance and designing a performance linked incentive system for CBOs who are currently given a fixed fee to meet the transportation cost and per-diem paid to PSPs.

Liberia

The MLE programme in Liberia aimed to strengthen the credit union movement in the country by building four new regional credit unions (RCUs) in each of the four regions and remodelling Liberian Credit Unions National Association (LCUNA). Over time, it was realized that in addition to revitalizing the credit unions, the project also had the potential to facilitate savings group linkages, particularly with increased collaboration from other donors, which would help address some of the liquidity challenges currently faced by the RCUs. Though the project preferred establishing new SGs, the immediate focus was on linking groups largely formed under the government's livelihood support programme LEAP and the Cross-Border Women Association, women transport associations, farmer cooperatives as well as groups promoted and incubated by Development Alternatives Incorporated (DAI), CARE Liberia and Agricultural Cooperative Development International/ Volunteer in Overseas Cooperative Assistance (ACDI/VOCA). As a part of its endeavour to promote savings group linkages, WOCCU, Central Bank of Liberia and UNCDF jointly agreed to conduct a workshop in mid-2015 once the credit union regulations were finalized. The workshop brought together a host of stakeholders, including all international NGOs fostering SG linkages in the country and would provide the ideal platform to discuss the benefits as well as facilitating mechanism of linking willing SGs with RCUs and also dispel some of the fears that the CUs would lose their independence and be absorbed entirely by the larger RCUs.

As per WOCCU's estimates, savings groups facilitated by various agencies were present throughout the country and at least 500 such groups existed in the project's catchment area.[17] Under MLE, savings groups

[17] Savings Group questionnaires submitted by the partners to UNCDF in 2014

would be enrolled as institutional members of the RCUs, while individual accounts would also be opened for each member. This would provide RCUs the opportunity to reach out to members through the savings groups. Members would also have the option of using the MTN mobile wallet for transferring and withdrawing funds while mature and progressive groups would subsequently be employed as agents and be awarded commission for their services. Till December 2014, 15 groups having 30 members each had been created by the MLE programme; of which 9 were registered with the CUs.

WOCCU, on its part has already designed the marketing and training plan for SGs under its Strategic Marketing Plan Framework, which will be implemented once the RCUs are in a better liquidity position. Member education campaigns targeting SGs have also commenced. However, some the existing SGs targeted by WOCCU have high expectations on account of having received multiple endowments from other donors as well as soft loans (payable at 3% annually) from CBL as compared to the 12% annual interest charged by the CUs.

Going forward, the RCUs need support on development of a business plan focusing on credit products, market research and SG needs assessment, training and agent network development supported by timely and adequate funding are some of the cardinal activities that need to be undertaken in order to sustain the project.

Other projects

In addition to CARE's intervention in Tanzania and Ghana and Ugafode's efforts to link savings groups in Uganda, savings groups contributed to a significant part of other projects as well. The project in Cameroon aimed to strengthen the systems and capabilities of three FSPs-A3C, UCCGN and CEC to enable them to develop loans, savings and insurance services targeting the rural poor. Two of the FSPs, A3C and UCCGN are federations of village banks that focused on linking with savings groups since their inception (accounting for almost 30% of their client base), which was in alignment with the MLE programme objectives and provided the ideal platform to increase outreach with a suite of affordable, demand-driven financial services.

Likewise, while the project in Rwanda was designed to consolidate and strengthen the performance of 90 Umurenge Savings and Credit Cooperatives (U-SACCOs), it was soon realized un-facilitated savings groups with membership ranging from 5-500 accounted for 8% of the U-SACCO members and contributed to approximately 28% of the total savings balance and 7.4% of the average loan portfolio outstanding (as on June 2015)[18].

Two new projects, approved in 2015, and supported by TSP Freedom from Hunger, also focus on linking SGs to regulated FSPs. One project is in Burkina Faso working with FSPs RCPB and SOFIPE and the other project is in Benin working with FSP Alide.

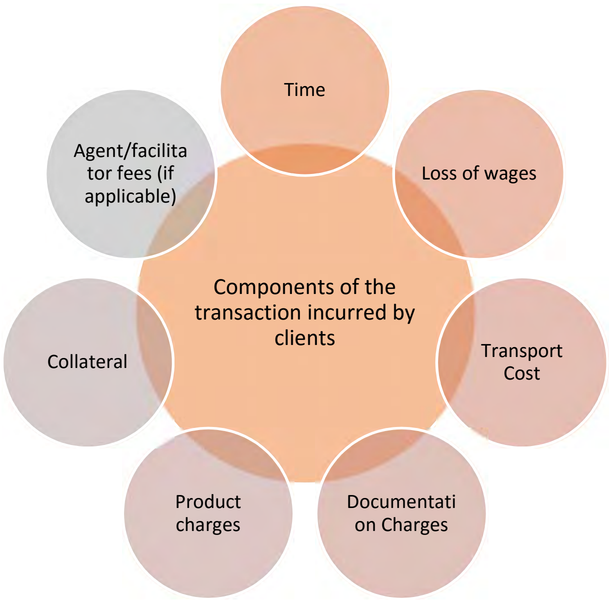
3.2 Cost analysis

This section attempts to analyse the costs associated in working with savings groups and also makes a qualitative assessment of the cost-benefit implications on clients. Given that most of the savings group linkage projects have not advanced significantly, there is insufficient data and evidence to correlate the

[18] Microlead Expansion Savings Group Webinar on November 2015

impact on members' lives and socio-economic well-being with the MLE intervention. **Table 3** compares the various costs borne by the FSP in working with savings groups against the expenses incurred by clients.

Table 3: Comparison of the costs incurred by clients vis a' vis expenses of the FSPs

Components of the transaction cost incurred by clients	Components of the costs incurred by the FSPs
	**Group Formation** • Transport & per diem for FSP staff • Cost of training Frachisees & CBTs • Franchisee/partner insitution fee • Monitoring and Evaluation Charges **Financial Education Training** • Per-diem for Community Volunteers • Stationery Charges • Transport cost of members **Linkage with FSP** • Per-diem to CBT/Village Agent • Transport charges and per-diem for FSP staff • Technology changes **Product Design & Delivery** • Cost of client acquistion • Market Research • Document Charges borne/subsidized by FSP • Technology charges **Agency Banking Charges** • Merchant Fee borne/subsidized by FSP

From the client standpoint, savings group linkages via digital financial services are beneficial as they significantly reduce the transaction cost incurred in terms of time and money spent in traveling to the nearest branch and subsequent loss of a day's wage. Anecdotal evidence gleaned through interactions with branch staff and clients in Uganda suggest that clients spent up to US$ 7.5 per trip to the nearest Ugafode branch and were often compelled to sacrifice a day's wage amounting to US$ 3[19].

Under the MLE programme, all projects were designed to develop low cost savings products catering to the low income segment. Consequently, many of the charges pertaining to conventional financial products have been waived. Instead of seeking assets as collateral, the FSPs who were offering credit products required clients to maintain a minimum savings balance in the form of a fixed deposit (in Tanzania) or a portion of which could be withdrawn on a quarterly basis (in Uganda). Additionally, VSLAs in Tanzania purchased the safety boxes, while the TSP provides the boxes to the savings groups in Ghana where members being used to donor endowments are reluctant to purchase the kits. **Table 4** compares

[19] https://www.quandl.com/collections/economics/minimum-wage-by-country
Uganda last set the minimum wage rate of UGX 6,000 month in 1984 which has remained in force till date. The Minimum Wage Advisory Council in 1995 recommended UGX 75,000 minimum monthly wage for unskilled workers, but was not implemented. It is expected to be revised to UGX 250,000 per month by July 2015.

the charges levied on the group and individual savings products developed by the four FSPs working on savings group linkages.

Table 4: Charges on Savings products developed under MLE[20]

FSPs	Mwanga Community Bank		Fidelity Bank		Ugafode		WOCCU, Liberia	
Product Details	**Group**	**Individual**	**Group**	**Individual**	**Group**	**Individual**	**Group**	**Individual**
Currency	TZS (US$)		GHS (US$)		UGX (US$)		LRD US$)	
Opening fee	5,000 (2.3)	5,000 (2.3)	20 (5)	20 (5)	-	-	5,000 (59.1)	500 (5.9)
Maintenance fee	0	700 (0.32)	-	-	1,100 (0.32)	-	-	-
Withdrawal fee	700 (0.32)	700 (0.32)	0.40	0.40	-	-	-	-
Minimum balance	5,000 (2.3)	5,000 (2.3) 100,000 (45.7)	5 (1.25)	5 (1.25)	10,000 (2.9)	-	1,000 (11.8)	100 (1.8)
Minimum opening balance	10,000 (4.6)	10,000 (4.6)	10 (2.5)	10 (2.5)	10,000 (2.9)	-	1,000 (11.8)	100 (1.8)
Interest on savings (% per annum)	3	3	2 to 5	2 to 5	5	5	5	5

Barring Liberia, the other three projects have also partnered with MNOs and appointed agents to provide doorstep services to clients. In Uganda, the cost of availing the AirSave channel was subsided by Ugafode who paid a merchant fee of UGX 540 (US$ 0.2) while clients had to pay UGX 210 (US$ 0.1) for moving money to and from their mobile wallet and an agent fee varying from UGX 350-35,200 (US$ 0.1-11) depending upon the volume of transaction. In Tanzania, clients were only charged an agent fee of TZS 100 (US$ 0.1) for facilitating transactions, while in Ghana clients were not required to pay any fees for availing the alternative delivery channel. However, interviews with the local implementation partners, community volunteers and clients revealed that clients were charged GHS 0.2 (US$ 0.05) for each deposit transaction and the bank paid a commission amounting to 1% of the deposit volume to the agents. The agent commission structure was revised in October 2015 in order to motivate agents with lucrative incentives and increase Fidelity Bank's profitability and clients are now required to pay 0.65% of the deposit value for deposits and the withdrawal fee has been increased to GHS 0.35 (US$ 0.1) for all clients.

Table 3 above shows that the key <u>expenses incurred by FSPs</u> keen on linking savings groups are related to group mobilization, training and subsequent bank linkage. Evidence from Tanzania (refer to **Table 5**) indicates that the TSP expends up to US$ 157 in training each of the 15 Franchisees and 112 CBTs on its financial education component. In addition, the group formation process commencing with a sensitization meeting followed by group formation and training on eight financial education modules developed by CARE and follow-up monitoring visits where progress data is recorded and shared with the TSP costs up to US$ 126, of which the total cost of training a group of 30 members spread across 6 days costs up to US$ 102. The TSP pays the franchisees up to US$ 50 per VSLA as group formation incentive, while the FSP pays US$ 2 for each group linked. The franchisee is responsible for distributing the incentive in equal proportion with the CBT.

[20] Data provided by the FSPs to UNCDF in the 2015 Q2 Savings Group Questionnaires

Table 5: VSLA linkage charges in Tanzania[21]

#	Parameter	Cost (US$)
1	**Financial Education by CARE Tanzania**	
a	Per-diem for 6 days@ US$ 25 per day	150
b	Stationery & Transport	7
c	Monitoring and Evaluation by CARE staff per VSLA	97
	Sub-Total	**774**
2	**Group Formation and Training by CBT**	
a	Transport charges for conducting sensitization, group formation, trainings and follow-up meetings	24
b	Stationery for financial Education Training	102
	Sub-Total	**126**
3	**Incentives to Franchisees and CBTs**	
a	Group Formation	50
b	Linkage with MCB	2
	Sub-Total	**52**
	Total cost in linking VSLAs	**952**

CARE Ghana entered into a nine-month contract with its local implementation partners wherein it disbursed GHS 28,000 (US$ 700) per quarter to the NGOs subject to CARE's satisfaction with their performance in the preceding quarter. The fee provides for staff salaries and a portion of the rent, electricity, fuel, safety boxes and other utility costs incurred by the NGO. CARE Ghana follows a fee-for-service model wherein groups sign a contract with the CVs agreeing to the pay the latter for training on each of the eight financial education modules.

In Uganda, Ugafode is in process of revising its CBO engagement strategy wherein currently UGX 350, 000 (US$ 105) is paid to the CBOs in lieu of staff per-diem and fuel expenses to a more balanced performance linked incentive structure. As mentioned earlier, Ugafode also subsidizes the cost of using the AirSave channel by paying the MNO UGX 150 (US$ 0.04) and an additional UGX 390 (US$ 0.12) to the aggregator for each transaction conducted. However, client interactions have led the FSP to realize that groups are willing to pay a premium for convenient doorstep services and hence may pass on some of these charges to clients once the usage of the channel gains scale. Likewise, MCB currently takes signatories' photographs in the branch premises free of cost thereby reducing clients' transaction cost. Going ahead, the bank wants to levy a small fee of TZS 3,000 (which is less than TZS 5,000 charged by Tanzanian photo studios) for providing this service, which is imperative for ensuring the FSP's sustainability.

Technology is an area of concern cited by all four FSPs. Fidelity Bank had incurred significant cost in developing its mini-CBS, Eclectics for the Financial Inclusion Department, which later proved inflexible and was wary of investing in another system, while MCB, keen to upgrade its MIS Banker's Realm version 4 was waiting for funding support as well as a signal from the Bank of Tanzania which wanted all community banks to be connected via a common system. The currency devaluation of the Ghanaian Cedi also elevated the cost of the smart cards and PoS machines, which cost up to US$ 500 each and thus raises questions on the benefit of deploying these machines in thinly dispersed remote rural areas. However, at present

[21] Calculations have been done based on the estimates shared by CARE Tanzania

some of the bank's costs are currently being subsided by the partner institutions acting in the capacity of Fidelity agents. Going forward the bank will have to recruit its own agents to cater to this segment, further escalating the FSP's costs. While investment is technology is critical for accurate monitoring and reporting purposes, reducing operating expenses and scaling operations, it is undoubtedly an expensive proposition given that part of the expenses are being sponsored by the MLE grant.

4 Conclusion

Savings group play a catalytic role in fostering financial inclusion to the economically disadvantaged and underserved. While it is true that savings groups are a tool of empowerment and provide the financially excluded an opportunity to accumulate savings, avail credit and earn modest interest, these groups have limited ability to help households significantly enhance their economic well-being through investment in productive assets or increased entrepreneurship opportunities. In this regard, linkage with financial institutions (FI) presents a great opportunity to groups and helps them keep their savings secure in a bank account, build their asset base and eventually obtain credit from the FI.

Consequently, the project design to form, train and subsequently link savings groups with banks and microfinance institutions is highly relevant from a financial inclusion vantage point and also satisfies the MLE programme objective. Further, all four projects focusing on savings group linkages proposed designing alternate delivery channels to catalyze last mile delivery to financially excluded communities. Broadly, the four projects concentrated on product and channel development, system upgrade and training to support the mobilization, training and linkage of SGs.

All partners implementing linkage projects are of the view that there exists a strong business case for linking savings groups from both the commercial as well as social standpoint. For example, MCB asserted that working with the country's VSLAs and other informal groups would give the FSP a comparative advantage over peers, provide additional source of funds for on-lending and eventually increase the loan portfolio once the group members transitioned to active individual loan clients. Other projects focusing on establishing and strengthening financial cooperatives and greenfields and downscaling of banks have also started according importance to savings group linkages once it was realized that these groups contributed to a fair proportion of the FSP's clientele formed as a result of MLE and thus hold potential to be scaled.

Discussions with savings group members as well as the results of the client survey conducted by M-CRIL indicate that VSLAs, though willing to be linked with financial institutions and appreciative of the prospective benefits to be gained from the linkages were wary of keeping their deposits in a virtual channel. Given that the savings group members hail from remote areas and have low literacy levels, imparting basic financial awareness training is a key to enhancing their capabilities and empowering them to make prudent decisions. Even though the CBOs and partner institutions currently conduct trainings on financial education, capacity building of the community volunteers and trainers coupled with regular monitoring to ensure that the trainings are effective and benefit members is an imperative and merits greater attention. FSPs should also train staff on appreciating the importance of low balance savings and working with savings groups.

The projects are yet to meet the targets stipulated in the PBA, albeit value addition in the form of institutional strengthening, market demonstration as well as influencing policy changes in favor of developing alternative delivery channels and promoting low balance savings have been significant. Positive changes were clearly evinced in Mwanga Community Bank, which created a separate financial inclusion department to institutionalize its focus on savings groups, while Ugafode is slowly transitioning from a credit-led to a savings focused institution. Even though the CARE-Fidelity Bank partnership has not shown much progress in terms of target achievement it has catalyzed policy changes in the form of relaxed KYC requirements for SMART account holders and a waiver on the business license requirement for prospective rural agents. Further, the project has garnered attention of other FSPs in the country who have expressed interest in partnering with the TSP on similar linkage programmes.

In order to make these linkage projects sustainable and integrated with the FSP's long term strategy, significant investment in terms of group mobilization, trainings, market research, staff capacity building, product development and technology upgrade is required. The project's sustainability beyond MLE is undoubtedly an area of concern that ought to be addressed with immediate effect. In all four projects, the targets are ambitious and demand significant commitment in terms of resources and funds from the client. Savings group mobilization and trainings are carried out by the TSPs' partners or other NGOs and the FSPs have limited involvement in merely opening group and sometimes individual savings accounts, the uptake of which has also been quite low. Since MCB has been working with savings groups from 2009 and sees these linkages as an integral part of its long term strategy, it is not surprising that the FSP has a good understanding of VSLA operations. Similar technical know-how was not demonstrated by Fidelity Bank or Ugafode. The former is apprehensive of its capability to carry forward the project once the MLE programme ends as it does not possess the necessary technical knowhow and may not be able to commit the requisite resources to take the project forward. Currently, CARE Ghana's partner NGOs act as the bank's agents and thereby subsidize costs for the FSP.

Though, MCB, Fidelity Bank and Ugafode are reliant on local agencies for supporting the projects, they are yet to figure out a sustainable fee-for-service business model that that adequately incentivizes the local implementation agencies and also ensures that the projects continue post MLE. Progress data shared by the TSPs and FSPs highlights that while the projects were at par with the group formation targets, there was significant shortfall in meeting the linkage goals due to the skewed incentive structure, low degree of motivation of the CVs and inability to earn the members' trust.

A strong technology backbone is another vital requirement that will support the tracking of project performance and also facilitate last mile delivery through the development of alternate delivery channels. However, technology development has cost implications and also demands a good understanding of the limitations and potential scalability of the platform, which ideally should be aligned to the FSP's strategic vision.

To conclude, savings group linkage projects have the potential to catalyze financial inclusion through the provision of demand-driven financial services to economically disadvantaged households in rural, remote areas. As SG members are typically women, SG linkages also have shown to impact on women's economic empowerment FSPs also see a strong business case in linking savings groups, whose members could eventually become active individual clients of the financial institution. While there is high potential of working with SGs, financial education of members is an area that demands emphasis. Additionally, the development of a lucrative incentive structure for agents and sustainable business model supported by a scalable technology platform are some of the critical factors that need to be addressed in order to develop a mutually beneficial and viable financial inclusion programme.

Case Study # 2

Is technology really decreasing cost of access for customers?

Lessons learned on deploying technology and agent networks in MLE programme countries

MicroLead Expansion (MLE) Programme, while transitioning from its predecessor MicroLead, had made a few critical changes in the programme design and one of them was use of technology/ alternative delivery channels (ADC) for providing savings led financial services to the low-income people particularly women and those living in rural areas. Innovations and learning related to technology & delivery channels was one of the key indicators for the selection of TSP/FSP applications [MLE ProDoc [i]].

Promoting Digital Financial Services (DFS) forms a significant part of UNCDF's portfolio, through its projects on Mobile Money for the Poor (MM4P), the Pacific Financial Inclusion Programme and MLE. Realising that the transition to a digital ecosystem requires a collective effort of various stakeholders, Better Than Cash Alliance (BTCA) was formed in 2012. UNCDF hosts BTCA, which is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to help people lift themselves out of poverty and drive inclusive growth. MM4P is a global initiative to demonstrate how the correct mix of financial, technical and policy support can build a robust branchless and mobile financial services ecosystem in the world's poorest countries. MLE is supporting (some of the) partner TSPs/FSPs to reach the 'last mile' via agent networks/branchless banking to reduce the cost and distance faced by low-income customers, particularly women, to access financial services [UNCDF 2015 [ii]]

Through this case study, the evaluation tries to explore how relevant, efficient and effective has been ADC initiatives in some of the Sub-Saharan African (SSA) countries and the lessons that could be gleaned to make these initiatives sustainable and create the required impact.

1 DFS for the excluded: a global perspective vis-à-vis SSA

Box 1: Key observations of Global Findex reports on financial inclusion

WB Data Book 2012 [iii]	WB Data Book 2015 [iv]
• Globally, more than 2.5 billion adults have no formal account, most of them in developing economies. About 50.5% of adults (age 15+) have accounts. • While ~50% of world's adults have an account with a Formal Financial Institution (FFI), the share in high-income economies (89%) is more than twice than in developing economies (41%). • The gaps in account use between demographic groups are particularly large in developing economies: while 46% of men have an account, only 37% of women do. • Those in the highest income quintile are more than twice as likely to have a formal account as those in the lowest quintile.	• 2 billion of adults do not have an account at a Formal Financial Institution. About 61.5% of adults (age 15+) have accounts. • This year's Global Findex shows widespread, high-quality account use: >65% of account users in East Asia, the Pacific, and SSA report using their accounts at least three times a month to send or receive money, pay bills, or save for the future. • However, the gender gap in inclusion continues to exist. An 8-10% point difference persists across income groups in developing economies.

The Global Findex Database, housed in the World Bank's Development Research Group & funded by a 10-year grant from Bill & Melinda Gates Foundation (BMGF), had in its first edition of "Little Book on Financial Education" in 2012 noted that there are more than 2.5 billion adults without accounts with any formal financial institution (FFI). In the latest edition of this report in 2015, the financially excluded adults have dropped by 20% to 2.0 billion. Some of the key observations of the two reports are summarised above in **Box 1**.

The report in 2012 indicated that three quarters of the world's poor don't have a bank account, not only because of poverty, but also on account of the cost, travel distance and amount of paper work (bureaucracy) involved in opening an account. The significant progress made on financial inclusion in the last three years, as indicated in the 2015 report, has been mainly driven by **mobile technology**, **digital payments**, **reforms that encourage correspondent banking**, and **relaxed customer identification**.

Table 1 analyses the changes that have happened globally & in SSA countries in terms of role of DFS in financial inclusion. While progress is observed on all indicators globally as well as SSA, the major differentiating factor in SSA has been the use of mobile for accessing financial services. In Sub-Saharan Africa, nearly 12% of adults—64 million people—now use a mobile money account, which has helped in boosting the number of financial account holders in the region to 34%, up from 24% in 2011.

Table 1: Progress on financial inclusion indicators related to savings & DFS

Indicators	Global		SSA	
	2011	2014	2011	2014
Population (millions)	6,894.6	5,231.2*	853.4	533.1*
GNI per capita ($)	9,069	10,683*	1,176	1,686*
Account at a FFI				
All adults (%, age 15+)	50.5	61.5	24.1	34.2
Male adults (%, age 15+)	54.7	--^	26.7	--
Female adults (%, age 15+)	46.3	58.1	21.4	29.9
Adults living in rural areas	--	56.7	20.7	29.2
Access to formal accounts				
Has debit card	30.5	40.1	15.0	17.9
ATM is the main mode of withdrawal	48.3	--	51.7	53.8
Mobile accounts (%, age 15+)	--	2.0	--	11.5
Mobile payments (%, age 15+)				
Use a mobile phone to pay bills	2.0	--	3.0	--
Use a mobile phone to send money	2.2	--	11.2	30.8
Use a mobile phone to receive money	3.0	--	14.5	27.6
Savings in the Past Year (% age 15+)				
Saved at a financial institution	22.6	27.4	14.3	15.9
Saved any money	35.9	56.5	40.2	59.6

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [iii, iv]
* Population, age 15+ (millions); ^-- Data not available

As pointed out by BTCA, the benefits of digital ecosystem are clear: Digital payments reduce costs, increase transparency, boost domestic resource mobilization, and help eliminate theft and loss. Digital payments also create new economic opportunities, including the ability to participate in the formal economy and gain access to new markets. This in turn advances financial inclusion, empowers women, and helps to drive inclusive growth. [UNCDF-BTCA, 2015 [v]]

2 Mobile money and agency baking in MLE programme countries

The role of mobile money in fostering financial inclusion and economic growth has gained recognition in the recent years. Regulators are establishing enabling regulatory frameworks for mobile money and today, in 47 out of 89 markets where mobile money is available, regulation allows both banks and non-banks to provide mobile money services in a sustainable way. Globally, MNOs are playing a key role in the delivery of mobile money services - 60% of all mobile money services are operationally run by MNOs and, in Sub-Saharan Africa, over half of all MNOs have already launched a mobile money service (75 out of 144). MNOs have the expertise in setting up distribution networks, building brand awareness and mass marketing; they also own the USSD (Unstructured Supplementary Service Data) channel that is typically used to enable access to mobile money services from the handsets. A number of banks and third-parties have also launched their own mobile money services, partnering with one or multiple MNOs in order to access and utilise the USSD channel and to leverage the security of the MNO-distributed unique subscriber identity module (SIM) card [SOTIR 2014 [vi]].

Table 3 shows the progress in the MLE programme countries in use of mobile and agent networks for remittances. It is evident that while significant progress has been observed in all countries, in some countries (Rwanda, Uganda, Tanzania and Ghana) the mobile channel has gained more traction while in other countries (Cameroon, Benin and Burkina) the remittances via agent networks was comparatively more popular.

Table 3: Progress of DFS in MLE programme countries

Countries	As % of adults, age15+								
	Account at a FFI		Mobile Accounts	Send money via mobile		Receive money via mobile		Send money via agents	Receive money via agents
	2011	2014	2014	2011	2014	2011	2014	2014	2014
Rwanda	32.8	42.1	18.1	2.0	59.5	2.9	44.5	9.9	6.5
Malawi	16.5	18.1	3.8	0.5	12.3	0.7	10.9	9.2	7.9
Cameroon	14.8	12.2	1.8	3.3	2.3	8.8	1.6	62.1	57.1
Uganda	20.5	44.4	35.1	20.0	69.4	25.2	66.0	3.6	2.2
Tanzania	17.3	39.8	32.4	14.0	71.5	19.6	62.8	10.4	7.3
Ghana	29.4	40.5	13.0	1.0	38.9	1.5	34.6	17.2	13.0
Liberia	-- ^	--	--	--	--	--	--	--	--
Burundi	7.2	7.1	0.7	4.0	--	4.7	2.2	--	6.0
Benin	10.5	16.6	2.0	0.2	4.8	0.4	4.5	15.8	10.4
Burkina	13.4	14.4	3.1	0.2	16.5	0.6	6.9	30.2	24.0

The World Bank. "The Little Data Book on Financial Inclusion, 2012 & 2015" [iii, iv]
^ -- Data not available

To access and utilise mobile money services, customers rely on two distinct channels. The first is the network of physical access points where customers can typically deposit cash in to, or take cash out of, their mobile money account – these access points are primarily agent outlets. The second is the technical access channel – the interface which customers use to initiate transfers and payments directly on their mobile handsets. [GSMA 2015].

The above discussion is of an MNO led digital financial services. In countries where the bank-led approach is preferred, the banks/financial institutions are either tying-up with MNOs for using their mobile wallets and agent networks for enabling customer transaction with their bank accounts through an interface/mobile application or setting-up their own agent network. Some banks are using both channels – MNO tie-up as well as own network. In MLE programme, the FSP partners have primarily focused on agency banking for providing digital financial services to their customers. **Table 4** highlights the proposed initiatives of the FSPs for developing an alternative delivery channel for the products designed in various MLE programme countries and the status of their progress.

Table 4: Proposed ADC initiatives of MLE partner TSPs/FSPs

Country	TSP	FSP	Proposed initiative	Status
Malawi	WWB	NBS Bank	Develop mobile and agency banking channel for new saving products designed under MLE	Rolled out nationally at the start of Q3 2015
Uganda	MEDA	Ugafode	Develop, pilot and roll out mobile banking alternative delivery channel for the savings products	Rolled out in Q2 2015
Tanzania	CARE	MCB	Linkage of VSLAs to MCB through Franchisee, village agents & deliver of products through mobile/agency banking	Ongoing
Ghana	CARE	Fidelity Bank	Develop mobile banking systems for product delivery to VSLAs, working with CBOs/CARE	Ongoing
	OI	SALS	Launch mobile banking & agency banking for clients	Piloted SMS based mobile banking
Cameroon	BASIX PAMIGA	CEC	Review of existing MIS and introduce new ICT enabled MIS for A3C and UCCGN Designing & operationalising mobile/agent banking for CEC	Branchless banking pilot at CEC completed in Oct' 15
Burundi	CRDB MF Services	CRDB Bank	Designing and rolling out agency banking	To begin in Q2 2016
Liberia	WOCCU	RCUs	Implement money merchant agent network for Lonestar's mobile money platform in RCUs & LCUNA. Evaluate feasibility for integrating Lonestar's mobile money platform with CBS and mobile savings accounts.	Ongoing Yet to start
Burkina	FFH	RCPB & SOPHIPE	Development of mobile banking facility (Airtel and Ecobank collaboration) for mobile enabled savings	Planning
Benin	Alafia	CPEC	Pilot and roll out of a new delivery channel for the Susu collectors	Planning

Signed PBAs [vii] & TSP-filled information template on status of proposed activities provided to the evaluation team

Note: Burkina Faso and Benin not included in the case study as the programme implementation in these countries have started only a few months ago.

3 Analysing the approaches used by MLE programme partners

3.1 Country experiences: mobile & agency banking models

Among the ten programme countries & 11 projects, DFS initiatives are being implemented in nine countries as shown in the above table. While the alternative delivery channel proposed in all these countries is based on mobile/agency banking model, there are differences in the approach. The mobile/agency banking approach used by various partner FSPs in reaching out to their clients and providing financial services is discussed below.

Malawi

The basis for the design adopted in Malawi was the initial diagnostic exercise on agency banking model conducted by WWB & Roland Berger in May 2013 which suggested use of two possible alternative channels for providing financial services to the target clients – own network as well as through partners. While this was being followed up during orientation workshop and consultation with the NBS Bank officials, a market study was conducted by WWB in 2014 to assess the preference of clients. The study revealed good brand image of NBS, lack of comfort in approaching the bank branch/service centres, high cost of transportation associated with branch banking and levy of several charges acting as barriers to savings mobilization. Based on the study, the Pafupi savings product was designed. Transaction cost issue was handled through appointment of agents and fees have been kept low with no ledger fee, payment of interest on minimum balance of 1,000 kwacha as against 10,000 and low minimum balance requirement of 200 Kwacha.

NBS had before MLE also tried to use the tie-up with five agents of Malawi post for providing alternate delivery channel. Later talks with Airtel and MTN was also initiated but the approach of using others' agent network has not worked out on account of their commercial considerations. All other stakeholders wanted to maintain their exclusivity and feared cannibalisation of their customers/agents. This has led to NBS adopting the strategy of having its own agent network, which has its own issues of viability. Exclusive bank agents catering only to Pafupi clients need to have adequate volume of transactions. Interoperability is not operational in Malawi and as such for each channel, agent requires channel specific POS. WWB and NBS in order to reduce cost have planned to shift the agent level interface from POS to smartphone. By July 2015, NBS Bank had promoted around 33 agents and opened 10,000 Pafupi accounts and by December 2015 the number of Pafupi accounts has reached 30,000.

NBS Bank, Malawi: Local stores engaged as agents for providing cash-in & cash-out facility to Pafupi (savings) account holders

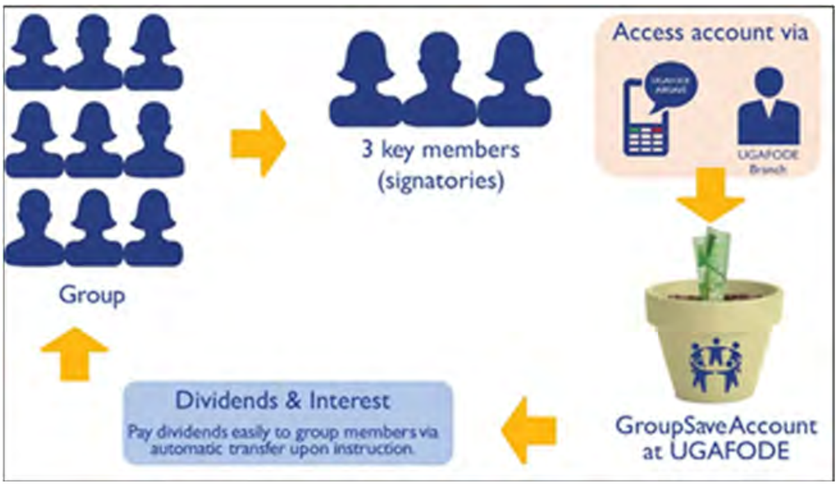
At present the average number of transactions per agent per day is around 8 and NBS is targeting to increase it to around 20 for the model to be viable/profitable. The agents are of three types – (i) only with POS, (ii) only with mobile phone (basic Nokia phone, and registration on Easy Money service of NBS Bank) and (iii) with both POS and mobile phone. With MIS upgrade by February 2016, NBS expects to track the performance of agents even more effectively.

Uganda

Ugafode and MEDA chose to adopt the mobile banking model in which partnership with a MNO (MTN) was forged to use its agent network to provide savings service to the informal groups identified as the target customers under MLE. The idea of targeting the pre-existing savings groups formed by various international NGOs (like CRS/CARE) as well as local CBOs in the operational areas of Ugafode, came up in the joint meeting of Ugafode, MEDA and UNCDF to discuss the market research conducted by IDEO. This led to conceptualisation of the GroupSave product and the alternative delivery channel AirSave to suit the groups being linked.

The GroupSave is one single account for the entire group in which the members save their pooled money (which was earlier kept in a box or under the mattress). The account is at the Ugafode branch and transactions (withdrawals and deposits) can either be done at the branch or through the AirSave channel. The AirSave platform developed by Pegasus (a software development company and also an aggregator for banks and MNOs), uses MTN mobile money platform and was specifically designed to enable the GroupSave members to conduct transactions through local MTN agents. This obviates the need to travel to the branch which is costly as well as time consuming. Partnership with MNO was necessary to enable the GroupSave account holders and other account holders access their accounts remotely using mobile and undertake real time transactions. The interface rides on the existing core banking system of Ugafide and there was no investment in the hardware as the AirSave application could be loaded on to any mobile.

The pilot of GroupSave and AirSave was undertaken from June to December 2014 and further extended till May 2015 at four branches of Ugafode. The marketing strategy of the product and the channel was designed by 17 Triggers which seems practical and included financial education component for building awareness of clients. However, despite the strong design as well as marketing strategy, the pilot implementation did not fare well. Only about 280 GroupSave accounts have been enrolled and a negligible 8 to 10 such accounts used AirSave for transactions.



How GroupSave works & AirSave facilitates transactions.
[Source: Site Seller for UGAFODE developed by 17 Triggers]

The usage of AirSave channel by the GroupSave members have been low due to their low literacy levels & lack of comfort in handling mobile based applications, low trust levels on the mobile money channel, remoteness of group locations making it difficult for sales team to conduct demos, lack of interoperability between MTN & Airtel, network issues and lack of agents' presence and insufficient float. Ugafode got the approval from Bank of Uganda to use the AirSave channel in June 2015 and decided to roll out the GroupSave and AirSave in all the 13 branches, without fixing the above issues and challenges faced during the pilot.

<u>Tanzania</u>

Prior to the launch of the MLE programme, MCB was offering a general savings product to groups as well as individual clients. When the programme started with technical assistance from CARE, MCB got to have an in-depth understanding of VSLAs functioning and as to how they could contribute to the overall growth of the bank. The group product was refined to encourage savings mobilisation from the members and a wholesale group loan product was also developed. The MLE programme provided MCB with an opportunity to not only explore the small balance savings but also identify and develop the delivery channel for the savings products using mobile/agency banking services.

MCB had first started exploring options for mobile based delivery channels in 2010 with Tigo through special SIM cards which did not work out as Tigo could not provide such SIM cards. In 2012, Vodacom was able to provide SIM cards for using M-PESA platform to transact with the bank account. Seventy six SIM cards were distributed to select VSLAs through community based trainers (CBTs) who were also supposed to train the groups during the pilot. However, pilot was not successful as most of the SIM cards were not active due to technical issues with the SIMs and Vodacom found it challenging to design more such SIMs and take the initiative forward on account of ~~the~~ high production cost. Eventually, this initiative was stalled but six VSLA groups (where the SIM is still active) continue to use it for depositing funds.

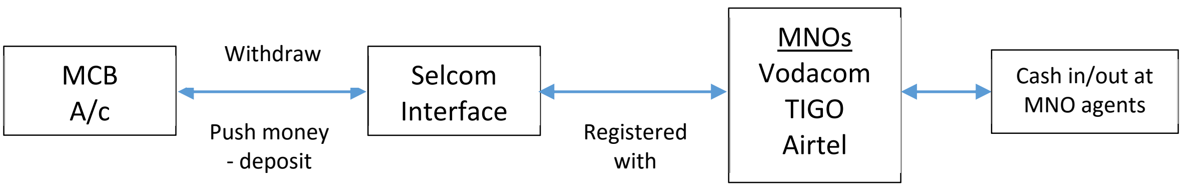
At present, for the VSLAs there are two channels for doing transactions on their accounts

- Visit the HO branch or the service centres – for deposit as well as withdrawals. Groups do not have access to ATM facility.
- Use M-PESA wallet for deposits- facility available only for 6 VSLAs

The groups collect money during the meetings. The nominated person then goes to the branch to make deposit or visits the local M-PESA agent. For use of M-PESA, the group (any one member) must have a Vodacom SIM card or must be registered for the mobile wallet service. The money to be deposited is given to the agent and the agent transfers the equivalent e-money from his M- PESA wallet to the depositor's M- PESA wallet and then the e-money is transferred to the group's bank account with MCB.

Since currently the MCB has tie-up with Vodacom only, the clients have to face some issues for deposit transactions. While the M-PESA agents' footprints are where the groups are based, they do not (always) have sufficient liquidity (float in their e-wallet) to effect deposit transactions. Also in some areas, Vodacom agents are not available and only Tigo-PESA and Airtel Money agents are present. Network related issues (downtime) are also there.

Access Africa was facilitating MCB's interactions with Umoja Switch in early 2014 to provide an interface to interact with all platforms – M-PESA, Tigo- PESA and Airtel Money for deposits, withdrawals and other money transfers. However, the interface currently provided is for individuals and customisation was needed to add security features for the group & Umoja was not able to provide this facility. Also in case of Umoja, it was not a direct link for MCB as it was not an aggregator. Talks with Selcom began in late 2014 and they indicated possibility of providing this service (through an USSD based interface) as an aggregator for various types of service providers including banks, MNOs, utility services etc. At present, integration of Core Banking System (CBS) of MCB is underway with Selcom system. However, the progress on this has slowed down after the exit of Access Africa staff who was coordinating it. The integration as well as Pilot is expected to be completed by end-2015 and will cost about $20,000.



In future, MCB is planning to recruit its own agents for providing POS based services. It has applied to Bank of Tanzania (BOT) in June 2015 and is waiting for its approval on agency banking. BOT has already communicated them to prepare policies and upgrade its risk management systems related to agency banking. MCB has already prepared the policy and its Board has approved it. MCB may also have to increase its capital base to Tsh 5 billion from the current Tsh 1.5 billion for BOTs approval.

<u>Ghana (CARE)</u>

Like in Tanzania, the CARE programme in Ghana in partnership with Fidelity Bank also focussed on savings group linkages and developing appropriate channels for providing financial services to group members. Fidelity Bank established a Financial Inclusion Department (FID) in March 2014 and developed a SMART savings account to deliver doorstep services to customers. Fidelity Bank was also the first Ghanaian bank to be granted an agency-banking license by the Bank of Ghana (BOG). At the time of evaluation mission (Spe'15), the FID has opened 280,000 SMART accounts in five centres (hubs) spread across the 10 regions of the country. This also includes 3,185 VSLA accounts formed during the course of the MLE programme. Post linkage, group as well as individual accounts are opened for VSLA members, (if the individual members so desire).

Fidelity Bank has adopted the agency banking channel to provide financial services to the SMART account holders including VSLAs. The bank has appointed an agent officer who is supported by a team of contractual staff called SMART friends. SMART friends are responsible for opening of new accounts of individual as well as groups and provide them with SMART cards, priced at GHS 10 (XX USD). The transactions are facilitated by SMART agents who must be local retailers operating in a permanent brick and mortar premise preferably located in commercially active areas. However, the Central Bank has somewhat relaxed the criteria for prospective agents located in rural areas. Fidelity Bank's agent network officers are responsible for appointing and training new agents. An IT manager regularly monitors the performance dashboard to ensure that transactions are smoothly conducted. Agent auditors audit at least 10 agents every month and verify the cash balances, liquidity levels, use of bank facilities and maintenance of documents and PoS machines. Business Performance team analyzes the strategy, prepares budgets and monitoring and evaluation reports for tracking performance.

The FID believes that it is imperative to operate on a commercial basis given that the transactions are facilitated by agents located near the groups. However, the paltry commissions and working capital given to agents has hindered the creation of an expansive and robust agent network. Furthermore, most agents are not located in the vicinity of the bank branch and often have insufficient liquidity to facilitate group withdrawals during cash out. The absence of an agent network constrains VSLAs from depositing their savings in the banks.

With the changing regulatory preference towards MNO led banking services, Fidelity Bank thought of introducing mobile banking initiative. The partnership with MTN was signed for ensuring that Fidelity's services could be offered to clients in areas where Fidelity agents were absent. One challenge of this partnership was that SMART cards are mandatory for the MTN linkage. The bank is now piloting a mobile (SMS) based platform-MISTRAL, which is designed to be operational even in offline mode and is linked with the CBS-Flexcube. MISTRAL does not require smart cards and this would help continue linkage activities when there is a paucity of cards. Earlier Fidelity Bank had experimented with an USSD based solution Jahrule (a substitute for POS devices), which was difficult for clients with low literacy levels to use. Though Fidelity contemplated using it for linking VLSAs, it ultimately piloted MISTRAL and CARE anticipates that Jahrule will not be used. In order to obviate similar issues, the MISTRAL platform will be provided with graphic icons. The bank has also piloted cardless transactions in PoS devices and ATMs with non-VLSA clients. In future the bank may replace cards with mobile wallets.

While the programme's progress was delayed due to unanticipated technology challenges like the replacement of the SMART cards, poor data quality, MTN being unable to link clients due to coordination issues as well as paucity of cards and inflexibility of the mini-CBS (which Fidelity is trying to address), other pressing issues have also been identified. One of the key issues impeding the programme's performance is agents' dissatisfaction with the commissions being paid to them. Agents are expected to maintain an inventory of 10 SMART cards. Most agents lack sufficient working capital to maintain a stock of cards and sufficient float to facilitate transactions. Client interactions revealed that though VSLAs were keen to deposit their money with the bank, none of the groups had deposited their savings in the bank, as withdrawals were very inconvenient. Hence, they opted to wait until the agent visited their village or had to travel to the branch/nearest location where the agents are located to conduct their transactions. The bank informed that often it was difficult to find agents in the remote villages. Connectivity as well as liquidity are huge challenges. Also, the imported PoS machines are expensive (price is USDXXX) and are often needed to be repaired/replaced.

Ghana (OI)

The project aims to reach out to low income unbanked families with the use of alternate delivery channels, as nearly 70% of SASL's depositors are in rural locations and require doorstep services. A savings product Susu was developed under MLE for providing door step services for mobilizing small amounts of client savings. The collection and withdrawals facility for Susu is being done through the visits by SASL staff at the client's doorstep and it has been the key reason for the popularity of Susu savings products, despite it not offering any interest and having a fee for withdrawal.

In order to test an alternative delivery channel for Susu, SASL piloted a mobile SMS based banking application with its clients. The SMS based mobile banking solution was conceived in response to the need to develop an application, which would be a relatively inexpensive substitute for USSD technology. The Mobile Bankers (contractual staff of SASL) were equipped with mobile phones which could be used for demonstrating how Susu accounts balance could be checked through the SMS based application. Mobile bankers were expected to perform the role of agents and facilitate funds transfer, balance enquiry, printing account statements with the help of the mobile handset. However, this would be possible only after SASL gets approval from the central bank for agency banking.

On the regulatory front, the bank of Ghana is more inclined to see MNOs playing a leading role in agency banking and mobile money services and it may not be a viable option for SASL to establish its own agent network and technology to support mobile money. SASL also does not intend to offer e-money services and is at present focusing on building mobile banking system as the alternative channel & in developing the SMS based Jethro application. The key bottleneck is the lack of attractive plans/SIMs, which SASL can offer to clients in partnership with MNOs. It is negotiating with the MNOs for reducing the transaction cost (for SMS) incurred by the client to make it a viable option for them.

Cameroon

In Cameroon, the development of alternative delivery channel is being done by CEC though the project supports three FSPs (A3C, UCCGN & CEC). The project is assisting CEC in implementing a pilot on branchless banking.

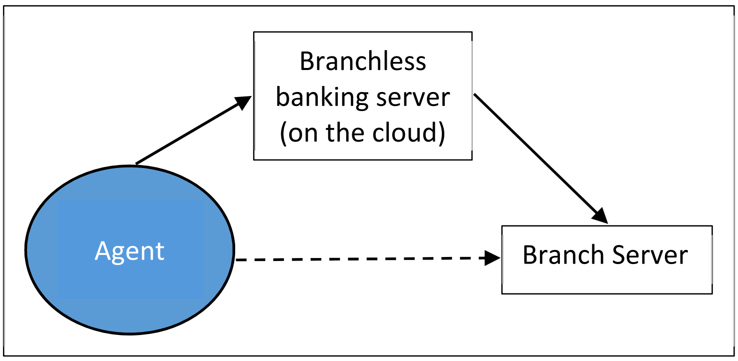
CEC had been involved in using agent model for savings collections for around sixteen years but were facing issues of frauds and misappropriation of cash. After appointing an MIS director about 4 years ago, their focus has been on making the system secure for scaling-up the operations. The idea of branchless banking emerged from this need and when BASIX/PAMIGA approached CEC for the MLE project, it perfectly fit their requirements. As part of the MLE programme, identification of MIS software (Perfect) vendor led to design of a mobile application (M-Perfect) which could be used through POS device or smart phone for facilitating deposits/withdrawals from the savings accounts of the customers. CEC is currently testing out the feasibility of branchless banking model through these devices by recruiting mobile agents who can provide deposit collection (withdrawal facility would come later) and savings account opening services at the doorstep.

Kribi Branch. CEC, Cameroon: An ongoing customer awareness programme on branchless banking model and use of POS & mobile phones.

CEC offers four types of savings products to its clients and the daily savings accounts are being used for piloting the branchless banking model. It is the basic savings account which has no monthly fee or cheque facility but the depositors have to maintain a minimum balance of CFA 10,000 (USD XX) and an interest of 6% p.a. is provided. The agents use the POS/smart phone to collect savings from the members on a commission basis.

In the past, CEC had done a series of discussions with MTN and Orange to facilitate the USSD interface for mobile banking but it did not materialise. CEC thought it will be better to partner with BASIX/PAMIGA and go ahead with its branchless banking idea rather than wait for the MNOs to provide them mobile solutions. The MLE project has also provided them with useful grant money for implementing the Pilot apart from technical advice of BASIX/PAMIGA.

The selection of Perfect MIS software was the key to the branchless banking model as it had the added feature of linking to POS devices. M-Perfect application was specifically designed (by the Togo based vendor Cagecfi) for the POS device and the smart phone to enable off-branch transactions. During the pilot, the agents were allowed only to collect deposits and open new accounts. For facilitating transactions the agent had to login into the M-Perfect application and then use the client's unique ID and 4 digit secret PIN code (for both agent & client). The money gets transferred to the cloud server and from there it is automatically sent to the branch server. It takes up to 10 minutes for the money



Branchless banking model of CEC Cameroon to reach the branch server depending on the network connection. The plan was to roll out the product in November 2015 and at that stage the agent would be able to directly connect with the branch serer and the transaction will be reported to the branch in real time.

Burundi

CRDB Bank Burundi, is one of the two countries (the second one is Liberia) where the MLE programme is supporting a Greenfield FSP. As part of the MLE program, the TSP CRDB Microfinance Services (part of CRDB Plc based in Tanzania) planned to deploy branchless banking model (POS, ATM, Mobile Banking) to reach micro and small scale enterprises including the small farm size farmers producing tea and coffee.

To implement the branchless banking model, the bank was contemplating two options – (i) to recruit agents for facilitating opening of accounts and transactions using mobile phones or (ii) tie-up with strategic partners like MNOs who already have agents in the market and use their channel for providing the required services to the clients. The bank was supposed to start pilot by end 2014 but could not go ahead with the first option as it did not have the approval of the central bank. The approval for agency banking has recently been received with support from MLE, which will provide them with the opportunity to set up their own network of agents. However, due to the elections and political upheaval in the country, the activities under MLE have been largely placed on hold.

Currently, with MLE's support, CRDB Bank is exploring the second option of partnering with an MNO for agency banking. An expert may be hired to work on the technical aspects. In this context CRDB has been in touch with Econet Wireless Burundi. Econet has developed EcoCash product which is an application that allows clients to send and receive money via the Eco Cash account. They also can pay their bills and buy credit through the mobile phone. The discussions with Econet are at an advanced stage and CRDB Bank is set to become a 'super-agent' for them to offer Eco Cash products to their customers.

Liberia

The primary focus of the MLE programme in Liberia was revitalisation of the credit union movement in the country by creating four Regional Credit Unions (RCUs) and developing the capacity of LCUNA as an Apex body for the credit unions. It terms of alternative delivery channel, according to the proposed plan LCUNA has been supported by WOCCU to become the master agent for Lonestar (an MNO) and the RCUs as the sub-agents. They basically enrol new customers and provide cash in & cash out facility to the subscribers of Lonestar's mobile money, on a commission basis.

The mobile money is open to credit unions members as well as non-members. At present, WOCCU is looking into the feasibility of connecting Lonestar's mobile money with the Loan Performer MIS at the RCUs. If this happens, it is expected to enable transfer of money between mobile money and client's savings & loan accounts at the credit unions. The work on this is scheduled to start in the first quarter of 2016.

3.2 Cost analysis

The mobile and agency banking models adopted in various MLE programme countries had two other main impact agenda apart from its role in furthering financial inclusion by being able to reach low-income women and those living in rural areas. These were

a) To provide access to financial services to the target population at an affordable cost
b) Which would be a result of FSPs being able to expand and reach economies of scale quicker and at the same time becoming operationally more cost efficient with use of technology

All the FSPs/TSPs have indicated that with scaling-up of the ADC model the cost of service delivery would decrease due to the enhanced ability to expand their outreach faster and lower investments required in creating permanent structures. However, investments would be required in equipment (POS machines and mobile phones) and building-up of agent network. At present, with implementation of mobile/branchless banking being in its initial stages (pilot or just rolled out) in all programme countries, data is not available to accurately correlate and attribute the decrease in cost to ADC. However, on the basis of the experience gained so far, the analysis of cost of access of savings services by the clients through ADC and brick & mortar structure is presented in **Table 5**. The analysis includes those programme where the pilot is either at an advanced stage or completed and the FSP has been able to provide the required data on fee & charges.

Table 5: Customer cost of accessing savings services

	Malawi	Uganda	Tanzania	Ghana (Fidelity)	Cameroon (CEC)
Currency	MWK	UGX	TSH	GHS	CFA
Monthly ledger fee (for maintaining a savings account)	Nil	1,000	Nil	Nil	Nil
Alternative delivery channel					
Deposit changes					
FSP charges	Nil	Nil	Nil	Nil	492
MNO fee	NA	210	Nil	NA	NA
Aggregator fee	NA	Nil	NA	NA	NA
Agent commission	37.5	110	100	0.65	492
Subtotal	37.5	320	100	0.65	984
Withdrawal charges					
FSP charges	62.5	Nil	NA	Nil	NA
MNO fee	NA	600	NA	NA	NA
Aggregator fee	NA	150	NA	NA	NA
Agent commission	37.5	330	NA	0.35	NA
Subtotal	100.0	1,080	NA	0.35	NA
Overall transaction cost	137.5	1,400	100	1.00	984
Brick & mortar structure					
FSP charges	Nil	Nil	500	Nil	Nil
Travel cost (anecdotal)	25	25,000	7500	10	50
Productive time lost (min. wage rate) [viii]	173	9,615	969	4	293
Overall transaction cost Ledger fee + FSP charges + 2(tvl. cost + time cost)	395	70,231	17,438	28	686
Cost for clients (USD)					
Exchange: USD 1 to local currency	450	3,375	2,100	3.8	535
ADC	0.31	0.41	0.05	0.26	1.84
B&M structure	0.88	20.81	8.30	7.42	1.28

Note:

In all countries except Uganda charges are transaction based and not proportionate to the amount. For Uganda, the minimum applicable transaction charges have been taken.

For each country, the cost analysis is based on the assumption that a client would undertake one deposit and one withdrawal transaction during a month through the two possible channels – alternative delivery channel (ADC) or the brick & mortar (B&M) structure. The ledger fee (if charged by the FSP) is for maintenance of the savings accounts and therefore gets added as a cost to both the channels. The cost of travel is anecdotal but represents a fair picture of the charges based on feedback from the FSP clients, branch staff and agents. The opportunity cost for a productive day lost for travel to branch for making a deposit or a withdrawal transaction has been calculated using the monthly minimum wage rate for the country (based on information available on the website [viii]). The transaction costs are based on the data provided by the respective FSPs/TSPs and has been presented in the local currency for each country and the overall cost has been converted to USD for comparison.

It is evident from the cost analysis that in all the programmes the cost of transactions through the alternative delivery channels is lower in comparison to the brick & mortar structure. In case of Cameroon the cost of ADC channel appears higher due to a high commission of around 3% charged on the value of deposits which is equally distributed between CEC and the agent. Since Kribi is located in an urban area and most of the clients are from the local markets and nearby localities so cost of travel and time cost is less in availing branch based services. However, the clients value the convenience of doorstep service and have shown preference towards adopting the branchless banking model. In case of Uganda, the cost difference between the two channels is very high mainly because the groups are located at far distances from the branch leading to high cost of transportation as well as time spent in reaching the branch. Despite this clear advantage of promoting the ADC, UGAFODE has so far not been able to instil confidence among the GroupSave account holders to use AirSave. In Tanzania, the ADCs are currently being used only for facilitating deposits and clients have to come to the branch for making withdrawals. However, even if the cost of withdrawals is included in the calculation, the overall cost of access would still be less than the bricks and mortar structure. In Malawi as well, where the ADC is now fully rolled out, use of the ADC turns out to be cost effective for the customers.

It is also to be noted that the FSPs have subsidised the cost of access (during pilot stage) wherever possible to build customer experience on usage of ADC. In Malawi the agent commission for deposits is borne by NBS, while in Uganda a significant part of the withdrawal fee is paid by UGAFODE to the MNO/aggregator.

<u>Facts & assumptions for calculations</u>

Malawi:

The Pafupi account developed under MLE has been driving the agency banking model of NBS. It was developed on the premise that access to NBS branch is costly and uncomfortable for potential clients living in far-off locations & particularly women. The cost structure of the Pafupi account was designed in a way to increase the value proposition for the clients. In Pafupi, the client has to pay an one-time account opening fee of MWK 1,300 which includes a fee of MWK 1,000 for the debit card facility. For other accounts NBS charges MWK 2,500 for debit card facility. Further, interest of 5% p.a. is provided on a minimum balance of MWK 1,000 in comparison to MWK 10,000 minimum balance for other savings products. No ledger fee is charged for Pafupi while for other accounts monthly ledger fee of MWK 350 is levied.

The agents get a fixed commission of MWK 37.5 for both deposits and withdrawals. For the end-users there is no fee for deposit while MWK 100 is charged for withdrawals, of which MWK 62.5 is the earning of NBS Bank. The net income for 1 deposit and 1 withdrawal for NBS Bank works out to be MWK 25.

NBS bank provides the POS/mobile to the agents while the agents have to invest at least MWK 50,000 as the float money to start business. Most agents started at this level and were able to increase their working capital. The limits for maximum deposit and withdrawal per client has been kept at MWK 30,000 and MWK 15,000 respectively to ensure that agents are able to serve more clients with their float money. The balancing of float (agents account plus cash in hand) happens real time and the commission gets remitted to the agent's account instantly. However, in future a separate commission account will be maintained for each agent so that they can track their commission earnings better. In near future, internet banking facility will also be started so that agents can review their account online (at present monthly paper statements are provided to the agents).

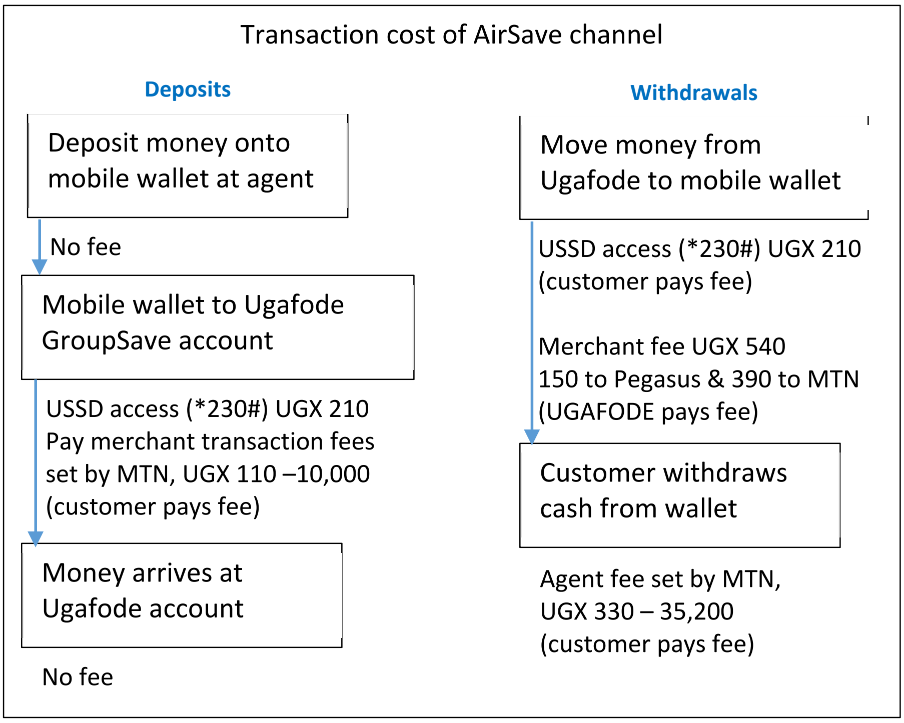
The evaluation team visited three locations – two in Blantyre linked to the Ginnery Corner branch and one linked to Nchalo branch. The clients associated with the branch at Blantyre were mostly urban while those in Nchalo were rural. In rural areas the travelling cost and time was higher in comparison to the urban locations and on an average it is assumed that productive time lost for transacting at a branch is half a day. The rural/urban context has been taken into account while calculating the average travel cost & time cost.

Uganda:

The analysis for UGAFODE's model is based on the evaluation team's visit to the ADC pilot branches Kyotera and Lyantode. The savings groups linked to these braches during the pilot phase were very far from the branches, ranging from 30 to 60 Km away from the nearest branch. The travel cost to the branches ranged from UGX 10,000 to 50,000 depending on the remoteness of the group. The travel would also consume one productive day of a group member for any transaction at the branch.

The GroupSave product that was designed for the target clients included a monthly ledger fee of UGX 1,000 and an interest 5% p.a. was provided on minimum monthly balance. Therefore, in order to offset the ledger fee a group must maintain an average monthly minimum balance of UGX 240,000. If the minimum deposits go below this level, the savings will be depleted as monthly fee will be higher than the interest earned on savings.

The AirSave channel cost for the clients has been currently subsidised by UGAFODE. For analysis the minimum possible transaction fee has been taken into account. The cost is depicted below.



- For deposits (depositing money on MTN Wallet and then moving it to GroupSave account via AirSave interface) the clients have to pay a minimum of UGX 320 and a maximum of UGX 10,210 depending on the transaction amount [UGX 210 for USSD access charges & UGX 110 –10,000 for merchant transaction fee]. The entire cost of deposit transaction is borne by the client.
- For withdrawals (moving money from GroupSave account to MTN wallet via AirSave interface and then cashing out at an MTN agent) the charges are a minimum of UGX 540 and maximum of UGX 35,410 depending on transaction amount. The merchant fee of UGX 540 (UGX 390 to MTN

and UGX 150 to the aggregator Pegasus) during such transactions are entirely borne by UGAFODE. UGAFODE has no immediate plans to levy this charged on the customers but it may be charged in the next financial year once the company is able to scale-up the use of this channel and the users also become more comfortable handling it.

Tanzania:

In Tanzania, MCB's group savings product 'Wekezha' does not have any monthly ledger fee (before MLE, TSH 500 per month was charged) and an interest of 3% p.a. is provided subject to a minimum deposit balance of TZS 50,000. The bank does not charge any fee for deposits through any channel but charges for withdrawals which can at present happen only at the branches, where TSH 500 is charged per transaction to the group.

Getting the KYC documentation of the clients is an important regulatory activity for the bank. Currently, this service is being offered at no charge. However, going forward MCB wants to charge prospective clients TZS 3,000 in order to ensure its operations are sustainable. Since this would be an additional cost for the groups in future, it has not been included in the analysis.

Further, the alternative delivery channel (M-PESA) at present can be used only for depositing money into the group's account for which the agents charge a commission of TSH 100 per transaction. In future the ADC would be upgraded to enable the client to access various MNO mobile banking services for which the pilot with Selcom is about to start. Selcom will provide a USSD based interface to link to various types of services including deposits, withdrawals and transfers for the groups. MCB is not clear about the Selcom charges at present.

Ghana (CARE):

In Ghana, the group product offered by Fidelity Bank has a one-time account opening fee of GHS 20 but does not levy any charges on the clients for savings account maintenance or transactions. An interest of 3% p.a. is provided on the savings balance. However, the agents charge a commission of 1% of the deposit amount and GHS 0.2 (flat) for each withdrawal. The withdrawal fee is levied on SMART as well as VSLA clients. In order to incentivize agents, Fidelity has revised its incentive structure wherein agents will be paid 0.65% of the deposit value for deposits and the withdrawal fee has been increased to GHS 0.35 for all clients. The two-fold objective behind this change was to incentivize agents and improve the bank's profitability owing to which the proportion paid by the bank as commission for deposits has been reduced. [*For calculations it has been assumed that clients deposit on an average around 100 GHS once a month. Also in Kribi most of the clients were located within the town and therefore loss of productive time was at the most one quarter of a day*].

Cameroon:

The daily savings accounts that are being used for the pilot of branchless banking have no monthly fee or cheque facility but the depositors have to maintain a minimum balance of CFA 10,000 and the interest provided is 6% p.a. The agents use the POS/smart phone to collect savings from the members on a commission basis. For total deposits below CFA 16,500 in a month a member has pay a flat fee of CFA 500 while for deposits above CFA 16,500 a fee equivalent of 3% of the monthly deposits is payable. Of this 1.5% is passed on to the agents while the remaining is the income of CEC. No charges were taken from clients for withdrawals as it was done only at the branch, during the pilot.

Interactions with the agents who have been part of the pilot at Kribi branch revealed that POS/mobile transactions provides them with additional time for opening new accounts and serving clients as unlike manual transactions no time is spent on reporting. Moreover, with POS/smart phone there is no chance of miss-reporting/mistakes as it is automated. However, transactions done on POS/mobile face network related problems (like slow or out of range signals).

The agents also informed that their earnings are only through commissions and on an average they were able to make CFA 70-90,000 during Jan-Sep 2015 (pilot period). In terms of cost they spend around CFA 300/day on transport and CFA 1,000 per month on mobile. The POS/Smart phone come with a recharge of CFA 4,000 per month which is provided by CEC. The hardware (POS device/Smart phone) is also provided by CEC. The agents were not aware that at the time of roll out they would be signing a new contract with CEC and will also have to make an investment of CFA 250,000 as float/security deposit. According to the agents, the clients are more comfortable with the POS/Mobile based transactions than manual as the services are being provided at their doorstep and there is a sense of security of deposits as transactions can be tracked. [*The average value of deposits per client has been CFA 32,800 per month and this has been used for calculating the agents' commissions.*

4 Conclusion

The addition of the ADC as an important component of the programme design of MLE had high relevance in the context of speeding up of financial inclusion efforts by reaching out to people living in remote areas and in particular women. The market research carried out in most of the programme countries indicated travel distance and discomfort in approaching a bank branch as main reasons for exclusion. This is corroborated by the findings in World Bank Global Findex report which observes that cost, travel distance and paper work are the main factors for the $3/4^{th}$ of world's poor not having a bank account. With the mobile revolution happening and the increase in the number of mobile users, it made sense to tap technology to address the issue of exclusion and at the same time make it possible to deliver services at the doorstep of the clients.

The role of MLE programme has been pivotal in conceptualisation and development of ADC through the involvement of TSPs. The FSPs in all programme countries where ADC is being piloted have acknowledged the significant contribution of MLE. However, the FSPs have faced various challenges including delays in regulatory approvals for agency banking, tie-up with MNOs not working out, limitations in organisational capacity to implement marketing strategy and awareness campaigns that were closely linked to successful adoption of this channel by the target clients. NBS Bank in Malawi had to change its strategy to having its own network of agents after its tie-ups with MNOs and Malawi post were not successful. UGAFODE has not been able to benefit from the well-designed product, mobile application and channel promotion strategy due to weak pilot implementation and delays in central bank approval. Similarly, Fidelity Bank in Ghana faces regulatory restriction which favours MNOs. The Central bank of Ghana favours MNOs to lead agency banking services and has liberalized regulations keeping them in mind. This is proving to be a huge challenge to the financial institution as the MNOs can provide payment services without having to partner with a bank. MCB clients face issues due to liquidity issues with M-PESA agents and its talks with the aggregator Selcom has slowed down after the exit of Access Africa staff who was coordinating it. CEC seems to have progressed decently by having developed the technical systems (including mobile application, cloud based server etc.) and agents capacity during the pilot but is yet to test it with the rural clients.

The implementation of ADC was also done with the expectation that it would not only bring down the cost of access of financial services for the clients but will also be cost efficient for the FSPs in comparison to the traditional brick and mortar structure. The FSPs believe that ADC would decrease the cost of delivery of services but at the mid-term stage, sufficient data is not available to accurately correlate and attribute the decrease in cost to ADC. However, on the basis of product costing and anecdotal evidence gathered while interacting with the clients, FSP staff & agents, it appears that for the clients, the cost of access of service through ADC is much lower in comparison to the B&M structure. The difference is mainly due to saved transportation cost and the opportunity cost of the productive time lost while travelling to the FSP branch. In addition to this, the clients value the convenience of door step services.

The key to developing a successful ADC is not only in having a good product design backed by appropriate technological solution (mobile apps), but also making the client aware and comfortable in using this channel. In this context, designing appropriate marketing strategies along with client education initiatives gains importance. A financially aware client is more likely to understand and use the products & the delivery channels specifically developed for it. In the roll out stage, the FSPs are expected to focus more on strengthening these aspects and if the same is done efficiently, there is a good chance of MLE's ADC initiatives resulting in sustainable and cost effective delivery of financial services to the target clients.

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Uganda last set the minimum wage rate of UGX 6,000 month in 1984 which has remained in force till date. The Minimum Wage Advisory Council in 1995 recommended UGX 75, 000 minimum monthly wage for unskilled workers, but was not implemented. It is expected to be revised to UGX 250,000 per month by July 2015.

Case Study # 3

Building financial capability of clients in rural outreach programmes led by formal financial institutions

Barriers to financial inclusion are a topic of debate and discussion to researchers, academicians and policymakers worldwide, as financial inclusion is often considered one of the pathways to policy reduction. that a) more than half the population of developing nations are financially excluded (voluntarily or involuntarily) or 'unbanked', and b) the vast majority of the unbanked are bankable, but continue to be excluded from the formal sector, often because of institutional barriers and a low level of awareness of potentially beneficial formal financial products that are both affordable and available to them.

The MicroLead Expansion Programme (MLE) intended to reach such formally-excluded low-income households in sub-Saharan Africa (SSA). In order to meet MLE programme targets in a sustainable manner and to tackle critical factors impeding financial inclusion, it was important to address both demand- as well as supply-side constraints. Because meaningful financial inclusion entails both access to affordable financial products (supply side) and client financial capability [demand side], financial education activities have been accorded due importance in the MLE programme design and is among the deliverables of each grantee.

This case study summarizes financial capability building components targeting the demand side of a selection of MLE programmes, followed by a qualitative assessment of the effectiveness of the initiatives. In the case study, the key terms -financial literacy, and financial capability are used interchangeably and have been defined **in Boxes 1, 2 and 3.**

1 Financial literacy and financial capability – closely linked with financial inclusion

In recent years, policymakers and practitioners have come to acknowledge that financial inclusion and financial literacy are complementary concepts.

(Link to paragraph above.) Higher levels of financial literacy may have the potential to improve economic well-being by influencing the adoption of positive financial behaviors, thereby creating shared prosperity for the entire economy. Survey results from different parts of the world reveal that households which demonstrate low levels of financial literacy often do not plan for retirement (Lusardi and Mitchell, 2007a) are more likely to borrow at high interest rates (Stango and Zinman, 2006), and acquire fewer assets (Lusardi and Mitchell, 2007b).[i]

Box 1: Financial literacy

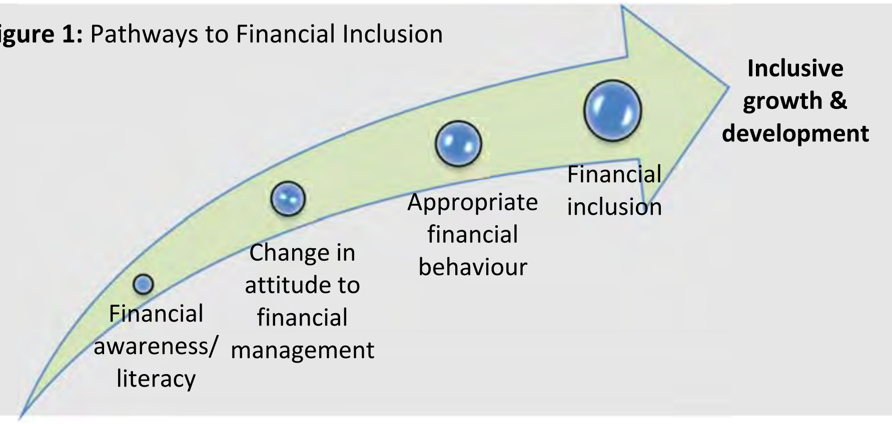
'Possessing the skills and knowledge on financial matters to confidently take effective action that best fulfils an individual's personal, family and global community goals'

– **National Financial Educators Council (NFEC) of USA**

'Ability to make informed judgements and to take effective decisions regarding the use and management of money'

– **National Financial Literacy Strategy (2011), Australia**

Figure 1: Pathways to Financial Inclusion



Financial education programmes that are customized to meet the needs of the target audience can be tremendously useful in spreading awareness, catalysing positive behaviour change, raising demand for financial services, improving participants' levels of financial literacy and building the necessary skills to evaluate the merits and disadvantages of available financial services and opt for the offering best suited to their requirements. **Figure 1** highlights a financially excluded client's pathway to financial inclusion and suggests that financial literacy leads to desirable attitudinal change and directs individual choice, eventually leading to the development of an inclusive financial sector.

Box 2: Financial education

'The process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.'

– **The New Zealand Network for Financial Literacy**

'Financial education, like all types of education, is about empowering individuals so that they are better equipped to analyse diverse (in this case, financial) options and to take actions that further their goals'

– **OECD**

Box 3: Financial capability

'Financial capability comprises all the following attributes:

- the motivation to efficiently manage finances and effect change
- day-to-day management of finances, for example, effective budgeting and use of a bank account
- planning ahead for retirement, other life transitions and unexpected events, for example, by saving
- efficient selection of financial products and the ability to understand these products, for example, by comparing repayment costs before taking a loan
- knowing where, and how, to seek appropriate financial advice'

– **The Scottish Government's Financial Capability Discussion Paper (2010)**

Financial products are often complex and require users to have a nuanced understanding for making the right decisions, especially for the financially excluded, making their first forays into the use of formal services. Financial education is thus a critical pillar of responsible finance, which has the objective of building strong and sustainable financial systems that work for both the supply and demand sides. A financial education programme following this model strives to build the capability of consumers in understanding their own financing needs, planning for the future, insuring and diversifying their assets and thereby improve their economic well-being.

Given the complicated nature of formal products, providers and regulators have realized that building basic knowledge and numeracy skills or simply raising awareness through financial education may not be sufficient in building financial capability, and therefore '. Too often, financial education initiatives are either ad hoc targeted interventions focusing on specific concepts or more comprehensive approaches tackling multiple topics at a time. Accordingly, a plethora of interactive tools designed using adult learning principles and practices, including edutainment, videos, social marketing campaigns, financial diaries, posters, and other delivery channels are being used to improve clients' levels of financial literacy.

2 Financial education initiatives in MLE programme countries

High poverty rates and income inequality, predominance of informal labour markets, low adult literacy rates evinced by below-average school enrolment rates and a relatively young population characterize the socio-economic profiles of SSA countries. Given that vast majority of the SSA population are either financially excluded or rely on informal sources to meet their financial requirements, institutions like the World Bank (WB), Organisation for Economic Cooperation and Development (OECD) and the Making Finance Work for Africa (MFW4A) partnership have launched initiatives to improve diagnostics for understanding financial literacy and use this new understanding to increase awareness, capability and demand for formal financial services. The International Network on Financial Education (INFE), established by OECD, works with senior government officials from 85 developing countries including Ghana, Malawi, Tanzania and Uganda in sharing best practices in the financial education space (OECD 2011). [ii]

However, the status of development of policies and initiatives related to financial education is heterogeneous in SSA. Among the MLE programme countries, national financial inclusion strategies were either implemented or were in the process of being executed in Ghana, Malawi, Rwanda, Tanzania and Uganda. However, financial education programmes targeting vulnerable groups, including low-income people, women, and youth were also organized by a host of private sector players endeavouring to bring more people under the ambit of formal financial services.

Tanzania leads on the financial inclusion front, with the government having drafted a Financial Inclusion Policy in 2009 followed by the formulation of the National Financial Inclusion Framework (2014-16)[iii], which gives adequate emphasis on promotion of financial literacy and consumer protection initiatives in the country as a part of the government's commitment to eradicate the structural and institutional barriers and thereby catalyse access to finance. The government of Ghana adopted a National Strategy for Financial Literacy and Consumer Protection in the Microfinance Sector in 2009, and is planning to enhance financial education in schools. Further, the government had also collaborated with Bank of Ghana, agencies like GIZ, IFAD and CARE International as well as a variety of financial institutions to develop the initial framework for a National Financial Inclusion Policy. The Central Bank of Uganda is also working with various stakeholders to develop a National Strategy for Financial Literacy and has promoted a financial literacy survey. Regulators and oversight bodies in Uganda have also collectively launched the Finlit Foundation which works towards imparting basic financial education to all citizens with a focus on apprising them on the importance of savings towards one's financial freedom [ii] (OECD, 2011).

The Reserve Bank of Malawi (RBM) drafted the National Framework for Financial Inclusion in 2010, by soliciting inputs from the National Committee on Financial Literacy comprising various industry level stakeholders who jointly decided to target multiple segments of the population including the unbanked and the youth. As a part of RBM's endeavours to enhance financial education and consumer protection in Malawi, the Central bank along with the government and development partners (the World Bank, DFID and USAID) has embarked on the Financial Sector Technical Assistance Project (FSTAP).[iv]

Access to Finance, Rwanda (AFR), being committed to deepen financial access in Rwanda, has drafted the country's National Financial Education Policy in 2014, which is yet to be implemented. The Central Bank of Burundi has also made some headway by commissioning a National Financial Inclusion Survey in 2012[v]; one of the key agenda items of this drive being to measure the extent of citizen's financial literacy. TSPs like Freedom from Hunger in Ghana and Burkina Faso and Opportunity International in Ghana and Malawi have deployed innovative approaches through stories, discussions, skits and mass media campaigns adapted according to the local context to deliver tailored messages and reach a vast number of people in order to increase their financial awareness levels, improve their attitudes and eventually influence changes in behaviour. **Table 1** [vi] references Standard and Poor's Financial Literacy Survey 2014 and highlights the variation in the proportion of financially literate adults in the MLE progamme countries.

Table 1: Proportion of financially literate adults in MLE countries

Countries	% Financially literate adult population
Benin	37
Burkina Faso	33
Burundi	24
Cameroon	38
Ghana	36
Liberia*	NA
Malawi	35
Rwanda	26
Tanzania	40
Uganda	34

*Data on financially literate adults in Liberia was not available

3 Models used by MLE grantees

The following sections summarizes the financial education initiatives undertaken by eleven MLE grantees. The Benin and Burkina Faso projects have been omitted from the discussion as the MLE programmes in the two countries were initiated in early 2015 and hence it would be premature to assess the effectiveness of the financial literacy initiatives at this stage.

3.1 Implementation status

As part of MLE, financial education initiatives for each of the eleven partners were designed by the technical service providers (TSPs), who trained FSP staff and distributed training materials, brochures and pamphlets for subsequent dissemination to clients. In addition to the TSPs' efforts, trainings were also facilitated in some countries by network organisations and industry level consortiums. The primary intent for conducting concerted financial education programmes was to protect existing customers from undesirable financial decisions, avoid over-indebtedness, supply clients with necessary information about financial products and services and empower them to understand the benefits of and subsequently use the FSPs' products.

Two types of financial education models were adopted by the FSPs

(i) Embedded –financial education is part of the marketing strategy, and/or
(ii) Stand Alone - group-based training of the clients on a variety of financial topics

The embedded model has been adopted in Malawi, Uganda, Ghana (OI) and Liberia while the standalone model was evident in Tanzania, Cameroon, Ghana (CARE) and Rwanda. Financial education has been institutionalised in Tanzania, Ghana (OI-SASL), Malawi and Uganda but not in Cameroon, Ghana (CARE), Liberia and Rwanda. While the progress in Cameroon has been limited to training of trainers workshops (TOTs) for the three partner FSPs and development of training modules, in Ghana (CARE) the financial education training is part of CARE's standard VSLA promotion methodology and CARE has not been able to internalise this in Fidelity Banks operations. WOCCU has provided TOTs on financial literacy to the SACCO managers in Rwanda and RCU staff in Liberia, though the focus of their training programme has been more on building the institutional capacity on governance, business planning, credit management and improving their knowledge on products and policies. While the financial education component is a part of all country programmes, the implementation is at various stages. **Table 2** summarises the status of financial education initiatives in various MLE projects and the approaches adopted by the FSPs.

Table 2: Summary of financial education approach and progress status

Country	Model	Financial literacy tools used under MLE programme	Status
Rwanda	Standalone	Development of financial literacy training curriculum, DVD, posters and brochures by WOCCU; TOTs of U-SACCO managers for further training of members Other initiatives include the World Bank and MINECOFIN's financial education initiative targeting Umurenge SACCO clients – piloted with 5 U-SACCOs & under UNDP's BIFSIR programme covering 100 U-SACCOs	As per WOCCU's estimate 20,000 U-SACCO members have been covered so far
Malawi	Embedded	As part of market activation conducted road shows, women's club gatherings Product signage outside agent's shops & uses of posters inside the shops T-shirts displaying Pafupi logo Radio messages	During pilot market activation was the main tool – roughly 14,000 people reached. During roll out which began in Jul'15 radio would be the primary mode of communication.
Uganda	Embedded	Site seller (flip book) used for creating product awareness & live-demo Mobile van relaying promotional audio messages Radio messages on benefits of savings etc. Radio talk shows – Ugafode CEO interacted with customers Product pamphlets for distribution	Ugafode to revisit their marketing plan. Now branch staff along with sales team also made responsible to use site sellers for making potential clients aware of products & benefits
Tanzania	Standalone	TOT of CARE Franchisees and village agents on financial education who were responsible to impart the knowledge to VSLA members. Training conducted through standard modules, spanning 6-7 weeks & a few hours each week on various topics. MCB also received support from We-effect for financial education training of VICOBA & solidarity groups.	So far 2,106 VSLAs (36,855 women and 15,795 men), 300 VICOBAs and 125 solidarity groups have received financial literacy training
Ghana CARE	Standalone	Training of VSLAs conducted by trained community volunteers (CVs). Groups are supposed to pay the CVs for conducting training on eight financial education modules.	Training imparted to 641 VSLAs having a membership of 16,700 people
Ghana OI	Embedded	Group members trained by contractual Susu (savings product) officers on the product features and savings methodology for a training fee ($1.25) Marketing campaign 'Project 90-30' which included special events to educate potential clients on savings SASL's branches conduct monthly trainings on social issues that include topics on savings & loans. Radio jingles, video shows, plays and power-point presentations	Around 67,000 Susu clients covered
Cameroon	Standalone	Staff of partner FSPs trained on financial education, based on the modules developed by BASIX. Future initiatives may be through local management committee of village banks (at A3C & UCCGN)	Around 600 A3C members trained with assistance from MIFED. UCCGN & CEC yet to start financial education training for members

Country	Model	Financial literacy tools used under MLE programme	Status
Burundi	Standalone	Training of groups on group cohesion, necessity to repay loans on time and the benefits of savings.	About 30-40 persons covered so far. Progress restricted due to political situation in the country
Liberia	Embedded	Training groups on the importance of savings and the RCUs' products Radio jingles and marketing campaigns conducted	4,918 members spanning all 4 RCUs. Progress restricted on account of the outbreak of Ebola

3.2 Country experiences

Rwanda

The MLE project in Rwanda aimed to strengthen the operations of 90 Umurenge Savings and Credit Cooperatives (U-SACCOs) through the development of credit and savings products, policy harmonization, staff capacity building and financial education for the members. U-SACCOs are a part of the Rwandan Government's endeavours to advance financial inclusion in the country and hence due attention is accorded towards empowering its members through financial education campaigns conducted by UNDP and other agencies as a part of the National Savings Week programme.

Under the MLE programme, World Council of Credit Unions (WOCCU) conducted training of trainer sessions and also distributed posters, pamphlets and DVDs to the managers of the 90 U-SACCOs, which were to be used for members' capacity building. The financial literacy training curriculum was developed after conducting a series of FGDs with the U-SACCO members and focussed on the importance of savings, budgeting and loan management. In order to make the trainings effective, the TSP has also ensured that all tools were translated to Kinyarwanda. As per WOCCU's estimate, 20,000 U-SACCO members have been covered so far.

It is also noteworthy to mention that synergies exist between WOCCU's endeavours towards developing the financial capabilities of the U-SACCO members and similar initiatives by other partners. World Bank also launched a financial education initiative wherein it partnered with Enclude to develop training modules which were piloted with five U-SACCOs with the intent of testing the effectiveness of the content. UNDP under its Building Inclusive Financial Sector in Rwanda (BIFSIR) programme, along with the Association of Microfinance Institutions Rwanda (AMIR), will take this initiative forward with another 100 U-SACCOs that are members of AMIR. WOCCU is also supporting this activity and it is envisaged that it will subsequently be integrated with Rwanda's National Financial Education strategy.

Malawi

NBS Bank in Malawi adopts an embedded approach for imparting financial education to its clients. It is referred to as "market activation" at NBS and focusses on creating general awareness about the various products. In case of Pafupi, NBS outsourced this activity to an advertising agency (Exp Momentum) which did road shows and women club gatherings to create a buzz and awareness. The agency was given a budget MKW22.5 million for 6 months during which they met with 230 women's clubs and did 28 road shows. The road shows covered 7,770 men and 6,180 women of which 570 men and 120 women opened accounts and 72 were prospective clients. The outreach of ladies' club was 5,665 of which 1,740 opened accounts and 1,478 were prospective clients. Exp Momentum has been asked to continue as the adoption rate is around 2,700 accounts as against the target of 10,000 (NBS realistically expects 5,000). Other activities as part of market activation included:

- Putting up of signage (A shaped sign boards) outside the shops of all agents. Each signage cost MKW 60,000.
- Distribution of T-shirts (displaying pafupi logo) to the sales team, each costing around MKW 3,500
- Placing of posters at agent shops, each costing MKW 1,800 (the cost is expected to go down to MKW 500 with higher number of prints).
- Radio messaging (on Zimwe radio in Mangoche and Chancellor College radio in Zomba), which cost about MKW 2,000 + VAT per minute. Radio was specifically used to relay messages related to financial education in the form of scripted audio drama that was played for 30 minutes twice a week. The messages that were emphasised through both these modes were to first make people aware about their problems and then linking it to savings as a method of addressing those issues and finally linking it to Pafupi as the product on offer, which can help them save.

In NBS's opinion, among all the channels, radio was the most cost effective as it reached out to many people at one go, though it is difficult to measure the adoption rate. However, the women club gatherings were more efficient due to the high adoption rate of potential customers to Pafupi account holders. The adoption rate was highest for the sales team. However, the role of market activation cannot be overlooked in enabling better conversion by the sales team. The effectiveness of the sales team was the best when the market activation preceded the visits by the sales team to potential customers for opening Pafupi accounts.

During the pilot phase, market activation was the primary source of communication followed by radio. However, during the roll out phase, which started on 22 July 2015, radio was likely to be the primary mode of communication. The listenership of national radio is high in Malawi and was expected to cost about MKW 12,000 per minute and can go up to MKW 15,000 per minute for prime time. The budget for roll out has been fixed at MKW 123 million, of which the marketing budget is MKW 56 million. The target for marketing will be in terms of awareness level (about 60%) created about Pafupi product in the areas covered. The target for market activation will be in terms of conversion rate. The services of the advertising agency used during pilot will most likely not be utilised during roll out. The activation will be done through agents popularly known as briefcase guys as the budget for this is just MKW 18 million.

<u>Uganda</u>

Financial education of Ugafode's clients has been in-built into the marketing strategy. Ugafode believes that the customer journey does not stop with account opening and there has to be several touch points. A Site Seller (flip book) was especially developed by 17 Triggers for creating financial awareness as well as promoting UGAFODE savings products among prospective informal savings groups/clients.

The site seller was supposed to be primarily used by the sales staff at the branches where pilot was ongoing to explain the features of the GroupSave product and AirSave channel to the enrolled groups. The remoteness of the group locations and limited staff resources have restricted the live demonstration of the technology for increased uptake. Moreover, in order to have a greater impact on financial awareness of clients the involvement of other branch staff was also necessary but the credit focus of the institution limited their roles. Now the job description (JD) of all branch staff has been revised to include use of site seller for creating product awareness and also to educate the potential clients on usefulness of savings. While the JDs have been revised, the performance has not been linked to any targets or incentives so far. UGAFODE along with MEDA are working on the incentive structure and the working document is expected to be completed by end of 2015 and implemented in 2016.

Other financial awareness initiatives/tools used by Ugafode during the pilot included

- Use of a mobile van to relay radio messages as part of the promotional activity. The van was provided by ABI Trust and is equipped with Audio Public Address System. Three sales executive manned this vehicle.
- Use of radio for relaying financial awareness messages. This included 3 months tie-up with Link FM for Lyantonde region and CBS in central region and 6 months tie-up with Radio West covering Bumyoro region.
- Radio talk shows through which UGAFODE CEO directly interacted with customers and answered their queries. These were 1 hour shows and 8 such shows were held – 3 with Radio West, 3 with CBS and 1 each with KBS and Link FM.
- Pamphlets were also designed as part of the marketing plan for distribution to potential customers.

Overall, the plan for financial education has not been implemented effectively so far. This is reflected in the survey of Ugafode clients which indicates low awareness on products and services offered by the FSP, irrespective of gender and location.

Tanzania

CARE Tanzania was expected to increase outreach to 70,000 new members through the formation of Village Loan and Savings Associations (VLSA), train 10,000 existing as well as new members with the help of a pool of franchisees and Community Based Trainers (CBT) and link the mature and well-functioning groups with Mwanga Community Bank (MCB).

Financial education of VSLA members also forms a critical component of the project strategy. The TSP has conducted trainings on the VSLA methodology, franchisee model and has trained and developed modules on financial education; a copy of which is given to the franchisees and CBTs for training VSLAs. Given that the incentive structure for the franchisees and CBTs are skewed towards group formation and training, ample efforts are devoted towards training groups on the VSLA methodology and importance of disciplined savings. The CBTs make it a point to visit new groups every week and conduct the initial training spanning six-seven weeks. Post the completion of the training, the CBTs visit them at least once every quarter to ensure that the VSLA methodology is being followed in both letter and spirit, till the corpus is shared out at the end of the first cycle.

With funding from MLE/UNCDF and We-Effect, 2,106 VSLAs (36,855 women and 15,795 men) formed up to June 2015, 300 VICOBAs and 125 solidarity groups were given financial education training. Client surveys conducted by M-CRIL also revealed that over 90% VSLA members acknowledged undergoing financial education training. Though the overall level of financial awareness was moderate, respondents showcased good understanding on how to increase savings, perils of over-indebtedness, privacy of the information shared with the FSP and grievance redress procedures.

In addition to training members on the VSLA methodology and equipping them with basic financial skills, the project also aimed to conduct linkage trainings for 21,875 members by June 2015. However, the targets were surpassed as evinced by the fact that 1,497 VSLAs amount to 37, 425 members received linkage training from the project's inception to June 2015.

Given the shortfall in meeting the project's linkage targets, CARE and MCB together launched a promotional campaign titled Mwanchi Day, October 2014 onwards. As a part of this initiative, the programme implementers jointly visit nearby villages and target VSLA leaders who are apprised on the organization, its product suite as well as the importance of savings and bank linkages.

With regard to costs incurred in training VSLAs, it was seen that the TSP expends up to US$ 157 in training each of the 15 Franchisees and 112 CBTs on its financial education component. In addition, the group formation process commencing with a sensitization meeting followed by group formation and training on eight financial education modules developed by CARE and follow-up monitoring visits where progress data is recorded and shared with the TSP costs up to US$ 126, of which the total cost of training a group of 30 members spread across 6 days costs up to US$ 102. The TSP pays up to US$ 50 per VSLA as group formation incentive, while the FSP pays US$ 2 for each group linked.

In order to ensure that this initiative is sustained post MLE, MCB is considering identifying community members for continuing to conduct the trainings on honorary basis wherein members would pay a modest stipend, which would take care of the transport expenses.

Ghana (CARE)

The scope and design of the CARE-Fidelity Bank project in Ghana was similar to the MLE intervention in Tanzania and aimed to impart financial literacy training to 100,000 members, including over 27,000 existing members of CARE promoted VSLAs. As per the project design, the trainings would be facilitated by CARE's local implementation partners, who would identify community volunteers (CVs) in accordance to the TSP's guidelines to support activities related to group formation, training and subsequent linkage with the FSP.

CARE International, well-known for its VSLA methodology, has also developed two comprehensive training modules wherein new groups are offered training on VSLA methodology while existing groups undergo 8 session training on financial literacy, which is spread across a year. CARE monitors the training and develops the content and curriculum, which is administered by the partner NGOs. As a part of the MLE project in Ghana, the TSP partnered with six local NGOs and trained their staff along with the pool of 90 CVs on the VSLA methodology and subsequent linkages.

The project operates on a fee for service model; according to which groups sign a contract wherein they agree to remunerate the CV for conducting training on each of the eight financial education modules. However, till date none of the CVs have been paid as some find it difficult to request payment from groups having relatives as members, while on some occasions members being used to donor and government endowments are reluctant to pay for the services provided. CARE Ghana enters into a 9-month contract with its local implementation partners wherein it provides for the salaries of staff involved in MLE as well as a portion of the transport cost, administrative expenses and VSLA kits.

Progress information shared by the TSP and FSP shows that the six implementation partners had jointly formed and trained 641 VSLAs having a membership of 16,700 people, while linkage trainings were conducted for 330 groups by 30th June 2015. Though the project is at par with group formation and training targets, the number of linkage trainings conducted had dipped during the first two quarters of 2015 on account of the unavailability of the SMART cards, without which bank accounts could not be opened. Monitoring reports shared by the partner NGOs cite that members find it difficult to recall the concepts taught during the linkage training on account of the time lag between the training and actual account opening. Consequently, the TSP is considering revising the approach wherein members would be trained post linkage and thereby be in a position to apply the concepts.

In addition to the financial education trainings, which are conducted by the CVs as part of the VSLA methodology, a promotional event titled Village Day was jointly launched by CARE, Fidelity Bank and its MNO partner, MTN, April 2015 onwards. As a part of this event, representatives from all three agencies go to the villages where the CVs sensitize the community on the importance of savings and the benefits offered by Fidelity Bank and MTN. The events are organized periodically depending upon the availability of resources. In the last Village Day, 5 Fidelity Agents (SMART friends), 1 supervisor and 1 e-teller, with support from CARE Ghana and the local implementation partners jointly opened up to 200 new accounts. The process is depicted as follows:

CVs conduct training on VSLA methodology and financial education → NGOs conduct VSLA rating, which is verified by CARE → Financial Institution linkage training conducted by Fidelity Bank → Groups linked to Fidelity Bank

The FSP, Fidelity Bank, has also received support from GIZ in developing financial literacy modules and conducting Training of Trainers in the country's southern regions. Fidelity expects that GIZ will continue to provide support and conduct ToTs throughout the country. GIZ has developed financial literacy modules on agent banking, savings, micro-insurance, and use of ATMs and has developed ToT content on training of agents and budgeting.

The bank also plans to conduct ToTs for SMART friends, responsible for opening SMART as well as VSLA accounts, who in turn would train agents in conducting transactions via the PoS machines, checking clients' balances and also provide financial education training to VSLAs.

<u>Ghana (OI)</u>

The Opportunity International (OI)-Sinapi Aba partnership under MLE was formed to support the transformation of Sinapi Aba Trust (SAT)-a credit led NGO to a savings focused institution, Sinapi Aba Savings and Loan. Being an OI partner institution, the two partners shared a long and sustained relationship and the TSP was continually involved in conducting trainings and disseminating best practices to the FSP.

Under MLE, the TSP supported SASL develop savings products, upgrade its systems, train staff on change management, develop knowledge management products and also incorporate necessary institutional changes. A group savings product titled Sinapi Susu Savings was developed under MLE. Group members were trained by contractual susu officers on the product features and savings methodology in exchange of a training fee (GHS 5~US$ 1.25).

In addition, in order to actively promote its savings services, the FSP launched an aggressive marketing campaign Project 90-30 in June 2015, where the focus was to build a deposit balance of GHS 30 million (US$ 7.5 million) within a span of 90 days. As a part of this initiative, SASL's marketing team planned and led a series of special events to educate potential clients and other community members on the FSP's savings products. Between April-June 2015, SASL also organized a "Lion's Day" and two "Sinapi Thursday" events to promote its products and services, with special emphasis placed on savings.

Being a faith based institution, SASL's Transition team ensures that all branches diligently conduct monthly trainings on social issues like, Christian values, savings and loans, health and various costs incurred by clients, with the intent of empowering clients. The trainings are sponsored by SAT and the topics are decided by the clients. Also, some of these trainings are facilitated by external trainers where participants are charged a small fee (GHS3-5 per training).

The Transition team also developed financial literacy material for the OI-SASL project. In 2014, three trainings each were conducted in Tamale, Bolga and Wa branches in North Ghana in collaboration with the National Board of Small Scale Industries (NBSSI) as NBSSI was well-versed with the languages spoken in the region. Additionally, radio jingles and video shows were broadcasted, plays were enacted and PowerPoint presentations on the importance of savings and prudently managing loans were made. At the time of the visit, the transition team had not received the MLE budgeted for 2015 conduct the trainings.

Cameroon

The financial education initiative in Cameroon is based on the standalone model in which BASIX has developed 5 modules on topics related to savings, debt management, budgeting and product description. A one-day training on delivering these modules has been imparted to the managers of the three partner FSPs – A3C, UCCGN and CEC.

At A3C, four staff received training from Basix/MIFED on financial education. The trained staff have further undertaken 20 trainings of the members of Village Banks (VBs), each training covering 25-30 members. Each training was conducted by two trainers and the cost of organising the training was around CFA 150,000/day. This included trainers fee of CFA 20,000/day, transport & refreshments of participants. The entire training cost has been covered by A3C resources. However, A3C indicated that it will not be able to fund financial education from its own resources. In future the local management committee of each VB would be trained so that they can take up financial education activities.

UCCGN is yet to start the financial education training of its members citing lack of resources. They have also not been able to provide training to the VB managers who are supposed to carry forward this initiative in future.

CEC informed that the interest among members to undergo such training seems low and many of the clients felt that it is a waste of time. This was probably due to the urban nature of CEC clients and the scenario may change when they decide to move into rural locations. CEC also felt that the financial education modules received by Basix would have to be customised to include their agency banking processes. While CEC believes that financial education of clients would help in enhancing its business and reduce risk of operations, at this stage they do not have the financial resources to fund such initiatives.

Burundi

In Burundi, due to the political upheaval, not much progress has been made on financial education of clients. So far a standalone approach has been used for imparting financial education to the clients in which 6 groups of 6 persons were trained on group cohesion, necessity to repay loans on time and the benefits of savings.

The association of microfinance in Burundi, Réseau des Institutions de Microfinance (RIM), has organized awareness meetings for savings mobilization in the rural areas. They have trained primary teachers at school and workshops on the financial literacy and have plans for organising an event on financial literacy for commercial banks.

Liberia

World Council of Credit Unions' focus in Liberia was to revitalize the credit union movement and expand savings opportunities to the country's unbanked population through capacity building of the recently re-established apex, Liberian Council of Credit Unions National Association (LCUNA), setting up four new credit unions, each covering a quadrant of the country, product development and member acquisition through financial education training. In order to cost-effectively train the FSP staff on enhancing prospective members' financial literacy levels, Rural Finance Officers from the Regional

Credit Unions (RCU) were trained in the branches, while quarterly trainings for the Board members were organized in hotels.

Trainings were largely imparted through a series of group meetings where the audience were apprised on the Credit Union methodology, product suite as well as the importance of saving regularly. Follow-up meetings were conducted to further reinforce the messages and mobilize more members. Though the participation in the initial meeting was modest with an audience of 50-100, the attendance was usually higher in subsequent meetings.

However, significant expenses are incurred in delivering these trainings. Groups are often located in remote areas requiring staff to travel long distances in rural areas, which is a challenge given the high transport and repair expenses. In order to circumvent this challenge, FSP staff approach local leaders and secure their buy-in, post which the trainings are conducted, while Board members play a pivotal role in supporting the FSP to enrol clients.

Radio shows, marketing campaigns and meetings with industrial credit unions whose members are likely to have guaranteed cash flows are also conducted where the audience are encouraged to register with the credit unions and avail its services.

3.3 Effectiveness of financial literacy efforts

It is evident from **Section 3.2** that though the status of implementation across the projects varied significantly, one of the probable (& measurable) results of financial literacy initiative is improved financial awareness level of the clients and this section analyses it based on the client surveys undertaken in seven countries. Prior to discussing the results of the client survey, it is important to understand the socio-economic profile of the respondents (detailed results in **Annex 6**).

- Of the 604 clients surveyed, 60% were women and 57% were located in rural areas. However, in Rwanda, Malawi and Cameroon, over 50% of the respondents were male, while majority of the clients surveyed in Rwanda, Malawi, Ghana (OI) and Benin were urban residents.
- Almost all respondents were married.
- Only 42% had studied up to and beyond secondary school; the proportion of adults who had completed secondary school were over 50% in Malawi, Cameroon and Benin.
- Nuclear households were predominant in the sample; the average household size being 6 with approximately 2 earning members across both urban and rural areas. These facts point to a high dependency ratio and also highlight the households' vulnerability.
- Progress out of poverty (PPI) assessment was also conducted for profiling the households' poverty status. The results show a probability of almost 50% of the respondent households in Rwanda and 45% in Tanzania living on less than US$ 1.25 per day, while only 6.8% of the Ugandan sample, 2.3% of Malawians interviewed and 1.3% of the respondents from Benin had the probability of living on less than US$ 1.25 per day, thereby indicating significant countrywide variations in respondents' poverty profile.

Table 3 summarizes the results of the financial awareness component of the individual interviews facilitated by M-CRIL across eight projects in seven countries where on-site missions were conducted. The financial awareness component was designed to test clients' awareness of the credit and savings products offered, basic terms and on client protection principles.

Table 3: Effect of financial education on client awareness

Country/ Project	Respondents trained in FL		% FL trained respondents aware of^						
	#	of % surveyed	Savings products	Interest Savings	Credit products	Interest loans	Over-Indebtedness	Data privacy	Grievance redress
Rwanda	36	48.0	58.6	25.3	60.0	52.0	89.3	86.7	74.7
Malawi	6	7.8	63.6	10.4	10.4	2.6	81.8	28.6	36.4
Uganda	47	62.7	40.0	30.7	32.0	29.3	94.7	34.7	32.0
Ghana-CARE*	69	90.8	89.4	36.9	NA	NA	88.1	47.4	39.5
Ghana-OI	63	82.9	40.8	18.4	39.5	21.0	77.6	84.2	57.9
Tanzania	67	89.3	62.7	70.6	69.3	68.0	88.0	92.0	90.6
Benin	17	22.7	45.3	9.4	33.3	8.0	58.8	16.0	29.3
Cameroon	47	62.7	54.7	29.3	36.0	42.7	62.7	9.4	42.7
Total	**352**	**58.3**	**56.9**	**28.8**	**34.9**	**27.9**	**81.4**	**49.8**	**50.3**

Source: Survey of FSP clients
^ Represents full or partial awareness
*Fidelity Bank is yet to develop credit products for VSLAs

Of the 604 clients surveyed, 352 clients (58%) reported being trained on financial literacy. Almost 90% of the VSLAs formed by CARE Ghana and Tanzania had received training on basic financial concepts thereby highlighting the TSP's commitment towards empowering members to make prudent financial decisions. A reasonable number of clients from SASL (Ghana), Ugafode (Uganda) and the 3 FSPs in Cameroon had also been imparted financial literacy trainings. Though WOCCU Rwanda had conducted ToTs for the staff of all the U-SACCOs, clients of all 90 FSPs were yet to be trained. Given that the MLE project was launched in early 2015 in Benin, it is not surprising that only 23% of the respondents reported receiving financial education training. Even though most Malawian respondents were aware of the Pafupi product developed by NBS Bank and could cite the perils of being over-leveraged, it is seen that financial awareness trainings had been imparted to only 6% of the respondents.

Given the over-arching objective of MLE was to support FSPs actively offer savings products, awareness on the features of the savings products was moderate at 57%, while only 29% respondents were aware of the interest earned on savings products. VSLA clients linked with Fidelity Bank exhibited the highest levels of awareness, which is not surprising as the bank is currently offering only the VSLA SMART savings account to clients. Mwanga Community Bank's clients in Tanzania also showcased high levels of awareness on the product features as well as interest rate on savings products, thereby indicating that the trainings had translated into high recall of the product features. Except for U-SACCO members in Rwanda and respondents from MCB in Tanzania, most interviewees were not aware of the interest benefit of savings products. Focus Group Discussions (FGD) with clients revealed that most were not aware of the interest earning benefit of their savings account as the balance was often found to be reducing due to the account maintenance charges. However, across all countries a reasonable proportion of the respondents were aware of the savings products offered by the FSPs. With regard to the features and benefits of savings products, relatively low recall was noted in respondents from Ugafode (Uganda) and Sinapi Aba Savings and Loan in Ghana, which can be explained by the fact that until recently, both FSPs were solely credit focused.

The survey also revealed that over 60% of the total number of respondents had opened voluntary savings accounts with the FSP in the previous/ongoing fiscal year, prior to which both rural and urban clients predominantly saved at home or in informal savings groups. Deposits and withdrawals were largely facilitated via agents equipped with PoS devices, followed by cash deposits in branches and group meetings in rural areas, while branch visits followed by agents and group meetings were the common mode of transaction in urban areas. Barring Tanzania, the uptake of mobile money among

MLE programme beneficiaries was considerably low.

The survey results show that 35% of the respondents were aware of the terms of the credit products offered by clients, which respondents from MCB and Rwandan U-SACCOs showcasing the highest awareness levels. The degree of recall of the interest levied on credit was similar to respondents' awareness of the interest given on savings balance at 28%. Approximately 26% of the respondents had availed credit from the FSPs; the average loan balance being around US$ 820 in urban and US$ 470 in rural areas. Loans from banks and other MFIs and CUs were cited to be the most popular source of availing credit, with the average loan sizes rising above US$4,900 in urban areas. Rural clients, however have benefitted by registering with the FSP as they could now avail higher loan sizes vis a' vis the average loan size of US$240 given by banks to rural clients.

Except WOCCU Rwanda, most implementers were yet to integrate aspects related to the client protection principles in the product policies. Despite this, a very high proportion of respondents from all the FSPs were able to cite the perils of over-indebtedness, while a significant proportion could recount the data privacy clause and grievance redress procedures.

The findings from the client surveys indicate that the degree of financial literacy was not impacted by respondents' poverty profile or socio-economic status. Close to 50% of clients from U-SACCOs in Rwanda and VSLAs in Tanzania and Ghana lived on US$ 1.25 per day and only 32% and 12% respondents from Rwanda and Tanzania, respectively, had studied beyond high school. Yet they showcased the highest levels of financial literacy. It was also seen that the awareness levels did not affect the respondents' satisfaction levels with either savings or credit products. **Figures 3 and 4** show that barring respondents from Ugafode, constrained by geographic limitations, most respondents were fairly satisfied with the FSPs' services.

Figure 3: Client satisfaction on savings prds.

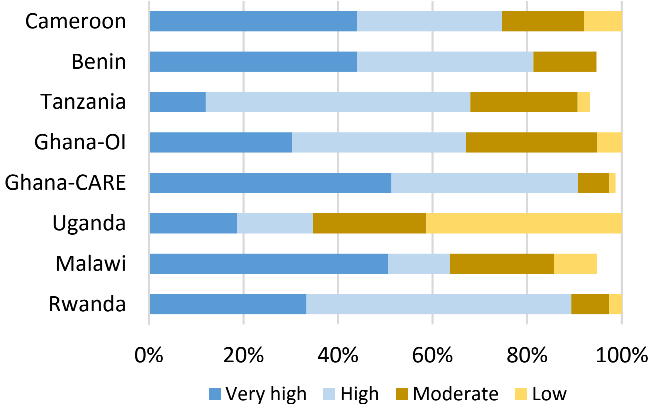
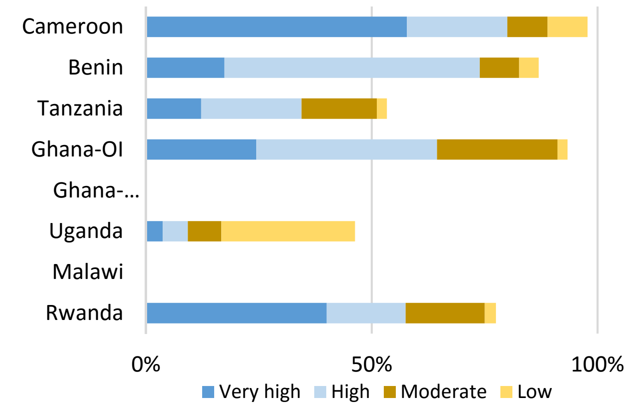


Figure 4: Client satisfaction on loans



Note: In Benin, Tanzania, Ghana (CARE) and Malawi the satisfaction on savings products does not add up to 100% as some of the respondents did not provide their opinion. Responses from respondents for satisfaction on credit products were not obtained in Ghana (CARE) & Malawi as none of them had obtained any loans from the FSPs. Similarly, it does not add to 100% in all other countries due to lack of response.

4 Conclusion – what could be a cost effective method creating financial awareness?

Financial education is a much needed empowerment tool in Sub-Saharan Africa. Empirical evidence as well as studies on financial literacy initiatives suggest that these programmes are conducted to improve the financial knowledge and skills of the target population so as to empower them from an economic point of view, raise awareness of financial issues and/or of consumers' rights and responsibilities and thereby improve financial inclusion, by encouraging saving and access to formal financial products.[vii] Though FSPs' motivation for undertaking financial education initiatives vary; it is expected that the messages imparted would feed back into the FSPs' core business indirectly either in the form of better-informed clients or help build a pipeline of potential customers. However, it has been seen that when a programme is linked to the core business of the institution, the chances of sustainability are higher.

The MLE programme, designed to support FSPs in SSA provide sustainable savings-led financial services through the provision of technical support aptly recognized the role of financial education as a vital enabler for enhancing the awareness levels and financial capabilities of the clients along with increasing the client base and business volumes of the FSP. The approaches adopted by the institutions were varied in terms of scale, scope, effectiveness and sustainability. While the projects in Rwanda, Tanzania, Ghana (CARE), Cameroon and Burundi conducted group trainings with the help of community representatives, its counterparts in Malawi, Uganda, and Ghana (OI) used an embedded approach wherein the group trainings were complemented by mass media campaigns, radio-shows and jingles, skits, videos, product signage, tee shirts, flip books and pamphlets in order to strongly reinforce the message and create top of mind recall.

While each approach had merits as well as shortcomings, it is difficult to comment on the best or most-cost effective approach at the programme's mid-term stage. Further, the findings from surveys and FGDs facilitated by M-CRIL suggest that the standalone models were effective in creating high recall on the product features and CPP aspects, though they may be more expensive (cost per client reached/trained) in comparison to embedded &/or mass campaign approach. Basic financial awareness messages can be effectively disseminated to the target audience through thoughtfully crafted messages in innovative formats that reach the clients at an appropriate time. In order to reinforce the messages, retain the interest of the audience and induce positive behaviour change it is critical to develop a diverse marketing strategy using a variety of innovative tools tailored to the local context. Additionally, regular follow-up of financial awareness programmes reinforces the message and also helps establish a rapport with the FSP.

The number and type of participants to be reached is another crucial factor for determining the appropriate mode of training and communication. All MLE grantees had ambitious targets of reaching out to thousands of low-income households. In such cases, standard modules customised to suit different target groups is a cost-effective and scalable approach to create basic financial awareness among the people. Training of staff/trainers followed by the development of service scripts and diligent monitoring of the delivery will also be easier across standardized modules.

However, scalable projects may not always be effective; limited available resources challenge the scalability of effective programmes. In financial awareness programmes, a trade-off between effectiveness and scalability is sometimes called for, as effectiveness in terms of desired outcomes (behaviour change, increased awareness) may require high intensity engagement with beneficiaries. Funding constraints and proximity issues often compel FSPs to make a trade-off between outreach and outcomes.

The biggest challenges in effectively implementing the financial education programmes under MLE were related to the high cost of reaching out to clients with low literacy levels and situated in remote rural areas as well as standardizing the performance of the trainers-be it FSP staff or community volunteers. In such cases, innovative approaches like community radios and video screenings can reap tremendous benefits given their ability to reach out to a wide audience; many of who are reluctant to devote time for attending financial education workshops whose long-term benefits may be difficult to perceive. Visual communication in the form of infographics and posters are also effective in attaining the clients' attention and make it easier for illiterate clients to comprehend complex concepts. Providing clients with brochures and tee shirts having simple and pointed messages will catalyse a high degree of recall.

A Financial Awareness Scoping Study conducted by M-CRIL on behalf of IFC and GIZ [viii] recommends three possible models; (i) mass awareness campaigns, (ii) knowledge based direct linkage programmes and (iii) financial counselling for micro-entrepreneurs; each entailing different levels of investment of effort and financial resources. While these initiatives cater to different (if overlapping) segments of the population with increasing intensity, an ambitious and comprehensive financial education intervention demanding a high degree of cooperation amongst various types of large-scale financial service providers would also result in far-reaching impact. The benefits and challenges of each of these methodologies is summarized in **Table 4.**

Table 4: Typology of financial education models

Methods	Appropriate for type of institution	Target audience	Techniques/skill sets	Funding needs
Mass awareness campaigns	NGOs, regulators, financial education institutions, media, industry associations	General public or a sub-set (low income communities)	Public media – radio/TV ads and films, public lectures, wall paintings/cartoons, posters	Low; negligible cost recovery
Knowledge-based financial linkage	Microfinance institutions, banks, FSPs keen to link savings groups	Potential micro-clients of the FSP	Household planning & budgeting, determining right quantum/cost of financial services, role play, games, video shows	Low; Limited cost recovery
Financial counselling	FSPs targeting the moderately poor and micro-enterprise clients, individual loan clients	Micro-enterprise clients of all types of financial institutions	Comprehensive knowledge of financial services and specific products; leaflets and information about financial products	High; cost recovery linked to product uptake

The effectiveness of the model suggested depends on the degree of financial awareness of the target segment. An effective way to go forward would be a combination of different aspects of each of the three models, chosen based on the programme objectives, socio-economic profile and literacy level of the target segment, availability of funds and sufficient manpower and above all, the nature of engagement of the implementing institution with the community.

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APPENDIX

Appendix 1

Situating MLE in the context of other savings-led financial inclusion programmes

The need for robust 'savings focussed' programmes for reducing global poverty and improving the lives of poor people has been well recognized worldwide which has attracted the attention of global players such as the Bill and Melinda Gates Foundation, CARE International Limited, the Master Card Foundation, UNCDF etc. This section highlights the similarities and differences of MicroLead Expansion (MLE) programme in comparison to the following programmes which provide financial and non-financial products and services to the low income households in various parts of the world:

1. **YouthStart**: This is a UNCDF programme in partnership with the MasterCard foundation (2010-14) for developing, testing and scaling up demand driven and responsible financial and complementary non-financial services to youth across 8 Sub-Saharan African nations (Burkina Faso, Democratic Republic of the Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo and Uganda) with 10 FSPs. (The selected countries had a total youth population exceeding 40% with more than 50% of the youth living on less than $2 per day and more than 15% consuming less than the dietary minimum)

2. **YouthSave**: The purpose of this global programme (2012-14) was to improve the access to quality savings services for low income youths in developing countries. This project was implemented by a consortium of organisations including Save the Children (SC), Center for Social Development at Washington University in St. Louis, the New America Foundation, and Consultative Group to Assist the Poor (CGAP) in collaboration with regional MFIs to develop, deliver and test savings products accessible to low-income youths in Colombia, Ghana, Kenya, and Nepal.

3. **GAFIS** (Gateway Financial Innovations for Savings): The GAFIS project (2010-13) was sponsored by the Rockefeller Philanthropy Advisors (RPA) and Bankable Frontier Associates (BFA) and worked with 5 large commercial banks worldwide to promote the development of appropriate savings products directed at low income people. This project was funded by the Bill and Melinda Gates Foundation.

4. **MM4P** (Mobile Money for the Poor): The MM4P project (2014-19) is a global programme funded by UN Capital Development Fund, the Swedish International Development Cooperation Agency (SIDA) and the Australian Government, Department for Foreign Affairs and Trade (DFAT). The programme was developed for supporting branchless and mobile financial services in a select group of LDCs where UNCDF currently operates to demonstrate how the correct mix of financial, technical and policy support can build a robust branchless and mobile financial services ecosystem in LDCs.

All the above programmes seek to increase the sustainability, institutional capacity and outreach of FSPs with focus on providing savings-led financial products to low income individuals world-wide.

MicroLead Expansion Programme (2012 - 2016)	**YouthStart (July 2010 - December 2014)**	**YouthSave (2010 - 2014)**	**GAFIS (2010 - 2013)**	**MM4P (2014-2019)**
Programme Budget				
$23.5 million	$11.89 million	$12.5 million	$10 million	$36 million
Target Countries				
10 countries in Sub-Saharan Africa: Rwanda, Malawi, Cameroon, Liberia, Tanzania, Burundi, Ghana, Uganda, Benin and Burkina Faso	8 countries of Sub-Saharan Africa: Burkina Faso, Democratic Republic of the Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo and Uganda	4 countries: Colombia, Ghana, Kenya and Nepal	4 countries: Mexico, Kenya, India and South Africa	8 countries: Benin, Lao-PDR, Liberia, Malawi, Nepal, Senegal, Uganda and Zambia
Sponsors, Executive Agencies and Project Funders				
UNCDF and The MasterCard Foundation. The first phase of MicroLead Programme was sponsored by Bill and Melinda Gates Froundation.	UNCDF and The MasterCard Foundation	Supported by: The MasterCard Foundation; Led by: Save The Children in partnership with the Center for Social Development at Washington University in St. Louis, the New America Foundation and CGAP	Sponsored by: Rockefeller Philanthropy Advisors (RPA); Managed by: Bankable Frontier Associates (BFA); Funded by: The Bill and Melinda Gates Foundation	The MasterCard Foundation; Bill & Melinda Gates Foundation; Sida; Australian Department of Foreign Affairs and Trade (DFAT)
Programme Objective				
1. Provide technical assistance and capacity building to promote and strengthen existing savings focused FSPs through TSPs/ experienced networks in LDCs and non-LDCs (which includes developing appropriate savings products) 2. Expand and mobilize knowledge among FSPs (lessons are shared through case studies, publications and presentations to stakeholders, policy makers and other industry level players) 3. Ensure that the programme is managed effectively with proper monitoring and evaluation.	1. Provide financial and non-financial services (such as financial literacy education, entrepreneurship training and life skills development) specifically to low income youths (within the age bracket of 12-24) by: i. Supporting FSPs and their partner Youth Serving Organisations (YSOs) for conducting youth inclusive market research ii. Strengthening the long term institutional capacity of FSPs, and YSOs for designing, pilot-testing and rolling out comprehensive youth-	1. Provide youth tailored savings products through formal financial services and non-financial services (like financial education workshops) by targeting low income youths aged within 12-18 years and therefore encourage medium and long term savings. 2. Assist local FIs in savings products design and assess their development outcomes and performances with local researches 3. Conduct effective programme management along with regular monitoring and evaluation.	1. Encourage and assist 2 large formal financial institutions for providing low balance savings accounts for the poor in a sustainable manner 2. Share information through blogs, focus noted, articles and final report 3. Conduct effective programme management along with regular monitoring and evaluation.	1. Provide financial and technical support to service providers and financial service agents 2. Support market and client research to develop products and services that reach low income and rural households 3. Bring large scale users into the branchless and mobile financial services system 4. Assist central banks to create an enabling environment for branchless and mobile financial services The goal of the MM4P programme is to demonstrate how the correct mix of technical, financial, and

MicroLead Expansion Programme (2012 - 2016)	YouthStart (July 2010 - December 2014)	YouthSave (2010 - 2014)	GAFIS (2010 - 2013)	MM4P (2014-2019)
(*The focus of MLE programme is to mainly provide support to existing leading FSPs which have already established large delivery platforms to enter underserved markets with savings-led methodologies*)	centric holistic (financial and non-financial) services 2. Expand and mobilize knowledge related to youth financial services for generating socio-economic benefits in the selected countries. (lessons to be shared through case studies, publications and presentations) 3. Enable appropriate programme management with effective monitoring and evaluation.			policy support can assist in scaling up sustainable branchless and mobile financial services that reach the poor in very low-income countries.
Aim				
1. The aim is to sustainably expand the outreach and cover 0.45 million clients, 50 % being female and 50% residing in the rural areas by 2017. However unlike YouthStart or YouthSave, MicroLead is not specifically a youth focussed programme. There is no such age specific criteria.	1. YouthStart was expected to reach the goal of 0.2 million clients by June 2014. The aim was to cover low income youths within the age bracket of 12-24 and 50% being young women and girls 2. By December 2013, YouthStart grantees provided financial services to 273,179 youth (46% being young women and girls), collected US$8.7 million in youth savings, achieved an outstanding youth loan portfolio of US$5.1 million and trained 304,856 youth.	1. The aim of YouthSave is to move towards youth financial inclusion by covering low income youths within the age bracket of 12-18 with approximately 40% of whom live on less than USD 2.5 per day 2. Almost 100,000 youth accounts were opened from 2012 to 2014, 48% of whom live below a consumption expenditure level of USD 2.5 per day. $1.8 million was saved across the 4 countries.	1. The aim was to reach out to 0.5 million low income individuals by 2013 2. The 5 leading FIs across 4 countries opened more than 4.2 million new GAFIS type accounts during the project. The project resulted in creation of 0.9 million new savers 3. The number of agents increased from 2,600 to 25,000 during the project period.	1. The aim of MM4P by the end of 2017 is to provide access to one or more appropriate financial services through branchless banking to 4 million additional individuals and/or small and microenterprises including 1.2 million that were previously unbanked and 1.4 million with a second generation service.

MicroLead Expansion Programme (2012 - 2016)	YouthStart (July 2010 - December 2014)	YouthSave (2010 - 2014)	GAFIS (2010 - 2013)	MM4P (2014-2019)
Programme Implementation				
1. UNCDF had invited leading FSPs/TSPs through an RFA. 2. After the FSPs/TSPs submitted their business plans, the applications were reviewed and ranked 3. Due diligence was conducted and thereafter, government endorsement was obtained for approved applications 4. Funds are to be released to the TSPs/FSPs over a grant period of 5 years (2012 to 2016) 5. Greater focus was on TSP and FSP combination with a higher degree of emphasis on existing FSPs.	1. YouthStart employed a 2-staged process with the initiation of a request for application (RFP) process for MFIs and FSPs: i. UNCDF awarded $0.97 million for Stage 1, the main deliverables being market research reports and a business plan ii. The Stage 2 process commenced after the Stage 1 applications were reviewed and endorsed by the funders. For Stage 2, the selected applicants had to submit their proposed product development process along with their proposed business model (linked, unified or parallel) to deliver non-financial services to youth 2. Post approval, funds were released over a 3 year period 3. Involvement of 10 FSPs: (ACSI and PEACE in Ethiopia, CMS and PAMECAS in Senegal, FUCEC In Togo, FCPB in Burkina Faso, FINCA in DRC and Uganda, OIBM in Malawi, UFT in Uganda and UCU in Rwanda)	1. YouthSave financial products were offered through a two phase process: i. Phase I (Product Pilot Testing): The product features were chosen on the basis of market research findings with low income group ii. Phase II (product roll-out): Products were rolled out in the target countries depending on the product and marketing readiness 2. Incentives such as piggy banks, cash incentives and money wallets were provided at the time of account opening to new account holders 3. Involvement of 4 FIs: Banco Caja Social (BCS) in Colombia, Bank of Katmandu Limited (BOK) in Nepal, HFC bank in Ghana and Kenya Post Office Savings Bank in Kenya	1. The institutional capacity of 5 commercial banks {Bancolombia, BANSEFI (Mexico), Equity Bank (Kenya), ICICI Bank (India), and Standard Bank (South Africa)} were strengthened by GAFIS to provide savings products to the poor. Some key implementation strategies have been highlighted below: i. Standard Bank: Agents (*also known as 'Access Points'*) were deployed along with mobile banking products which were separate from the bank's core banking system. 7500 agents were rolled out in semi-urban and remote areas. ii. Bancolumbia: Heavy technological investments were made for accommodating the bank's new mobile only product *Ahorro a la Mano* (ALM) resulting in mobile and card less ATM transactions. iii. ICICI Bank: Active promotion of greater usage of existing/opened accounts. The financial inclusion accounts were provided the same functionalities as accounts of the mainstream core banking system.	1. The MM4P programme would draw from its existing knowledge of markets from UNCDF's inclusive finance sector development programmes, others' research, and if necessary, fund demand-side market research. 2. The programme will fund interventions based on analysis of all levels of the sector (macro, meso, micro and client). The gap analysis would be regularly updated. Existing diagnostic tools and surveys would be utilised. 3. Policy makers would be engaged early on, informing them of the work, getting their advice and consent in order to win acceptance. 4. All the stakeholders would be engaged early and regularly through workshops, smaller engagements and individual meetings to build a common vision and trust. 5. Responses to the expression of interest would be initially rank and prioritized. Opportunities (requests for information, technical expertise and discreet funding) which arise

MicroLead Expansion Programme (2012 - 2016)	YouthStart (July 2010 - December 2014)	YouthSave (2010 - 2014)	GAFIS (2010 - 2013)	MM4P (2014-2019)
			iv. Equity Bank: Establishment of a new research unit while rolling out a new agent channel.	would be quickly identified and responded. 6. MM4P may consider high risk projects and may work with numerous organisations to avoid risk concentration with one party. 7. MM4P would actively coordinate, collaborate and engage in co-funding of larger initiatives with other funders.
Delivery Channels				
1. Various delivery channels such as mobile money and branchless banking have been used by TSPs/FSPs in providing financial services to its clientele.	1. Multiple delivery channels were utilised such as existing clients, mobile banking, ATMs, community networks etc.	1. Delivery channels such as schools, youth clubs and youth organisations were utilised. 2. Mass media such as television, radio and newspapers were also utilised by the FIs to reach the broader youth population.	1. Delivery channels such as agent networks, staff operating mobile vans, ATMs and mobile banking were utilised. 2. The FIs also used mass media such as television, radio, mini-soap operas and SMS for reaching out to a broader audience.	1. Various delivery channels such as branchless banking and mobile banking are being utilised.

Documents consulted:

MicroLead:

1. MicroLead Prodoc Report is available at http://www.uncdf.org/sites/default/files/Documents/microlead_expansion_00079668_prodoc.pdf
2. http://www.uncdf.org/en/microlead

YouthStart:

1. YouthStart Mid-term Evaluation Report 2013 is available at http://www.uncdf.org/sites/default/files/Documents/youthstart_midterm_annexes_0713_eng_0_0.pdf
2. YouthStart ProDoc is available at http://www.uncdf.org/sites/default/files/Documents/youthstart_77039_prodoc_2011_en_0.pdf
3. YouthStart Final Evaluation – Request for Proposal, available at www.ipdet.org/files/tor/UNCDF_YouthStart-Program.docx
4. http://www.uncdf.org/YouthStart/

YouthSave:

1. YouthSave Research Report 2015 is available at http://csd.wustl.edu/Publications/Documents/RR_15-01.pdf
2. Focus Note - The Business Case for YouthSavings - A Framework 2014 is available at http://www.cgap.org/sites/default/files/Focus-Note-Business-Case-for-Youth-Savings-A-Framework-Jul-2014.pdf
3. YouthSave Pilot Results from Three Markets Report is available at https://www.newamerica.org/downloads/YouthSave_Testing_the_Waters.pdf
4. https://www.newamerica.org/youthsave/
5. http://www.mastercardfdn.org/newsroom/press/youthsave-project-launches-new-website

GAFIS:

1. GAFIS Slide Presentation is available at http://gafis.net/gafis-slide-presentation/
2. Big Banks and Small Savers - A New Path to Profitability GAFIS Project Report 2010 is available at http://gafis.net/gafis-project-report/

MM4P:

1. MM4P Prodoc Report is available at http://www.uncdf.org/sites/default/files/Documents/111102-mm4p_prodoc_v._2.0.pdf
2. http://www.uncdf.org/mm4p

Appendix 2

Types of documents reviewed

Document type	Information collected
Programme Document of similar programmes	This included the ProDoc and mid-term evaluation reports of MicroLead and YouthStart as well as relevant literature on Save the Children's YouthSave initiative. ProDoc explains the programme strategy & approach highlighting objectives, goals, outcomes/outputs along with the results chain, resource framework, management and coordination arrangements and monitoring, evaluation and reporting framework. The MicroLead Mid-Term Evaluation Report examines the programme's progress achieved to date based on the OECD/DAC criteria of relevance, efficiency, effectiveness, likely impact and sustainability. The YouthSave documents explore the business case of having savings account for youth in developing countries while the knowledge documents share the best practices and lessons learnt.
MLE Programme document	This included the UNCDF-MCF Agreement, ProDoc and RFAs. ProDoc explains the programme strategy & approach highlighting objectives, goals, outcomes/outputs along with the results chain, resource framework, management and coordination arrangements and monitoring, evaluation and reporting framework. Two RFAs were issued, one with a due date of 1 February 2012 and another with due date in June 2014. This was basically an extract from the ProDoc which provided information on the eligibility requirements of the TSPs & FSPs and selection criteria for guiding the application submission.
Proposals submitted by the TSPs/FSPs	The first RFA generated 54 applications from 22 applicants. An initial shortlist of 31 applications was made, which was further shortlisted to 17 applications for due diligence and selection by the investment committees. Four of the applications were resubmitted after modifications based on the suggestion of the investment committee. Each of the proposals provided a detailed business plan for the FSP highlighting the methodology for a savings-led financial services, number of savings clients it can reach during the project duration and the specific TA on product development and capacity building that will be offered to FSP by the TSP. The second RFA generated 10 applications from 13 eligible applicants (at the Expression of Interest stage). These were further shortlisted to four applications based on the ranking criteria, for due diligence missions.
Assessment of the proposal by the external consultants	Three independent consultants reviewed and ranked applications and later conducted country visits (along with ML PMU, RTA or CTA/national expert) for due diligence of 17 shortlisted applications for the first RFA. During the second RFA due diligence mission to four applicants in Benin and Burkina Faso was undertaken by the ML PMU.

Document type	Information collected
	The due diligence reports provided detailed insights on the market opportunity for savings-led financial services in the proposed country, analysis of the geographical presence of FSPs and their ability to offer such services (in terms of legal status, relationship with the government and available resources), experience of the TSP in providing similar support to other MFIs in LDCs as well as non-LDCs and their opinion on the likelihood of project realisation and recommendations for strengthening the proposal.
Investment Committee proceedings	The investment committee comprising members from UNCDF FIPA Team, MCF, and one external expert, were largely guided by the applications and findings of the due diligence missions for selection of the Grantees. The discussions by the IC in reaching a decision has been detailed out in the IC minutes (for both the first and second RFAs) of the meetings and provides information on some of the key pre-conditions to be followed by the selected applicants and the final grant amount offered to them.
Performance based agreements with the selected Grantees	These are the agreements between UNCDF and the grant recipient institutions (TSPs/FSPs) which outlines the key results/milestones, specific disbursement condition and reporting requirements on the basis of which a certain amount of grant payment is to be made for each tranche (completed milestone). The reporting formats were also part of PBAs. The setting of the targets (on various financial and operational parameters related to savings and lending services) was based on the business plans of the FSPs in the application and the suggestions of the IC & due diligence mission. The detailed results had two parts – proposed and minimum target (negotiated with the TSP/FSP and which is around 15% less than the proposed) to be achieved for each key performance indicator (KPI).
Reports from TSPs/FSPs	TSPs/FSPs have to submit quarterly reports to ML PMU. These include the quantitative details on the progress made on detailed financial and operational parameters specified in the PBA and reports on all other deliverables during the quarter (like market research report, marketing plan, training modules, building completion reports etc.). The reports submitted to MCF are prepared by ML PMU. In addition, the FSP also have to submit their reports to MIX on a regular basis. The reports on KPIs submitted to MCF reflects the data presented to MIX.
Back to office reports	Back to office report (BTOR) are the reports submitted by the MLE PMU staff after monitoring missions to the programme countries. These documents list out the key stakeholders of the programme with whom interactions were done during the mission and the key findings related to programme implementation, risks faced, project achievements and the future direction.
TSP Templates & FSP Templates	The evaluation team prepared TSP templates customized in accordance to each programme's PBA in order to understand the extent of progress achieved and resources deployed and time taken for each PBA. The FSP templates solicited information on the institutions' operations and financial performance, savings and credit products offered as well as capital adequacy.

Appendix 3

List of country wise key stakeholders

Country	Duty bearers with Direct responsibility	Secondary duty Bearers	Right holders who benefit from the programme	Other interest groups having indirect participation
Burundi	TSP:CRDB Bank Tanzania FSP:CRDB Bank Burundi	Mobile Agents – Leo, Econet and Max-Malipo CAPAD (Cooperative) RIM	NA – no country visit was conducted on account of political instability in the country	Banque de la Republique Burundi Consultants: Netherlands Cooperation and Belgian Technical Corporation (BTC) UNDP Other MFIs: MUTEC and COOPEC
Cameroon	TSP: BASIX and Participatory Microfinance Group for Africa (PAMIGA) FSP: Federations of Village Banks: Association of CVECA and CECA, Centre Cameroon (A3C), Union des CECA et CVEC4 du Grand lilord (UCCGN) and Microfinance et Développement (MIFED)	MNOs and their Agents	Clients of CEC/A3C/UCCGN	Ministry of Economy and Finance (MINEFI) Association of Microfinance Institutions in Cameroon (ANEMCAM) UNDP, IFAD/PADMIR Team Centre for Independent Development Research (CIDR)
Ghana A	TSP: CARE International, Ghana FSP: Fidelity Bank	Local NGOs & community volunteers trained by CARE MNOs (MTN)	VSLA members from North Ghana who have been linked to Fidelity Bank.	Ministry of Finance (MOF) Bank of Ghana (BOG) Ecobank Ghana Microfinance Institutions Network (GHAMFIN) UNDP, GIZ
Ghana B	TSP: Opportunity International, USA FSP:Sinapi Aba Savings and Loans (SASL)		SASL Clients	Ghana Association of Savings and Loan Companies (GHALSALC) Bank of Ghana (BOG) Ministry of Finance (MOF) UNDP
Liberia	TSP: World Council of Credit Unions (WoCCU) Liberian Credit Union National Association (LCUNA) FSP: 4 Regional Credit Unions (RCUs)	Central Bank of Liberia (CBU) MNO (LoneStar) with LCUNA as Master Agent and RCUs as sub-agents	NA – no country visit was conducted on account of Ebola	Cooperative Development Agency (CDA) Irish League of Credit Unions Foundation (ILCUF)

Country	Duty bearers with Direct responsibility	Secondary duty Bearers	Right holders who benefit from the programme	Other interest groups having indirect participation
Malawi	TSP: Women's World Banking (WWB) FSP: NBS Bank	Retail Agents of NBS Bank Malawi Post Corporation MNO (Airtel)	Clients of NBS Bank	Reserve Bank of Malawi E-Kwacha UNDP Programme Staff
Rwanda	TSP: WOCCU FSP: Umerengue Savings And Credit Co-operatives (U-SACCOs)	Rwanda Cooperative Agency (RCA)	U-Sacco Clients	National Bank of Rwanda Ministry of Commerce & Finance(MINECOFIN) Access to Finance Rwanda UNDP-BIFSIR Programme
Tanzania	TSP: CARE International, Tanzania FSP: Mwanga Community Bank (MCB)	Franchisees and Community Volunteers Vodacom	VSLA members	Bank of Tanzania UNDP Selcom & Umoja Switch
Uganda	TSP: Mennonite Economic Development Associates FSP: UGAFODE Microfinance Limited	IDEO.org 17 Triggers	Account holders: GroupSave & AirSave	Bank of Uganda Catholic Relief Services UNDP
Benin	TSP: Alafia FSP: Coopérative pour la Promotion de l'Epargne et du Crédit (CPEC)	MNOs: Etisalat / Moov IT provider: Eurafrik	Clients for SUSU Cooperatives and informal SUSU collectors	Ministry of Finance UNDP
Burkina Faso	TSP: Freedom From Hunger (FFH) FSP: Société de Financement de la Petite Entreprise (SOFIPE), Réseau des caisses populaires du Burkina Faso (RCBP)	EcoBank Airtel	NA-not visited on account of political instability	UNDP Climate Investment Funds (CIF) Association Professionnelle des Systèmes Financiers Décentralisés du Burkina Faso (APSFD)

ANNEXURE

Annex 1: Terms of Reference

Mid-Term Evaluation: MicroLead Expansion Programme "Support to Savings-led Microfinance Market Leaders to Enter Underserved Countries"

Programme name: MicroLead Expansion
Countries: Burundi, Cameroon, Ghana, Liberia, Malawi, Rwanda, Tanzania, Uganda (expected Burkina Faso, Benin)
Executing Agency: United Nations Capital Development Fund (UNCDF)
Programme Timeframe: 2011-2017
Budget: US$23,507,764 funded by The MasterCard Foundation
Estimated financial delivery by end 2014: US$11,973,134.
Previous evaluation: None. In 2012 a mid-term evaluation was conducted for the prior programme (MicroLead)

1. Background

United Nations Capital Development Fund and its Inclusive Finance Practice Area:
UNCDF is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments – water systems, feeder roads, schools, irrigation schemes – that will improve poor peoples' lives. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. Additional information on UNCDF may be found at www.uncdf.org

UNCDF is supporting 26 LDCs (20 in sub-Saharan Africa and 11 in Asia) and serving 8 million active clients through the Financial Service Providers (FSPs) in which it invests. UNCDF has focused on supporting savings-led FSPs, given the dual benefit of FSPs using local sources to fund growth and positive findings from client impact studies on the benefits of savings. Sixty-five per cent of clients are women. FIPA follows a sector-based approach and, more recently, has been implementing its programmes through a series of thematic initiatives. A detailed explanation of the approach of the Inclusive Finance Practice Area is described in: http://uncdf.org/en/our-approach-if

The MasterCard Foundation:

The MasterCard Foundation is a private, global foundation with over $9 billion in assets, and is headquartered in Toronto, Canada. The Foundation advances Financial Inclusion and Youth Learning to promote financial inclusion and prosperity in developing countries.

Their vision is to support the opportunity for all to learn and prosper. Their Financial Inclusion and Youth Learning programs provide access to the tools and opportunities to build the economic capability of the most disadvantaged, with a focus on young people. The Foundation has a particular focus on Africa where there is the greatest opportunity for impact. Programs supported by the Foundation aim to expand access to learning, employment, entrepreneurship and financial services in a region where 63 percent of the population lives on less than $2 a day.

The goal of the Financial Inclusion Strategy is to expand access to microfinance and a broad range of financial services in order to improve the quality of life for people of all ages in Sub-Saharan Africa. The Foundation is working to address this goal through three strategic objectives: 1) to scale access in Sub-Saharan Africa; 2) to pioneer financial services for youth ; and 3) to promote responsible finance in the sector.

The challenge:

The important role of microcredit in the fight against poverty is well recognized and documented. What is less well known, but potentially more important, is the high demand for savings from poor families and small and micro enterprises in developing countries. Many poor households are in fact net savers seeking convenient and safe deposits accounts, which can also ultimately fund education needs, health services and/or small business needs. This is particularly true in post conflict and crisis environments, where safe savings services are typically not available.

Similarly, savings-based microfinance institutions have been found to be better positioned to weather periods of financial downturns, as is the case in the recent global financial crisis which reduced the supply of capital from capital markets and donors to microfinance institutions. Microfinance institutions are in this way able to principally fund themselves through local deposits, similar to retail banks. Furthermore, local funding is generally more stable and carries no foreign-currency risk.
Against this background, UNCDF in partnership with the Bill & Melinda Gates Foundation launched in 2009 its first Global Thematic Initiative, the *LDC Fund to Develop Savings-led Market Leaders for Inclusive Finance*", also known as MicroLead. This flagship global microfinance programme provides loans and grants on a competitive basis to microfinance institutions, commercial banks and financial cooperatives based in developing countries and pursuing a savings-based approach to expand operations to underserved markets. To date, the MicroLead programme has awarded funding for 15 projects worth US$22.5 million to southern-based market leaders to enable their entrance into developing countries with savings-led methodologies. It currently operates in DRC, Ethiopia, Liberia, Rwanda, Tanzania, Sierra Leone, South Sudan, Bhutan, Lao PDR, Timor-Leste, Vanuatu, Solomon Islands and Samoa. The programme's goal was to reach 525,000 new depositors by 2013, at least half of whom were women and at least half of them were rural dwellers. As of end 2013, over 730,000 new depositors had been reached. A number of the FSPs received extensions to end 2014, by which time the number of expected new depositors is estimated to be over one million. The Microlead programme was subject to a mid-term evaluation in 2012[1]

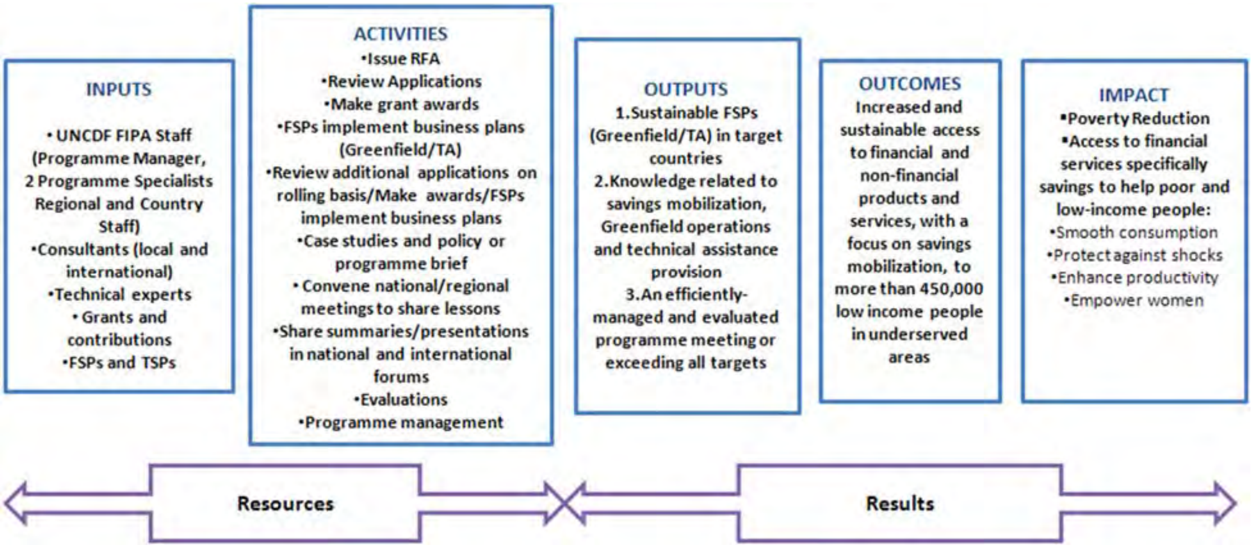
The MicroLead Expansion Programme:

In September 2011, UNCDF and The MasterCard Foundation launched a parallel six-year expansion of the MicroLead programme with a budget of US$23.5 million to increase access to microfinance, particularly savings services, to a minimum of 450,000 low income people in Sub-Saharan Africa, at least half of whom are women and half of whom reside in rural areas.
The Expansion programme employs a similar methodology as the original programme with notable changes being that non-LDCs can be targeted and that networks/technical services providers (TSPs) can apply in addition to leading southern Financial Service Providers (FSPs). The main objective of the Expansion programme is to attract experienced institutions or networks from developed and developing countries to increase the capacity of financial institutions in selected countries in the area of savings and particularly small-balance accounts, either by establishing new green-field institutions or by providing technical assistance to existing FSPs.

[1] Full evaluation report can be downloaded in UNCDF Website:
http://uncdf.org/sites/default/files/Documents/microlead_midterm_0213_eng_0.pdf

With a view to strengthening knowledge around the development of savings products in financial institutions in developing countries, the MicroLead Expansion programme also incorporates a strong learning agenda to allow UNCDF to begin testing various hypotheses, including whether rolling out savings-led approaches creates stronger and more resilient financial service providers.
The MicroLead Expansion programme employed a competitive process to select its implementing partners and is currently operating in Rwanda, Malawi, Cameroon, Liberia, Tanzania, Burundi, Ghana and Uganda through nine projects. An additional two projects, in Benin and Burkina Faso, are expected to begin Q4 2014/Q1 2015.

As set out in the Programme Document, the MicroLead Expansion Results Chain is as follows:



For more information on MicroLead Programme and the Expansion, please refer to the programme's home page on UNCDF's website at: http://uncdf.org/en/microlead.

2. Purpose, scope and objectives of the Mid-term Evaluation:

The mid-term evaluation of the MicroLead Expansion programme is being conducted as agreed in the project document (partnership protocol with The MasterCard Foundation) and in accordance with UNCDF's Evaluation Plan 2014 – 2015 and its broader Evaluation Policy[2] which sets out a number of guiding principles, norms and criterias for evaluation in the organisation.

Amongst the norms that the Policy seeks to uphold, the most important are that evaluation exercises should be independent, impartial and of appropriate quality but also that they should be intentional and designed with utility in mind; in other words that evaluations should generate relevant and useful information to support evidence-based decision making.

With this in mind, this evaluation has been designed with dual objectives: i) to allow UNCDF and The MasterCard Foundation meet their accountability objectives, but also ii) to ensure that the evaluation

[2] Requirements for evaluation in UNCDF sit within the broader framework of UNDP's Evaluation Policy which was approved in 2011. The purpose of the policy is to establish a common institutional basis for the UNDP evaluation function, including UNCDF. The policy seeks to increase transparency, coherence and efficiency in generating and using evaluative knowledge for organizational learning and effective management for results, and to support accountability. See the following link for more details: *http://web.undp.org/evaluation/policy.htm#vi*

can support the ongoing attempts by the programme and its funders to capture good practice and lessons to date in a sector which is still relatively new and innovative.

The evaluation will assess both the results to date (direct and indirect, whether intended or not) from the first years of implementation as well as the likelihood of the programme meeting its end goals on the basis of current design, human resource structure, broad implementation strategy, etc. It will build -where appropriate- on the lessons learnt and recommendations generated from the mid-term evaluation of the original MicroLead programme conducted in 2012. It is expected that the evaluation will follow a forward looking approach and provide useful and actionable recommendations to increase the likelihood of success by the end of the programme in 2017.

In line with standard evaluation practice, the scope of the exercise goes beyond assessing whether UNCDF is currently '*doing things right'* in programme execution and management, to a broader assessment of whether on the basis of evidence available, the MicroLead Expansion approach as implemented by UNCDF and in comparison with similar approaches implemented by others looks to be the '*right approach'* to achieving the higher-level objectives agreed at the start of programme.

The **overall objectives** of the midterm evaluation are:

- ✓ To assist The MasterCard Foundation and UNCDF to understand the relevance, efficiency, effectiveness, and likely impact and sustainability of MicroLead Expansion programme to date;
- ✓ To provide an independent assessment of the strengths and weaknesses of the MicroLead Expansion programme looking at the results achieved to date and the likelihood of achieving the end objectives on the basis of current implementation;
- ✓ If appropriate, the evaluators should also consider the key conditions necessary for the scaling-up and replication of the model in the future and/or recommendations on where an extension of the programme should focus (for example, further down-market via savings group linkages, and/or to widen focus to include credit, particularly to the 'missing middle');
- ✓ More broadly to provide a broader assessment of how effectively UNCDF has positioned itself with both national and international development partners in its attempts to support innovative solutions in savings-based financial inclusion in the supported countries; and
- ✓ To assess how MicroLead Expansion could work more effectively with the increasing number of Global Thematic Initiatives at UNCDF (specifically, YouthStart and Mobile Money for the Poor) as well as with UNCDF's standard country sector programmes while supporting UNCDF's updated overall strategic objectives.

More specifically, the evaluation is expected to provide preliminary evidence on the programme's current and likely contribution to:

- <u>Strengthening the performance and resilience of FSPs</u> as a result of developing and rolling out savings-focused products. To do this, the evaluators should focus on changes in the organisational and financial performance of UNCDF-supported FSPs in providing savings-focused financial and non-financial services for low income people in underserved areas. The organizational changes vary from improved reporting standards, stronger staff capacity and new savings product development, outreach focus and ability to scale up and introduce innovations (i.e. product diversification, rural expansion, alternative delivery mechanisms…).

- <u>Supporting impact at client level</u>. Here the focus should be on assessing to the extent possible current or likely impact on end clients of the new products supported by the programme including aspects such as enhanced productivity, increased client resilience, women's empowerment, etc. As part of this, it will be important to assess the quality of the existing data measurement systems to capture this type of information and to provide recommendations for improvement to ensure that the programme gathers meaningful data at the client level.

- Influencing the broader inclusive finance systems in which the programme has intervened. Here the evaluators should consider the extent to which the programme has been successful through its advocacy, knowledge and learning activities in beginning to influence the broader inclusive finance systems of which it is part both in terms of policy as well as intended or unintended market demonstration effects. They should also consider how well the programme is positioned to support replication and upscaling of its approach by others.

3. Evaluation Methodology:

The evaluation should be transparent, inclusive, participatory and utilization-focused. It should integrate gender and human rights principles following the United Nations Evaluation Group (UNEG) *Handbook to Integrate Human Rights and Gender Equality in Evaluation* and adhere to the *UNEG Norms and Standards for Evaluation in the UN System* and *UNEG's Ethical Guidelines and Code of Conduct*[3]. To the extent possible the data should be disaggregated by age, gender, and economic status.

It should follow a theory-of-change approach to comparing results achieved to date against what was intended taking into account the influence of external factors on programme results in the various countries in which it has intervened.

The evaluation should use a mixed methods approach, drawing on both primary and secondary, quantitative and qualitative data to come up with an overall assessment backed by clear evidence. As part of this, and against the broader framework of an evaluation matrix, the evaluation is expected to use a case study approach as one of its data gathering tools to capture in more detail the importance of context in explaining variations in results per country. In order to ensure that findings and lessons arising from the case studies are representative and transferable to other contexts in which the programme operates, the evaluation methodology must include other methods for gathering meaningful data such as (but not limited to): Most Significant Change Stories, Sensemaker, quantitative data on a quasi-representative sample of clients, focus group discussions with clients, etc.

Where outcome- and likely impact-level data is lacking, the methodology should allow the evaluators through a series of primary data collection tools assess the extent to which the programme is on track to achieving those higher level results.

In light of the significant variations in political and institutional contexts and the different approaches and business models implemented by the FSPs, the evaluation team is expected to visit all eight countries in which the Programme is active. For more detailed information on the type of activities and progress to date of each of the nine projects funded under the Programme, refer to Annex 1.

[3] UNEG Evaluations Norms and Standards: http://www.uneval.org/document/detail/21
UNEG Code of Conduct: http://www.unevaluation.org/document/detail/102
UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation
http://www.unevaluation.org/document/detail/980

3.1 Key Evaluation Questions:

The evaluation should seek to answer the following questions organised according to the 5 UN/OECD/DAC evaluation criteria:

OECD/DAC CRITERIA	SUB-QUESTIONS (but not limited to)
1. RELEVANCE AND QUALITY OF THE DESIGN OF THE PROGRAMME	**Synergies**: How well designed is the programme to facilitate the transition and expansion from ML to ML-Expansion? Is there an effective system in place to facilitate synergies and integration of lessons learnt and best practices between ML and ML-Expansion? To what extent have recommendations from the ML Midterm Evaluation carried out in 2012 been incorporated into ML-Expansion?
How well designed is the programme to meet its broader objective to promote savings-focused financial inclusion?	**Demand for financial inclusion:** What are FSPs' perceptions of low-balance savings? Is the approach used by ML-Expansion (identifying a wide variety of TSP/FSP partners to fund) the most appropriate method to support FSPs' offer of low-balance savings products, expansion to rural areas and reach women using alternative delivery mechanisms?
	Nature and type of institution and TSP/FSP selection: How appropriate was the design process for TSPs/FSPs? What kinds of FSPs should a programme like ML-Expansion consider to invest in the future? Which ones should be avoided? What was the comparative advantage and contextual appropriateness of the different organisational types targeted (such as credit unions, vs. commercial banks, vs. MFIs vs. savings groups…) Were projects involving multiple partners more effective in terms of implementation, cross-learning and synergetic impact at institutional and sector level than those involving fewer partners or the FSP alone?
	Grant design: Most proposals were TSP-led in terms of project activities as well as project budgets. To what extent have the TSPs proven their value-added to the FSPs? Should the project budgets been allocated differently? What would FSPs change about the programme if they could? Do FSPs have less commitment to their ML-Expansion projects when TSPs are receiving the bulk of the funding? How can the programme better ensure full commitment of the FSPs? What influence have the FSPs had on the scope, sequencing and timing of TA inputs they receive from the TSPs?
	Cross cutting issues: How well has gender been integrated into programme design? How well has environmental sustainability been integrated into programme design? How well has financial education been integrated into programme design? Given the need for programmes to mainstream cross-cutting issues, what are the most effective ways to do this in a program like ML-Expansion? Agency banking has become a cross-cutting issue. How well has the programme supported the FSPs' needs in this area and how can it better support the FSPs in the second half of the programme (and what if any are the FSPs' unmet TA needs in this area)?
	Relevance of the KM and learning strategy: To what extent is the knowledge management strategy well developed and targeted to increase the likelihood of the programme meetings its KM objectives and producing meaningful data to test some of the knowledge and learning hypothesis (see Prodoc, page 27)? To what extent is there a clear link between the programme's KM strategy and UNCDF's corporate KM strategy? How well is the KM strategy responding to the needs of diverse ML-Expansion partners and facilitating (or poised to facilitate) cross-learning between partners?
2. EFFICIENCY OF PROGRAMME MANAGEMENT	**Quality and efficiency of programme management and monitoring**: How well are programme activities being managed and monitored by programme staff? To what extent is the programme demonstrating value for money with outputs being delivered

OECD/DAC CRITERIA	SUB-QUESTIONS (but not limited to)
How well has the programme delivered the expected results?	on time and at expected cost? Are there more efficient ways to deliver the same outputs and realize the same outcomes? To what extent is the M&E system fit for purpose to track and analyse meaningful data at all levels of the results chain from activities to outcome to impact?
	Quality and efficiency of oversight: What is the relevance and quality of technical assistance provided by UNCDF and ML-Expansion programme team to relevant stakeholders? What is the quality of programme governance and oversight at the regional and headquarters level? **Technical Services Providers**: What is the quality of technical assistance provided by TSPs to FSPs? To what extent do the FSPs perceive the TA support from TSPs as a worthwhile value addition? Are the grantee reporting requirements adequate and/or relevant? Should they be reduced or increased? **Efficiency of RFA/PBA process**: To what extent was the RFA process handled efficiently? To what extent were consultant reviews, due diligence missions, Investment Committees effective and/or necessary? To what extent did this process allow for the selection of the most appropriate candidates? Should there have been an additional level of due diligence allowed for the TSPs before project activities were planned and PBAs negotiated? To what extent did the due diligence process help to surface challenges and mitigate against foreseeable risks To what extent were the PBAs designed appropriately? Most disbursement conditions are linked to specific activities and outputs as forecast before project implementation. Should there be greater flexibility in determining disbursement conditions? **Efficiency of KM activities**: To what extent are the KM activities/products produced efficiently?
3. EFFECTIVENESS: ORGANIZATIONAL CHANGE OF SUPPORTED FSPs *To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial and non-financial services to low income rural populations, particularly women?*	**Understanding of financial needs and tailored services:** To what extent has the programme contributed to changes in capacity of FSP staff in terms of attitudes towards serving low income rural populations, especially women? In which ways are attitudes changing? To what extent did the market research conducted by the partners inform the services they provide? Are they tweaking their existing services or do they really see the business case for reaching down-market to rural areas and/or women? What metrics are FSPs using to determine whether there is a business case?
	Alternative delivery channels: To what extent have the TSPs been able to support the FSPs in their entry into alternative delivery channels (ADCs)? Which channels are more effective? What are the main challenges and innovative responses? What lessons can be shared among grantees on mobile network operator (MNO) negotiations, agent network build-out, point of sale (POS) vs mobile implementations? What approaches should be disseminated in the industry as best practices?
	Delivery and effectiveness of non-financial services delivery channels: What forms of financial education were developed/are being developed and offered to customers? Which forms are most effective and least costly to roll out or have the potential to be most effective? Which approaches should be written up as best practice and shared widely to the industry? **Linkages of FSPs with informal savings groups**: To what extent are FSPs able to successfully link with informal savings groups? Which of the approaches used have

OECD/DAC CRITERIA	SUB-QUESTIONS (but not limited to)
	been more and less successful and why?
	Responsible financial services: To what extent have programme initiatives to promote client protection, social and environmental systems and social performance management been successful? To what extent are the FSPs integrating these principles into their institutions?
	Effectiveness of KM activities: To what extent are the KM activities/products of value to the partner TSPs and FSPs? Which products/events resonate the most with grantees and have the greatest potential to impart knowledge among grantees?
4. EFFECTIVENESS: MARKET DEMONSTRATION, UPSCALING *To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?*	**Policy influence:** To what extent does ML-Expansion have the potential to influence policy change in any of its countries of implementation? If so, which ones and how should this policy change be pursued? What have been the main strategies/levers employed under ML-Expansion to initiate policy change? What are the key areas of success/challenges and lessons learned to influence policy change?
	Market demonstration effect: In order to optimize its impact on national markets through demonstration effects, what approach should the TSPs or UNCDF be taking in the second half of programme implementation? To what extent were government and UNDP involvement (where applicable) instrumental in making a wider sector level impact and fostering policy changes and what are the areas of improvement?
	Up-scaling and replication: How can UNCDF increase its country partnerships to maximize its impact on the business case for local market leaders to embrace a low-balance savings strategy? To what extent have the partnerships enhanced UNCDF's comparative advantage and positioning in the area of low-balance savings? To what extent has UNCDF adequately fulfilled its role as promoter of low-balance savings?
5. LIKELY IMPACT *To what extent is the programme on track to contribute to improved access to financial products and services for low-income rural populations?*	**Impact of financial and non-financial services:** On the basis of programme design and performance to date, assess the likelihood of the programme contributing directly, either positively or negatively, to the programme's expected final outcomes (programme impact) set out in the Programme Document. On the basis of programme design and performance to date, what is the likelihood that the programme will have any unintended impacts? Which FSP grantees have the potential to have the most impact on its low-income clients (e.g., decrease in poverty rates, increased quality of life)? Which FSPs have the potential to have benefited the most from TA provided by TSPs under MLE? **Knowledge Management**: What case study topics (selected from MLE implementation challenges/successes/impact) would be of most interest to MLE grantees and a wider financial inclusion sector? Which institutions would be most interesting/relevant to profile when drafting case studies when nearing program end? **Client-centered approach:** Which types of clients are being reached or best served through ML-Expansion? To what extent do the clients find the financial products offered as relevant to their needs? What is the overall client satisfaction with the products and services offered and with the institutions supported by the programme?
6. SUSTAINABILITY *To what extent are programme results likely to be sustainable?*	**FSP sustainability:** To what extent does the supply of low-balance savings products and services lead to improved growth rates in outreach? To what extent does including low-balance savings contribute to the financial sustainability of FSPs overall? Has the programme contributed to increased sustainability of partner FSPs? To what extent is the programme contributing to improve institutional and management

OECD/DAC CRITERIA	SUB-QUESTIONS (but not limited to)
	capacity in the partners with which it is working? How can financial services and non-financial services, such as business training and financial education, be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients? From the financial services developed by the partners, which services/products have the greatest potential to be scaled up after the programme ends? What do partners need to do to continue developing products for low-income clients especially in rural areas and for women? What are their plans? To what extent are the products and services for low-income clients institutionalized? On the basis of design and performance so far, what is the likelihood that programme outcomes will continue/be sustained by programme partners once the programme comes to an end? What are the major contextual factors that are influencing the achievement of programme outcomes? How are these likely to change once the programme comes to an end? Are there opportunities for synergy and closer collaboration between MicroLead and other UNCDF programming, such as YouthStart, Mobile Money for the Poor, Better Than Cash Alliance?

The approach and implementation plan (methodological proposal) should include:

- **Evaluation matrix**, taking as its basis the overall objectives of the evaluation in Section 3 and the proposed sub-questions above organized in the form of evaluation questions and sub-questions. In doing so, interested bidders should pay careful attention to the programme's results chain and relevant assumptions from the programme's broader theory of change set out throughout the Programme Document (available in http://uncdf.org/en/microlead). The matrix should cover the relevant UN/OECD international development evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability). As part of the matrix, bidders should propose a set of judgment criteria or performance indicators and a range of data collection and analysis methods.

- **Detailed explanation of the various evaluation techniques for gathering and analyzing qualitative and quantitative data** that are feasible and applicable in the timeframe and context of the evaluation. The proposals will also be assessed on the basis of innovative approaches following current trends in evaluation to measure changes in policy and systems and changes in behavior and clients' impact, assess organization's contributions in complex and rapidly evolving settings, assess intended and unintended results, etc. The proposal should explicitly define how the evaluation will incorporate gender equality and human rights perspectives in all stages.

- **Detailed approach to conduct 3 case studies** of the most relevant programme issues using as a basis the proposed questions above. The case study proposal should describe the methodological and analytical approach to be followed, the scope of analysis (themes) and the rationale for selecting those key issues, and how they will be used to inform/support the overall findings of the evaluation and recommendations going forward. The case studies proposal should not be considered final and can be subject to change on the basis of discussion and agreement between the successful bidder, the Evaluation Manager and the Advisory Panel during the inception phase. This flexibility needs to be reflected in the financial proposal.

- **Proposal of innovative ways** of presenting the main findings and recommendations with a view to effectively disseminating the main evaluation results. The format will be further spelled out in the Inception Report. Some examples could be: a short video, an infographic, etc.

- **Quality assurance mechanisms** to ensure that data is analyzed in a systematic and rigorous manner (for both qualitative and quantitative data).

- **Detailed and realistic evaluation work plan** showing the overall time commitment to the project, as well as specific tasks and timelines, to be allocated to each individual team member.

3.2 Sources of information for the evaluation:

The main secondary data that the programme has generated in the first three years of implementation includes:

- Initial applications from TSPs in response to Request for Application (RFAs)
- Performance-based agreements with TSPs/FSPs
- Quarterly and annual reports from partner TSPs/FSPs
- Financial data as required by the Performance-based Agreements
- Baseline for the financial figures on the FSPs
- Quarterly and annual donor reports
- Monitoring mission reports
- Newsletters and webinars
- Annual workshop (Feb 2014)

This set of data is expected to be complemented by primary data generated by the team during the inception phase and the country visits.

4. Audience and Timing:

The primary audience for this evaluation is The MasterCard Foundation, UNCDF and partner Financial Service Providers and Technical Services Providers. It will also help broader MicroLead Expansion partners and stakeholders understand better the challenges and lessons learned around the design and delivery of inclusive savings-led financial and non-financial services for low-income people in Sub-Saharan Africa.

The MicroLead Expansion mid-term evaluation is scheduled to start in January 2015 and be concluded in July 2015 with the following proposed timing:

- Inception phase: February-March 2015
- Mission phase: April-May 2015
- Post-mission phase: May - July 2015

5. Management roles and responsibilities:

To ensure independence and fulfilment of UN evaluation standards, the Evaluation Unit of UNCDF in New York is responsible for the management of this evaluation and will hire an independent consulting firm to conduct the evaluation.

The Evaluation Unit will manage the evaluation process with a specific focus on administrative and methodological support at all stages of the evaluation, including accompanying the evaluation team in selected field visits if judged necessary.

As per UNDP's evaluation policy, to which UNCDF is party, the Evaluation Unit will ensure that the evaluation is conducted according to UNEG Norms and Standards in Evaluation in the UN System, UNEG Code of Conduct for Evaluation in the UN System and UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation.

With a view to ensuring ownership of the evaluation findings, an Advisory Panel for the evaluation will be set up, composed of representatives of UNCDF'S Inclusive Finance Practice Area at Headquarters and Programme Managers and the Evaluation Unit of The MasterCard Foundation. The role of the Advisory Panel is to support the Evaluation Unit in managing the evaluation by participating in the following:

- Reviewing the TOR.
- Reviewing and commenting on the inception report.
- Reviewing and commenting on the draft report.
- Being available for interviews with the evaluation team and to participate in HQ debriefing.

6. Evaluation Process:

The evaluation process will have 3 distinct phases:

a) **Inception Phase and desk review:**
   - ✓ Methodological briefing between the evaluation team and the Evaluation Unit to ensure a common understanding of the evaluation methodology, approach and main deliverables as per TOR;
   - ✓ Inception meetings with Advisory Panel and key programme stakeholders to familiarize the Evaluation Team with the programme objectives, results to date and expectations for this evaluation.
   - ✓ Validation and agreement of the programme theory of change and evaluation matrix
   - ✓ Stakeholder mapping and stakeholders selection for data gathering to be conducted by the evaluation team
   - ✓ Finalization of the evaluation methodology and tools, including the scope of the case studies.

b) **In-country phase:** It is requested that the team be prepared to visit all eight programme countries. These country visits should take the form of site visits and key informant interviews of programme partners, programme beneficiaries and broader relevant programme stakeholders in each of the countries visited. De-briefing sessions with the key in-country stakeholders will be organized to present emerging trends and to build ownership of the findings with programme counterparts. The team leader may be asked to debrief the Advisory Panel and Evaluation Unit at the end of the first and/or second country visits. This with a view to provide a sense of the evaluation team's preliminary findings ahead of the draft reporting phase.

c) **Post-Mission Phase:** analysis and synthesis stage, interpretation of findings and drafting of the evaluation report.

7. Main deliverables:

The 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 several versions of the report before sharing the report with other stakeholders and until it meets the quality standards set by UNEG[4].

The Evaluation Team Leader will be responsible for preparing and submitting the following deliverables:

Deliverables	Description	General Timeframe
INCEPTION PHASE: **Inception Report and Data Collection Toolkit** **(including up to a maximum of three rounds of revisions)**	The inception report will present a refined scope and a detailed outline of the evaluation design and methodology, including a validated programme theory of change and an accompanying evaluation matrix with questions, sub-questions, judgment criteria/indicators, data collection methods and information sources. The template will be provided by the Evaluation Unit at the start of the inception phase. **The Inception Report should include in Annex a Data Collection Toolkit** that includes a set of data collection instruments for both qualitative and quantitative data collection tools to be used in the course of the evaluation (i.e. for qualitative data: interview guides, focus group discussion guide, direct observation forms, questionnaires for consultations with stakeholders, etc; for quantitative data, relevant templates to assess change in basic financial and operational performance of the FSPs over the period supported by UNCDF). The toolkit should also include a proposal around how the different data sources will be organized and synthesized. The 1st draft of the inception report and data collection toolkit will be reviewed by the Evaluation Unit and revised by the Evaluation Team. The 2nd draft will be shared with the Advisory Panel for comments. The Evaluation Team will develop a final Inception Report integrating the feedback received. The Evaluation Team will maintain an audit trail of the comments received and provide a response on how the comments were address in the revised drafts.	February - March 2015
IN-COUNTRY PHASE: **3 Case Studies**	3 case study reports to provide an in-depth assessment of key programme issues across the country portfolio, exploring what worked, what did not, why, what are the minimum conditions for it to work, what are the main	April -May 2015

[4] UNEG Quality Checklist for Evaluation Reports: http://www.uneval.org/document/detail/607
UNEG Quality Checklist for Inception Reports: http://www.uneval.org/document/detail/608

Deliverables	Description	General Timeframe
(including up to a maximum of two rounds of revisions)	hindering factors, compare approaches. The final case studies will be annexed to evaluation report. Additional debriefings might be requested after the field phase to present these preliminary findings. Length: 10-15 pages max. each case study.	
POST MISSION PHASE: **Draft Evaluation Report** including completed Evaluation Matrix **(including up to a maximum of three rounds of revisions)**	The draft report should outline clear evidence-based conclusions and findings, following closely the structure and logic of the Evaluation Matrix, and including focused, actionable recommendations (SMART), and a clear, stand-alone Executive Summary. A first draft evaluation report should be shared with the Evaluation Unit for initial feedback. The 2nd draft report should incorporate the Evaluation Unit's feedback and will be shared with the Advisory Panel and technical staff from FIPA. Comments will be integrated into a final draft report. The Evaluation Team is requested to maintain an audit trail of the comments received and provide a response on how the comments were addressed in the revised drafts. A template will be provided by the Evaluation Unit at the start of the inception phase. Length: maximum 50 pages excluding annexes.	May - June 2015
Power Point Presentation for HQ debriefing (max 20 slides and 20 minute presentation)	A PPT summarizing the main findings and recommendations to be used by the team leader in the final de-briefing chaired by the Executive Secretary of UNCDF.	1 week before the scheduled HQ de-briefing
Final Evaluation Report	A final report that incorporates comments received from all partners.	July 2015
Innovative presentation of the key findings and recommendations	The format will be defined in the Inception Report. Some examples could be: a short Video, an infographic, etc.	July- August 2015

8. Composition of Evaluation Team:

The consulting firm should be experienced in providing technical services to international development agencies, particularly in the area of international development evaluation, and should have broad experience of the main sectors of international development cooperation, including private sector development and inclusive finance for the poor in the least developed countries of sub-Saharan Africa.

In addition, the evaluation team should have more specific experience and expertise in the areas of 1) evaluation; 2) supporting the development of inclusive finance systems in sub-Saharan Africa and 3) supporting local financial service providers in their efforts to develop inclusive finance products for underserved markets and women.

The Evaluation Team must be composed at a minimum of:

- One team leader with at least fifteen years of relevant experience in both inclusive finance and evaluation; and
- Two team members with at least twelve years' experience each in supporting inclusive finance in developing countries.

The team should also be capable of working in both French-speaking and English-speaking countries, have significant experience of working in Africa and be able to gain meaningful access through the team proposed to the main programme partners – whether financial service providers, clients of the financial service providers and broader programme stakeholders in national governments and development partners.

The **Team Leader** should have the following competencies as a minimum:

Evaluation:
- Proven experience of designing and leading a mix of performance, outcome and/or impact evaluations in the area of international development, applying a variety of mixed-methods evaluation approaches (including theory-of-change-based, utilization-focused, participatory, and gender- and equity-focused evaluations).
- Demonstrated experience in evaluating interventions in the area of inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative data gathering techniques to assess programme results at individual, institutional, sector and policy level.
- Proven experience in evaluating a variety of different modalities in international development evaluation (including standalone projects or programmes, or interventions contributing to broader programmatic interventions conducted by single or multiple partners, including for the UN system).
- Demonstrated experience in integrating gender equality and women's empowerment in evaluation.
- Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation.

Inclusive finance:
- Comprehensive knowledge of inclusive finance industry best practices and experience in applying CGAP benchmarks around good performance of FSPs in developing countries.
- Evidence of microfinance training and experience in providing technical assistance in the inclusive finance sector in developing countries.
- Evidence of experience with inclusive finance programmes to support women's empowerment and gender equality.
- Knowledge and awareness of issues related to the business case for offering small balance deposit products, savings-led market leaders, underserved markets (rural and women), alternative delivery mechanisms, non-financial services (such as financial education).

General competencies:
- Strong interpersonal and managerial skills, ability to work with people from different backgrounds and evidence of delivering good quality evaluation and research products in a timely manner.
- Thorough understanding of key elements of results-based programme management in international development cooperation.
- Experience in policy analysis/ engagement.
- Demonstrated capacity for strategic thinking and excellent analytical and written skills.
- Fluency in English. Knowledge of French is an asset.

Responsibilities (in addition to all other generic responsibilities and expected deliverables outlined in this TOR)**:**
- Documentation review
- Developing and pre-testing the necessary data collection tools (to be presented in the Inception Report)
- Leading/managing the Evaluation Team in planning and conducting the evaluation
- Deciding on division of labour, roles and responsibilities within the Evaluation Team
- Ensuring the use of best practice evaluation methodologies and adherence to ethical code of conduct
- Leading the presentation of the draft evaluation findings and recommendations for the countries visited
- Leading the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners
- Presenting the main findings and recommendations in the debriefing for UNCDF HQ
- Regularly updating UNCDF and The MasterCard Foundation on the progress of the evaluation
- Quality control for the evaluation report
- Adherence to UNCDF templates and other requirements as specified in this TOR

The **Evaluation Team Members** should have the following competencies and experience:
- Minimum of twelve years accumulated experience in microfinance
- A minimum of seven years of microfinance management and/or consulting experience
- Must have experience of undertaking/participating in evaluations in inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual, institutional, sector and policy level
- Sound knowledge and experience of issues related to business case for offering small balance deposit products, savings-led market leaders, underserved markets (rural and women), alternative delivery mechanisms, non-financial services (such as financial education)
- Extensive microfinance training and technical assistance experience
- Comprehensive knowledge of CGAP benchmarks and industry best practices
- Experience at the country wide sector level/understanding of building inclusive financial sectors, preferably in Africa
- Experience in policy analysis/ engagement
- Experience with non-formal saving groups (VSLA, SACCOS)
- Demonstrated capacity for strategic thinking and excellent analytical and written skills
- Fluency in English and French required

Responsibilities of Team Members (in addition to all other generic responsibilities and expected deliverables outlined in this TOR)**:**
- Documentation review
- Contributing to developing and pre-testing the necessary data collection tools (to be presented in the Inception Report)
- Ensuring the use of best practice evaluation methodologies
- Leading the presentation of the draft evaluation findings and recommendations for the countries visited
- Contributing to the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners
- Adherence to UNCDF templates and other requirements as specified in this TOR

9. Scope of Proposal Price and Schedule of Payments

The technical proposal cannot include any information on costs. The financial proposal should provide a detailed costing for the scope of work and deliverables described above. The Financial Proposal shall list all major cost components associated with the services and the detailed breakdown of such costs, including fees, travel costs, per diem, etc. All outputs and activities described in the offer must be priced separately on a one-to-one correspondence.

Any output and activities described in the offer but not priced in the Financial Proposal shall be assumed to be included in the prices of other activities or items, as well as in the final total price. Schedule of payments:

- 35% of contract: upon submission of inception report
- 30% of contract: upon submission of 1st draft report
- 35% of contract: upon approval of final evaluation report.

10. Presentation of the Technical Proposal:

The Technical Proposal must follow the template in Section 6 and contain the following main sections (but not necessary limited to):

- Presentation of expertise of the firm/organization to perform this assignment (4 pages max): reputation of the firm and staff in carrying out evaluation; general organizational capability which is likely to affect implementation (financial stability, size of the firm, strength of the programme management support, project management control systems…); relevance of specialized knowledge; experience on similar assignments; previous work with UN System/major multilaterals/bilaterals; description of the management arrangement of the firm for the evaluation.
- Approach and implementation plan (20 pages max): The methodology proposed should be responsive to the TOR and follow closely all the main elements outlined in Section 3. of the TOR -Methodology: detailed evaluation approach, approach to case studies, evaluation matrix, methods for ensuring quality and utilization; and detailed evaluation work plan.
- Management structure and key personnel, including CV (2 pages max per CV): proposed team structure and work tasks (including supervisory) which would be assigned to each; organogram illustrating the reporting lines; CVs for key personnel (managerial and technical). CVs should demonstrate qualifications in the areas relevant to this evaluation and be limited to a maximum of 2 pages per CV. No substitution of key personnel will be tolerated once the contract has been awarded except in extreme circumstances and with the approval of UNCDF. If substitution is unavoidable, it will be with a person who, in the opinion of UNCDF, is at least as experienced as the person being replaced. No increase in costs will be considered as a result of any substitution.

The Financial Proposal must follow the template in Section 7.

Both the technical and financial proposals should be sent in **two separate emails** to the following address uncdf.procurement@intranet.undp.org

The **subject of the email** should be: "Name of the proposer"_MLE Mid-term Evaluation_Technical Proposal. The email subject of the financial proposal should be "Name of the proposer"_ MLE Mid-term Evaluation _Financial Proposal.

If you have any questions, please use this email address: uncdf.procurement@uncdf.org with copies to nerea.sanchez@uncdf.org AND maxime.allonce@uncdf.org

All proposals should be submitted no later than 13 January 2015 (no later than 6pm New York time). Both the technical and the financial proposal will be submitted in a protected pdf file with different passwords. The password to open the technical offer should be provided to UNCDF in a separate email on the **14 January 2015 before 9am (NY time)**.

Failure to comply with these instructions will result in the rejection of the offer.

The proposals that score at least 560 points over 800 in the first step of the Technical evaluation will be invited to do a presentation of their proposals tentatively on January 26th and 27th 2015 between 10 AM and 3 PM EST either at UNCDF office or through a skype video conference.

11. Bidders eligibility and Independence:

The eligibility of bidders to present proposals for this evaluation and ensure the independence of the exercise is determined by the Norms for Evaluation in the UN System (UN Evaluation Group –UNEG) which state that *"to avoid conflict of interest and undue pressure evaluators need to be independent, implying that members of an evaluation team must not have been directly responsible for the policy-setting, design, or overall management of the subject of evaluation, nor expect to be in the near future*". [5]

Bidders with past or current contracts with UNCDF and or The MasterCard Foundation that are NOT related to Microlead Expansion programme are eligible to bid for the evaluation but will need to formally disclose this information in their technical proposal.

12. Overall progress to date of each project funded under MicroLead Expansion:

The Expansion programme has been operating for three years in which the main focus of work has been to set up the programme management structure, to obtain governments' endorsements and to manage a thorough application and award process. Implementation in most of the grantees has started in 2013 and all FSPs are testing products to mobilize savings.

The MicroLead Expansion is currently operating in Rwanda, Malawi, Cameroon, Liberia, Tanzania, Burundi, Ghana and Uganda through nine TSPs via projects supporting nine FSPs, 90 SACCOs (Rwanda), and four new credit unions (Liberia). All projects involve enabling experienced microfinance practitioners to scale up deposit mobilization in underserved regions (focusing on rural) in Sub-Saharan Africa by conducting market research, designing new products, determining the best delivery channels and providing financial education to enhance the customers' experience. In addition, two new projects in Benin (TSP supporting one FSP) and Burkina Faso (TSP supporting two FSPs) are expected to begin implementation at the end of 2014 (due to the early stages in implementation these two countries are not expected to be visited but phone call interviews could be set up with relevant in-country stakeholders as appropriate).

Below are some characteristics of the supported FSPs to understand the diversity and progress so far:

[5] Norm 6 – Independence, paragraph 6.3
http://www.uneval.org/document/detail/21

U_SACCOs supported by World Council	
Country	**Rwanda**
Project Snapshot	World Council is supporting the Government of Rwanda's (GOR) effort to create a cooperative bank with the 416 Umerenge SACCOs (U-Saccos). Under MLE, WC is working with 90 U-Saccos.as well as with the National Bank of Rwanda, and MINECOFIN as well as the Rwanda Cooperative Agency. World Council is responsible for coordination between stakeholders, development of systems, procedures and processes, training of U-Saccos and migrating them to a unified MIS to prepare the foundation for consolidation. WC developed 4 savings products (education, investment, health and children) and 9 loan products. The products have not yet been rolled out.
Target for number of voluntary retail depositors (as of Sept 2014)	380,069 against a target for December 2016 of 648,527
Segmentation of customers	38% women vs target for December 2016 of 60% 78% rural vs target for December 2016 of 80%
Distribution channels and marketing strategies	U_Sacco channels as distribution points
Characteristics of the financial education offered	Fin-ed through marketing
Characteristics of the regulatory framework	Good; Mature and rapidly evolving financial sector
Value of grant awarded	US$2,175,000 (of which $77,500 from non-MCF sources)
Number and value of grant disbursement made as of October 2014	3 disbursements, for US$1,535,500
Performance of the FSPs/TSPs within MLE	TSP is high performer.
NBS supported by WWB	
Country	**Malawi**
Snapshot of project	Women's World Banking is supporting NBS Bank to downscale and offer savings products to low-income clients through agency and mobile banking. WWB has helped NBS Bank: develop its alternative delivery channel strategy, strengthen its MIS and reporting, design savings products and a marketing campaign around the products and most recently, launch NBS' agency banking savings product while growing its agent network. WWB has developed a savings product targeting low-income clients delivered through retail agents via mobile and POS.
Target in number of voluntary retail depositors (as of Sept 2014)	376,774 against a target for December 2016 of 556,763
Segmentation of customers	29.5% women depositors vs target for December 2016 of 48% 27.3% rural depositors target for December 2016 of 51%
Distribution channels and marketing strategies	WWB is supporting the roll-out of agency banking at NBS primarily for its savings product but which will be leveraged for other NBS services and products as well
Characteristics of the financial education offered	Fin-ed offered through marketing of product

Characteristics of the regulatory framework	Rapidly evolving to include agency supervision and mobile banking
Value of grant awarded	US$1,724,715
Number and value of grant disbursement made as of October 2014	NBS: 1 disbursements, for US$150,000 WWB: 4 disbursements, for US$1,013,405
Performance of the FSPs/TSPs within MLE	TSP is high performer. FSP is standard performer.
A3C, UCCGN, CEC supported by BASIX, PAMIGA, MIFED	
Country	**Cameroon**
Project Snapshot	Institutional capacity building for two networks of village banks and one MFI in Cameroon to enhance their deposit mobilization capacity, develop new products, increase their rural footprint through new channels such as banking correspondents, in addition to having a demonstration effect at the industry level through the microfinance practitioner association, MIFED. Redesigned voluntary savings product; Redesigned working capital loan product; Micro insurance product; Agricultural loan product
Target in number of voluntary retail depositors (as of Sept 2014)	124,229 against a target for December 2016 of 175,212
Segmentation of customers	42% women vs target for December 2016 of 58% 67% rural vs target for December 2016 of 84%
Distribution channels and marketing strategies	Branches, Banking correspondents and Susu collectors
Characteristics of the financial education offered	Financial education offered by FSP staff at branches and during interaction with customers during sales and service delivery
Characteristics of the regulatory framework	The regulatory framework is favorable to low balance savings mobilization. In CEMAC, MFIs have been governed by a regional regulation since 2002. The law[6] applies to all MFIs, regardless of institutional type, and specifies fairly comprehensive prudential ratios and reporting standards. The regional central bank (Commission Bancaire de l'Afrique Centrale or COBAC) is in charge of supervision. CEMAC regulation sets relatively low entry barriers, including no or very low minimum capital requirements. This led to the creation of many institutions while the supervision capacities remained low; as a consequence of poor governance, several of them collapsed.
Value of grant awarded	US$1,680,550
Number and value of grant disbursement made as of October 2014	A3C: 01 disbursement, for US$39,750 UCCGN: 01 disbursement, for US$35,250 CEC: 01 disbursement, for US$74,000 BASIX: 01 disbursement, for US$366,600 MIFED: 01 disbursement, for US$175,500
Performance of the FSPs/TSPs within MLE	FSP and TSP are standard performers
Four new credit unions supported by World Council and LCUNA	
Country	**Liberia**

[6] *Regulation No. 01/02/CEMAC/UMAC/COBAC; this regulation was supplemented by instructions in 2002 and 2009–2010*

Project Snapshot	Ordinary voluntary savings product are offered; Additional savings products offered are Maternity, Kids to School and Home Ownership Savings Account. WC is working on the revitalization of the credit union movement by creating four regional credit unions and providing TA to the apex organization (LCUNA)
Target in number of voluntary retail depositors (as of Sept 2014)	2,254 against a target for December 2016 of 40,000
Segmentation of customers	40% women vs target for December 2016 of 60%
Distribution channels and marketing strategies	Branches; VSLA groups and farmers groups are used under the seed credit union methodology to extend services in rural areas beyond branches
Characteristics of the financial education offered	Focus group discussions are continuing during outreach activities to educate members. Meetings are held with more organized groups in communities across the regions and are championed by the Rural Finance Officers and Finance Education Trainers.
Characteristics of the regulatory framework	Old regulation governing credit unions is inadequate to facilitate growth and efficient supervision of credit unions. Existing supervision responsibility lies under the cooperative development agency which is not skilled and lacks necessary resources to foster growth of the sector. WC drafted a new regulation which is being reviewed by CBL lawyers.
Value of grant awarded	US$2,450,000
Number and value of grant disbursement made as of October 2014	2 disbursements, for US$1,672,517
Performance of the FSPs/TSPs within MLE	WOCCU is a standard performer
MCB supported by CARE	
Country	**Tanzania**
Project Snapshot	CARE in partnership with Mwanga Community Bank (MCB) are working in the Kilimanjaro region in order to develop and offer formal financial products and services developed for savings groups called village savings and loan associations (VSLAs). The objective of the project is to link VSLAs with MCB through the development of branchless banking services tailored to VSLAs. MCB has developed a savings product for VSLAs accessible through a group electronic wallet and has recently developed credit product for groups as well.
Target in number of voluntary retail depositors (as of Sept 2014)	14,696 against a target for December 2016 of 51,023
Segmentation of customers	51% women depositors vs target for December 2016 of 65% 57% rural depositors vs target for December 2016 of 70%
Distribution channels and marketing strategies	Distribution is through VSLAs and service centers which act as agents
Characteristics of the financial education offered	Fin-literacy is delivered to franchisees who will train village agents who in turn deliver to VSLAs, although

	at this stage, both franchisees and village agents have been trained in fin-lit
Characteristics of the regulatory framework	Good. Agency banking regulation exists. National IDs are main obstacle to KYC but it is being put in place.
Value of grant awarded	US$1,874,062
Number and value of grant disbursement made as of October 2014	MCB: 1 disbursement, for US$100,000 CARE: 2 disbursements, for US$782,677
Performance of the FSPs/TSPs within MLE	TSP and FSP are standard performers.
CRDB supported by CRDB Microfinance TZ	
Country	**Burundi**
Project Snapshot	MLE is supporting a Tanzanian-based bank, which has decided to establish a greenfield in Burundi. CRDB plans to target SACCOs and savings groups for its wholesale and individual microfinance services. It also plans to offer agency banking. The savings pilot for low-income clients is set to be launched in September 2014 and more than 70 savings groups have already been created to take part in the program. Developed new group savings and credit product for low-income groups
Target in number of voluntary retail depositors (as of Sept 2014)	5,070 against a target for December 2016 of 51,000
Segmentation of customers	Women depositor target for December 2016 of 45% 50% rural vs target for December 2016 of 50%
Distribution channels and marketing strategies	Distribution through branches. Agency banking to be possibly rolled out in Q2 2015.
Characteristics of the financial education offered	Fin-ed part of marketing and training of groups.
Characteristics of the regulatory framework	Agency banking regulation has not been developed yet.
Value of grant awarded	US$700,000 (of which $189,564 from non-MCF sources)
Number and value of grant disbursement made as of October 2014	1 disbursement, for US$250,000
Performance of the FSPs/TSPs within MLE	FSP is a low performer.
Fidelity Bank supported by CARE	
Country	**Ghana**
Project Snapshot	VSLAs will be linked using a tailored product called group smart account that will be offered by Fidelity Bank. CARE assisted the bank in redesigning the product to meet the specificities of the VSLA target. The product is a card-based savings account that can be used to transact at the bank agents, at MTN agents and also at any Fidelity branch. It bears interest and is free of transaction charges except for withdrawal fee. Other features include low opening fees and instant account opening in the field.
Target in number of voluntary retail depositors (as of Sept 2014)	For Fidelity: 495,958 against a target for Feb 2017 of 4,059,856 For CARE: 42,500 member of VSLA groups (VSLA screening started)
Segmentation of customers	For CARE: No women yet vs target for Feb 2017 of 100%

	No rural yet vs target for Feb 2017 of 100%
Distribution channels and marketing strategies	Marketing through the agents and the bank's staff deployed in the field. CARE local partners contribute to the linkage process and market the product as well. Distribution through branches, Fidelity bank agents and MTN agents.
Characteristics of the financial education offered	Financial education is offered through CARE local partners using adapted curriculum.
Characteristics of the regulatory framework	The regulatory framework in Ghana is friendly to savings collection. Fidelity Bank is furthermore the only bank with agency banking license in Ghana and has integrated its system with MTN to ride on the MTN agents' network as well.
Value of grant awarded	US$2,120,235
Number and value of grant disbursement made as of October 2014	Fidelity: 1 disbursement, for US$50,000 CARE: 1 disbursement, for US$400,000
Performance of the FSPs/TSPs within MLE	FSP and TSP are standard performers
Ugafode supported by MEDA	
Country	**Uganda**
Project Snapshot	Developed GroupSave product which is a savings product for informal savings groups (VSLA/SILC). Also developed AirSave which is a mobile delivery channel to be used with GroupSave providing access to group accounts via agents/mobiles.
Target in number of voluntary retail depositors (as of Sept 2014)	44,384 against a target for December 2016 of 81,611
Segmentation of customers	31% women depositors vs target for December 2016 of 65% 67% rural vs target for December 2016 of 75%
Distribution channels and marketing strategies	Branches and non-proprietary agents. Marketing campaign designed by 17Triggers, a sub-contractor with savings product pushed to forefront.
Characteristics of the financial education offered	Fin-ed is through marketing and outreach performed by branch staff.
Characteristics of the regulatory framework	Lots of obstacles but evolving.
Value of grant awarded	US$945,835
Number and value of grant disbursement made as of October 2014	Ugafode: 1 disbursement, for US$49,160 MEDA: 3 disbursements, for US$619,014
Performance of the FSPs/TSPs within MLE	FSP and TSP are standard/low performers
SASL supported by OI	
Country	**Ghana**
Project Snapshot	As part of its transformation into a deposit taking institution (savings and loans), SASL developed several products such as the passbook savings, the demand deposit and the term deposit. SASL introduced the Sinapi Business Bundle and the smart kids account.
Target in number of voluntary retail depositors (as of Sept 2014)	153,231 against a target for Dec 2016 of 255,076
Segmentation of customers	89% women vs target for Dec 2016 of 85% 62% rural vs target for Dec 2016 of 73%

Distribution channels and marketing strategies	Products offered in branches and also in the field using the susu collection methodologies supported by POS devices handled by the institution staff.
Characteristics of the financial education offered	Tactical operation are conducted such as deposit drives, sales clinics and personal selling sessions. Susu collectors in the communities serve to inform the public about SASL's savings products and help clients cultivate positive savings habits.
Characteristics of the regulatory framework	The regulatory framework in Ghana is friendly to savings collection. SASL is authorized to collect savings with its deposit taking license
Value of grant awarded	US$700,000
Number and value of grant disbursement made as of October 2014	SASL: 2 disbursements, for US$120,000 OI: 2 disbursements, for US$330,000
Performance of the FSPs/TSPs within MLE	FSP and TSP are high performers
RCPB and SOFIPE supported by FFH	
Country	**Burkina Faso**
Project Snapshot	VSLAs will be linked using a tailored product to be developed by each FSP with TA from FFH. FFH/Enclude will support Ecobank in integrating the FSP core banking system to the Airtel Money platform hosted by Ecobank who is the depository of the mobile money license. VSLA will use Airtel Money agents to transact unto their account and the transaction fees structure will be tailored to the specificities of the VSLA target. VSLA will also be free to access their savings at the respective FSP branches within the area of the project.
Target in number of voluntary retail depositors (as of June 2017)	For RCPB + SOFIPE: PBA not yet signed; target for June 2017 is 1,502,427 For FFH: 55,200 member of VSLA groups
Segmentation of customers	For RCPB + SOFIPE: % women target for June 2017 is of 30% % rural target for June 2017 is of 30% For FFH: % women target for June 2017 is of 100% % rural target for June 2017 is of 100%
Distribution channels and marketing strategies	Marketing will be done primarily by the FSP staff who are directly in charge of VSLA recruitment. Airtel agents will support the marketing effort in the project area. Distribution will be done through branches and Airtel Money agent.
Characteristics of the financial education offered	Financial education is offered by the FSPs' staff who are directly in charge of VSLA recruitment and will be supported from a TA standpoint by FFH.
Characteristics of the regulatory framework	Both FSPs are allowed to mobilise savings. Cooperatives and their networks/federations have historically been the dominant institutional type of provider due in part to the first laws established to govern the sector. In WAEMU, each member country enforces the common regulatory framework; responsibility of supervision is shared between the regional central bank (Banque Centrale des Etats de l'Afrique de l'Ouest or BCEAO) and the Ministry of Finance of each country. BCEAO adopted

	a new microfinance law which took effect in 2012. The new law brings several important changes, including a single licensing regime for all three types of institutions (cooperatives, associations, and LLCs), tighter control by BCEAO, more demanding reporting requirements, and stringent prudential regulations. Under the new law, BCEAO has a greater role in licensing and supervision and is responsible for MFIs with total savings or outstanding loans exceeding US$4 million. Ministries of Finance remain responsible for smaller MFIs. The central bank allows mobile money integration with Ecobank; The FSPs are allowed to collect savings by deploying their agents or through the mobile money agents; The FSPs do not need to get a license for mobile money but will need to integrate their core banking system to the mobile money operator's.
Value of grant awarded	US$1,300,000 (expected)
Number and value of grant disbursement made as of October 2014	0 disbursements, for US$0
Performance of the FSPs/TSPs within MLE	N/A
CPEC supported by Alafia	
Country	**Benin**
Project Snapshot	Project aims at formalizing savings collectors commonly recognized as susu collectors by linking them with a formal FSP and equipping them with mobile phones to manage and secure collection. Savings will be deposited in account opened at CPEC and customers will pay a fee to access the service at their doorstep. Proposal would support the development of a mobile phone software (outsourced to Eurafrik) that would be connected to CPEC's MIS and could be made available to other FSPs upon successful completion of the project. The potential of using the platform for multiple MFIs can be a first stage to build a larger network of service points where clients of any MFIs can access financial services across formalized susu collectors.
Target in number of voluntary retail depositors	Targets for June 2017 are: 140,281 active depositors 12,585,250 USD voluntary saving
Segmentation of customers	% women target outreach for June 2017 is of 67.87% % rural target outreach for June 2017 is of 88%
Distribution channels and marketing strategies	Marketing will be done primarily by the FSP staff and susu collectors who are willing to take part in the scheme by linking with CPEC and marketing campaigns.
Characteristics of the financial education offered	Alafia will also support by providing financial education to clients, susu collectors and CPEC staff. Financial education will also be offered by trained FSP staff and susu collectors who are directly in charge interacting with customers in the field and there will be some marketing campaign.

Characteristics of the regulatory framework	Cooperatives and their networks/federations have historically been the dominant institutional type of provider due in part to the first laws established to govern the sector the zone. In WAEMU, each member country enforces the common regulatory framework; responsibility of supervision is shared between the regional central bank (Banque Centrale des Etats de l'Afrique de l'Ouest or BCEAO) and the Ministry of Finance of each country. BCEAO adopted a new microfinance law which took effect in 2012. The new law brings several important changes, including a single licensing regime for all three types of institutions (cooperatives, associations, and LLCs), tighter control by BCEAO, more demanding reporting requirements, and stringent prudential regulations. Under the new law, BCEAO has a greater role in licensing and supervision and is responsible for MFIs with total savings or outstanding loans exceeding US$4 million. Ministries of Finance remain responsible for smaller MFIs. CPEC is allowed to mobilise savings and under the new regulation susu collectors are supposed to stop collecting deposit from the general public unless they are linked to a formal FSP. The ministry of Finance is supportive of the linkage and considers this as an opportunity to better monitor previously informal domestic resource mobilization.
Value of grant awarded	US$620,000 (expected)
Number and value of grant disbursement made as of October 2014	0 disbursements, for US$0
Performance of the FSPs/TSPs within MLE	N/A

Annex 2: Detailed Evaluation Matrix

The evaluation matrix presents the key evaluation questions for each evaluation area as defined by the five OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, likely impact and sustainability. The criteria of effectiveness has been divided into two separate areas – (i) one related to the capacity of FSPs in achieving programme outcomes and (ii) another concerning the influence on the broader financial inclusion systems in the programme countries.

EQ1, EQ2, etc. denotes the primary questions of the evaluation matrix, EQ1.1, EQ1.2 etc. denotes the sub-questions and EQ1.1a, EQ1.1b etc. denotes the follow-up questions to the sub-questions (that are most commonly seeking to elicit lessons learned or recommendations for the future). In addition to these questions the detailed evaluation matrix presented below describes various indicators for exploring each question and their lines of evidence.

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
1. RELEVANCE AND QUALITY OF THE DESIGN OF THE PROGRAMME **EQ1**. How well designed is the programme to meet its broader objective to promote savings-focused financial inclusion?		
Synergies		
EQ1.1: *How well designed is the programme to facilitate the transition from ML to ML expansion?* *EQ1.1a: How well have the learnings from ML been integrated into the MLE programme design?*	• Knowledge management component of ML • Key learnings from ML brought out by Programme Unit's monitoring visit • Key success and contextual factors brought out by the mid-term evaluation report • Changes in MLE programme design including eligible institutions, scope of projects, funding arrangements and contextual factors	• Monitoring visit reports of ML, especially for the period 2011 when the MLE was being designed • Mid Term evaluation report • ML & MLE programme document • Interviews with the programme unit
Demand for financial inclusion		
EQ1.2: *What are the FSPs perception of low-balance savings? Do they perceive it as integral to their future strategy?*	• Proportion of low balance savings to total savings in pre MLE period • Growth targeted for low balance savings in future • Resources (financial plus staff) earmarked for mobilization of low balance savings • Level of importance accorded to low balance savings in business and strategy documents • Views of FSP on why is low balance savings important? Is it because of project push?	• FSP assessment tool (information on savings accounts pre and post MLE) • Business and strategic plan of the FSP • Interviews with FSP senior management
EQ1.3: *Does the programme design of selecting a variety of TSPs/FSPs most appropriate for expanding low balance savings to women and in rural areas?*	• TSP/FSP selection criteria • Typology of selected TSPs/FSPs and their comparative advantage in the local market • Past experience of TSP in low balance savings market	• Programme document • IC presentation and minutes (selection criteria) • Consultant due diligence report • UNCDF due diligence report • TSP/FSP proposal

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ1.4: *Is the focus on alternate delivery channels a suitable choice for expanding outreach of savings services?*	• Current penetration of savings accounts based on walk-in model • Barriers to savings mobilization in rural areas • Examples of successful alternate delivery channels in expanding outreach of FSPs • Cost comparison between branch based and alternate delivery channels	• Secondary literature review on alternate delivery channels • Data on deposit accounts and savings penetration from country inclusion data like FINDEX • Financial statements of FSPs • Cost centre analysis of FSPs • Interviews with FSP and TSP
Nature and type of institution and TSP/FSP selection		
EQ1.5: *How appropriate was the design process for TSPs/FSP?*	• TSP/FSP eligibility criteria • Did the programme design attract right type of TSPs/FSPs • Does the design meet the requirements of the TSP/FSP? • Logic of the changes in the final project plan as per PBA and original plan submitted, if any • Well defined capacity building for FSPs • Strategy for phasing out of MLE assistance	• Programme document • List of proposals submitted in response to the RFP • Performance based agreement • Project plan by TSP/FSP • Interviews with TSP/FSP • Interviews with the programme unit
EQ1.6: *What type of FSPs/TSPs should be considered for similar programme in future?*	• Key success factors of TSPs/FSPs • Major constraints impeding the achievement of PBA targets • Any discernible success factors for TSPs/FSPs based on their organization type • PBA indicators where TSPs/FSPs showed satisfactory performance; indicators where it did not yield satisfactory results	• Monitoring reports submitted by TSPs/FSPs to MLE • Monitoring reports to MCF • Back to Office reports • Interviews with FSPs/TSPs/Programme unit • TSP/FSP onsite assessment
EQ1.7: *Did the programme target right FSP based on their market position and context?*	• Past record of FSPs in savings mobilization • Future strategy – is low balance savings an integral part of future strategy? • Comparative advantage of FSP vis a vis other types of financial institutions in programme country • Regulatory compliance for savings mobilization and alternate channels like agency banking • Situation analysis to determine FSP's value add and alignment with MLE agenda	• Time series Financial and operational numbers of the FSP • Business plan • Market analysis done in due diligence • Review of regulation in respect of savings and agency/mobile banking • FSP assessment tool • Interviews with FSP senior management and other stakeholders in the country
Grant Design		
EQ1.8*: To what extent have the TSPs proven their value-add to the FSP? Is the value add in line with budget allocation?*	• Details of TA provided by the TSP • Practical implementation by FSP of the TA provided • Timely as well as on-demand support and mentoring provided by the TSP • Average percentage of grant disbursed • Cost incurred on specific TA components	• Data from TSP on TA provided so far • Review of TA documents • Grant disbursement schedule provided by the programme unit • Details of cost incurred by the TSP • Performance based agreement

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
	• Deliverables as per the timelines stipulated in the PBA • Adequate selection of experienced and relevant training/TA providers	• Interviews with the TSP and FSP
***EQ1.9**: Has higher budget allocation led to lesser ownership among FSPs?*	• Involvement of FSP in deciding the budget • Level of ownership at FSP level [especially senior management] • Relationship between TSP and FSP • Examination of under achieved indicators – whether it is due to FSP's lack of involvement or inadequate support by the TSP	• Interviews with FSP and TSP • Progress reports submitted to MLE programme unit • Perusal of minutes of meetings between TSP and FSP, if available
***EQ1.10**: Did FSPs had adequate say in TA scope and sequencing of delivery?*	• Involvement of FSP in proposal formulation • Process of identification of TA needs (TSP led, FSP led or joint) • TA sequencing; role of FSP in deciding it	• TA needs analysis documentation, if available • Interviews with FSP and TSP • Project proposal
Cross Cutting issues		
***EQ1.11:** How has gender and environmental sustainability been integrated on the design?*	• Programme supports measures to assist the enablement of women to access savings services • Gender specific results targets (and monitoring indicators) • Gender disaggregated data collection on part of FSPs • Lending policies have adequate environmental safeguards • Process of monitoring adherence to environmental guidelines	• Deposit product features • FSP's MIS reports • Progress reports from TSP to UNCDF • Credit Policy • Loan Utilisation Check policy and compliance
***EQ1.12:** Has the programme been able to adequately support FSP's needs with regard to Agency banking? What more can be done in the second half of the programme?*	• TA provided by TSP on agency banking • Has TA been in alignment with requirement of the FSP • Achievement of business targets for agency banking • Sufficiency of funds allocation for agency banking • Regulatory regime for agency banking • Availability of technology for agency banking	• Data from TSP on TA provided so far • Review of TA documents on agency banking • Review of agency banking regulation • Progress reports submitted by the TSP • Utilisation of funds for agency banking • Interviews with FSP/TSP?Regulator/Technology providers
Relevance of Knowledge Management and learning strategy		
***EQ1.13:** How well defined is the knowledge management (KM) strategy & progress?*	• Reporting/documentation quality of lessons learnt in implementation • Process of sharing experiences among various FSPs/TSPs • Instances of course correction by a FSP/TSP based on shared learnings	• Knowledge management documentation • Interviews with programme unit/FSP/TSP
***EQ1.14:** Scope for improvement in KM; key aspects providing evidence for programme's objectives?*	• Documentation of changes in FSP's sustainability • Changes in savings pattern of target clients (rural/women)	• TSP progress reports • Client survey • FSP assessment

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
2. EFFICIENCY OF PROGRAMME MANAGEMENT **EQ2**. *How well has the programme delivered the expected results?*		
Quality and efficiency of programme management and monitoring		
EQ2.1: *How well are programme activities being managed and monitored by programme staff?*	• Adequacy and completeness of the RFAs • Detailed and transparent grant award process • Sufficient availability of funds for foreseen program implementation • Sufficient allocation of human resources (internal staff and external consultants) for program implementation • Quality supervision of investments on part of MLE PM and program staff • Timely disbursement of awarded grants to TSPs • Development and monitoring of SMART PFAs • Achievements against targets/baseline.	• Interviews with FSP, TSP and MLE programme staff and MasterCard Foundation • RFAs, proposals submitted by partners, external consultant reviews, DD mission reports, IC discussions and recommended budget, PFAs signed with grantees, Back to Office Reports • Monitoring reports submitted to MLE and MCF (both quantitative and narrative) • Logframe (activities and budget), MLE KPIs • Staff Performance Reviews
EQ2.2: *To what extent is the programme demonstrating value for money with outputs being delivered on time and at expected cost? Are there more efficient ways to deliver the same outputs and realize the same outcomes?*	• Division of grant funding between TSP & FSP • Resource and cost allocation of staff versus external consultants providing support to FSPs • Travel Expenses and salaries • Expenses related to KM activities • Leverage: Amount of funds contributed by applicant; Net change in low-balance savings mobilized/amount of funding received from MicroLead	• Interviews with ML Expansion programme staff and MCF • Logframe (activities and budget), MLE KPIs • Review of program budget (and revisions) – planned and actual • Calculation of 'leverage' • Assessment of FSP's performance • Comparison of ML Expansion Programme's performance ratios with ML and other related initiatives like YouthStart
EQ2.3: *To what extent is the M&E system fit for purpose to track and analyse meaningful data at all levels of the results chain from activities to outcome to impact??*	• Program monitoring focuses not only on activities and outputs, but also on outcomes (and possibly impact) • Timely program implementation and progress towards targets • Timely reporting by TSP to MLE • Timely reporting by FSP to Mix Gold/Savix • Timely reporting, on part of MLE PM to relevant program parties (incl. MCF), of program implementation and progress towards targets • Up to date indicators of project progress, regular and informative reports • Program monitoring mechanisms supports regular collection of sufficient data to effectively support the management and decision-making process of the program • Data gathered from TSP/FSP is regularly analysis; results guide decision making	• Interviews with FSP, TSP and MLE programme staff • Monitoring reports submitted to MLE and MCF (both quantitative and narrative) • Logframe & KPIs • Data submitted by FSPs to MIX Gold/SAVIX • Analytical reports/publications produced by MLE

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ2.4: *To what extent has the program followed up on the recommendations of the mid-term evaluation?*	• Availability of funds towards implementing recommended actions and measures • Allocation of human resources towards implementing recommended actions and measures • Measures taken towards addressing the recommendations of the ML mid-term evaluation	• Interviews with ML Expansion Programme Management Team • Review of ML Mid-Term Report and management response to consultant comments • Review of monitoring reports submitted by TSP/FSP to ML Expansion team • Report of monitoring reports submitted by ML Expansion team to MasterCard Foundation
Quality and efficiency of oversight		
EQ2.5: *What is the relevance and quality of technical assistance provided by UNCDF and ML-Expansion programme team to relevant stakeholders?*	• Needs assessment conducted/ proposals reviewed to identify type of TA support required • No. of times/ types of TA support provided, frequency of TA support, identification of TA providers • Adequate funding budgeted for planned as well as unplanned TA activities • Feedback received from TSP/FSP/ other relevant stakeholders	• Interviews with Interviews with MLE Programme Management team • Interviews with TSPs and FSPs and other local implementation partners (including recipients of TA support) • Review of proposals submitted by TSP/FSP (including business plan), consultant reviews, minutes of DD missions, IC and Back to Office Reports • Review of TA support/training contents, participant feedback • Review of deliverables submitted by TA provider, feedback (if any) submitted by TA provider • Monitoring reports submitted by TSP/FSP to MLE and by MLE to MCF
EQ2.6: *What is the quality of programme governance and oversight at the regional and headquarters level?*	• Suitable structures setup within UNCDF to drive programme implementation and evaluations • Role of FIPA, UNCDF evaluation unit, MLE programme management unit, advisory committee • Degree of involvement of MLE programme staff, CTAs and RTAs in programme implementation and support • Regular program implementation and progress review, performance reporting to MCF	• Stakeholder Interviews with Interviews with MLE Programme Management team, TSPs and FSPs • Monitoring reports submitted by TSP/FSP to MLE
Technical services providers		
EQ2.7: *What is the quality of technical assistance provided by TSPs to FSPs?*	• Division of funding between TSP and FSP; work allocation plan • Timely support provided as per PBA • Unplanned impromptu support provided • Comparison of targets versus achievement • Feedback from FSPs	• Interviews with ML Expansion programme management staff, TSP, FSP and other local implementation partners • Review of PBA, log frame of activities

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ2.8*: To what extent do the FSPs perceive the TA support from TSPs as a worthwhile value addition?*	• Relationship between TSP and FSP • Timely as well as on-demand support and mentoring provided by TSP • Deliverables as per the timelines stipulated in the PBA • Feedback from FSPs	• Interviews with TSPs and FSPs, ML Expansion Programme Management Unit • Review of RFA and deliverables provided by TSP • Review of monitoring reports submitted by TSP/FSP to MLE
EQ2.9: *Are the grantee reporting requirements adequate and/or relevant? Should they be reduced or increased?*	• Reporting indicators have clear and easy to comprehend definitions • Grantees are trained on using the reporting platform; have clearing understanding on the terms • Timely, complete and accurate reporting by grantees to MLE, MIX Gold and Savix • Sufficient time given to grantees for meeting reporting targets • Feedback received from grantees	• Stakeholder Interviews with MLE Programme Management team, MCF, TSPs and FSPs • Monitoring reports submitted by TSP/FSP to MLE (narrative and quantitative) • Data uploaded to MIX Gold/Savix
Efficiency of RFA/PBA process		
EQ2.10: *To what extent was the RFA process handled efficiently?*	• Active marketing of MLE by FIPA staff • Robust eligibility criteria for TSPs and FSPs • No. of applications received (minium=15) • Applications submitted are relevant to the ToR; applicants demonstrate good understanding of the MLE project	• Interviews with MLE Programme Management team, FIPA staff, external consultants, IC members, TSPs and FSPs • Review of the Pro Doc, RFA, brochures and MLE website • Review the submitted applications
EQ2.11: *To what extent were consultant reviews, due diligence missions, Investment Committees effective and/or necessary?*	• Applicants shortlisted based on eligibility criteria • Appropriate ranking criteria and weightages assigned • Application process reviewed and endorsed by MCF • No. of projects reviewed and ranked (At least 8 projects in 6 SSA countries) • Field visits conducted by consultants in all approved countries • Applications are reviewed by a panel of 4 external consultants and CTA/RTA, wherever applicable • Shortlisted applicants who are signatory to other FIPA agreements satisfy stipulated milestones	• Interviews with MLE Programme Management team, external consultants, IC members, TSPs and FSPs, MCF • Review of the RFA, applications submitted by TSP/FSP, consultant assessment tools and feedback, IC discussions and minutes, due diligence mission reports, PFAs, fund use reports • Comparison with the selection process of ML and other similar initiatives like YouthStart
EQ2.12: *To what extent did this process allow for the selection of the most appropriate candidates?*	• TSPs& FSPs objectives are in alignment with MLE's over-arching goals • TSP & FSP satisfy the eligibility criteria stated in the Pro Doc • Good progress towards PBA targets- • Comparison of results achieved versus targets	• Interviews with ML Expansion Programme Management Team and MCF • Review of all applications submitted including the ones which were not shortlisted • Review of consultant assessment tools and feedback, IC discussions and minutes, due diligence mission reports • Monitoring report submitted to MCF
EQ2.13: *Should there have been an additional level of due diligence allowed for the TSPs before project activities were planned and PBAs*	• TSPs& FSPs objectives are in alignment with MLE's over-arching goals • TSP & FSP satisfy the eligibility criteria stated in the Pro Doc • Adequate discussion of foreseeable risks by IC and consultants	• Interview with ML Expansion programme management team and MCF and external consultants, IC members • Review of Pro Doc, IC minutes, DD mission reports, Back to Office Reports, consultant reviews

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
negotiated? To what extent did the due diligence process help to surface challenges and mitigate against foreseeable risks?	• Pro Doc risk management criteria is adequate for managing risks	
EQ2.14: *To what extent were the PBAs designed appropriately? Most disbursement conditions are linked to specific activities and outputs as forecast before project implementation. Should there be greater flexibility in determining disbursement conditions?*	• PBAs designed in consultation with TSP/FSP • PBA targets are realistic; good progress being made by TSP/FSP on achieving targets-achievement versus target • Feedback from TSP/FSP	• Interview with ML Expansion Programme Management Team, MCF, TSP and FSP • Review of applications submitted, PBAs and monitoring reports submitted to MLE, second tranche disbursement documents and renegotiated PBA documents
Efficiency of KM activities		
EQ2.15: *To what extent are the KM activities/products produced efficiently?*	• Deliverables collected, reviewed and disseminated (including mid-term evaluation report) • Achievements against targets • Feedback from all stakeholders on the utility of the KM deliverables which include quarterly reports and the mid-term evaluation	• Interviews with FSP, TSP and MLE programme staff • Monitoring reports submitted to MLE and MCF (both quantitative and narrative) • Brochures/Webinars/Policy Briefs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
3. EFFECTIVENESS – ORGANIZATIONAL CHANGE OF SUPPORTED FSPs **EQ3**. To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial and non-financial services to low income rural populations, particularly women?		
Understanding of financial needs and tailored services and gender integration		
***EQ3.1**. To what extent has the programme contributed to changes in FSP strategy and capacity of its staff in terms of attitudes towards serving low income rural populations, especially women? In which ways are attitudes changing?*	• Changes in declared strategy (principles/approaches) include specific attention to women and rural market after the start of MLE programme - Changes in business plan, mission, vision, organizational chart - Changes in operational policies related t savings mobilisation - Changes in product strategy and characteristics (savings, credit & financial education) • Improvements in actual implementation of the strategic changes • Designated 'savings champion' (or staff member in charge of savings services) • Staff attitude as declared in the code of conduct specifically addressing serving rural clients, particularly women • Actual staff behavior towards serving rural clients, particularly women	• Review of relevant FSP documentation: current and past (before MLE) business plans, credit policies, products characteristics, codes of conduct, organizational charts, mission, vision • Interviews with FSP (board, management, savings champion and other staff) • FGDs with clients (women & those living in rural areas) added as a result of MLE programme
***EQ3.2**. To what extent did the market research conducted by the TSPs and/or their partners inform the design of savings product & services provided to the women and rural population?*	• Quality of the market research output and consistency between the market research output and the actual product design: - Design of new savings products/services or changes in the existing products/services specially 'tweaked' to meet the needs of women & rural population - Design and development of products/services informed by target client feedback gathered during market research	• Review of market research reports conducted by the TSPs • Review of relevant FSP documentation (description of characteristics of savings products/services offered) • Interviews with TSP personnel who led the market research and the FSP staff who facilitated this research.
***EQ3.3.** To what extent did the savings products and services developed under the program meet the needs of women and rural population?*	• Degree of satisfaction of and feedback from clients (especially women & rural) with regard to savings products (term, interest, withdrawal conditions etc.) • Degree of satisfaction of and feedback from clients (especially women & rural) with regard to credit products (term, amount, disbursement time, accessibility conditions, guarantees, etc.) • Degree of satisfaction of and feedback from clients (especially women & rural) with regard to financial literacy training	• Client interviews • FGDs with clients • Interviews with FSP staff (COO, branch staff, etc.)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Delivery channels and linkages of FSPs		
EQ3.4*. To what extent have the TSPs been able to support the FSPs in their entry into alternative delivery channels (ADCs)?* *EQ3.4a. Which channels are more effective? What are the main challenges and innovative responses? What lessons can be shared among grantees on mobile network operator (MNO) negotiations, agent network build-out, point of sale (POS) vs mobile implementations? What approaches should be disseminated in the industry as best practices?*	• Introduction of alternative channels for delivery of savings services to clients (tie-up with MNO for mobile money, agent-network etc.) • # of new clients (% women; % rural) reached per type of delivery channel and/or business model (subject to availability to disaggregated data for beneficiaries of savings services) • Satisfaction on part of new clients (women & rural) with regard to the use of specific delivery channel and/or business model (in terms of ease, cost and simplicity)	• Review of marketing plans developed by the TSPs for use of ADCs. • Review of FSP MIS reports on outreach disaggregated by client type (women, rural) and delivery channels • Client interviews and FGDs
EQ3.5*. What forms of financial education were developed/are being developed and offered to customers?* *EQ3.5a. Which forms are most effective and least costly to roll out or have the potential to be most effective? Which approaches should be written up as best practice and shared widely to the industry?*	• # of FSP clients (% women, % rural) who received financial education training • Quality of the curricula for financial education (based on FSPs savings products & services and delivery channels) • Level of awareness of clients (on products terms and conditions, CPP etc.) who have undergone financial education training.	• Review of FSP MIS reports • Review of training material for imparting financial education to clients • Client interviews and FGDs
EQ3.6*. To what extent are FSPs able to successfully link with informal savings groups?* *EQ3.6a. Which of the approaches used have been more and less successful and why?*	• # of new clients linked through tie-ups with village savings and loan associations (VSLAs) and other informal savings groups • Changes in strategy of FSP for targeting such informal savings groups	• Interviews with TSP and FSP personnel • Review of marketing plan prepared by the TSP • Review of FSP MIS reports
Responsible financial services		
EQ3.7*. To what extent have programme initiatives to promote client protection, social and environmental systems and social performance management been successful? To what extent are the FSPs integrating these principles into their institutions?*	• Official endorsement of Smart Campaign CPPs • CPPs are taken into consideration in policies and procedures for women and rural clients (even if not necessarily translated into practice) • Actual practices of the FSP towards low-income women and rural clients reflect the CPPs integrated in policies and procedures	• Review of FSP business plans • Review of FSP manuals, policies & procedures • Review of Smart Campaign CPP endorsement document • Interviews with FSP staff (CEO, COO and branch staff) • Client interviews and FGDs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Effectiveness of Knowledge Management activities		
EQ3.8. *To what extent are the KM activities/products of value to the partner TSPs and FSPs? Which products/events resonate the most with grantees and have the greatest potential to impart knowledge among grantees?*	• Reporting of performance data on MIX • Participation in # of training and conferences • Participation in # of national and regional meetings convened to improve TA/Greenfield operations in the field • # of meetings with policymakers	• Interview with MLE PMU (Programme Manager and Specialists) • Interview with FSP personnel (Senior management)
Outreach/access at the client level		
EQ3.9. *To what extent have savings products and services (developed as a result of the programme) provided by the FSPs contributed to extended outreach / improved access of savings, other financial & financial education training to women and rural population?*	• # and growth rate (trend) of savings as well as loan clients (% female; % rural) • # and growth rate (trend) of new savings clients (who were not part of FSPs member base at the start of MLE programme) • # and growth rate of poor and low-income youth clients (subject to data availability in MIS of FSPs) • Evolution of outreach in depth (average savings balance for women/ rural clients/GDP per capita) and comparison with other clients of the FSP • Difference between actual trend of number of women/rural clients since the start of the MLE program and 'extrapolated' trend based on women/rural client outreach prior to the MLE program (subject to data availability)	• Review of MIS data of FSPs • If possible (subject to data availability), 'extrapolation' of women/rural client trend prior to the MLE program for comparison to actual trend since the start of the MLE program (in order to support a 'counterfactual' assessment of women/rural outreach)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
4. EFFECTIVENESS – MAEKET DEMONSTRATION, UP-SCALING **EQ4**. *To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?*		
Policy influence		
EQ4.1. *To what extent does ML-Expansion have the potential to influence policy change in any of its countries of implementation? To what extent has the program actively and effectively involved relevant stakeholders at both the macro and the meso level (as well as actors at the global level) in program-supported initiatives related to savings-led financial services (workshops and events, production of case studies, policy briefs, etc.)?* *EQ4.1a. If so, which ones and how should this policy change be pursued? What have been the main strategies/levers employed under ML-Expansion to initiate policy change? What are the key areas of success/challenges and lessons learned to influence policy change?*	• # content and quality of published case studies, policy briefs, etc. • #, type and effectiveness of channels used for dissemination of MLE supported publication (incl. possible existence of other potentially effective channels not used) • # and type of references to MLE-supported publications or events in other publications or national media, at other initiatives, etc. • #, content and follow-up of MLE-organized national, regional or international workshops/events • # and type of participants at national, regional or international workshops/events • # of meetings with policymakers and type of participants • Appreciation of publications and initiatives on part of relevant stakeholders	• Review of published case studies, policy briefs, etc. • Review of applied dissemination tools (newsletters, webinars, presentations, etc.) • Review of presentations at and/or 'back to the office' reports on national workshops/events, regional/international fora, etc. (incl. assessment of participants' appreciation if available) • Review (internet search) of references to MLE-supported publications or events in other publications or national media, at other initiatives, etc. • Interview with MLE PM • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level
Market demonstration effect		
EQ4.2. *To what extent has the programme influenced other FSPs in the programme countries to adopt a savings-led approach to providing financial services?* *EQ4.2. To what extent were government and UNDP involvement (where applicable) instrumental in making a wider sector level impact and fostering policy changes and what are the areas of improvement?* *EQ4.2a. In order to optimize its impact on national markets through demonstration effects, what approach should the TSPs or*	• Increased awareness and appreciation on part of policy makers, regulators, etc. (macro level) and representatives of support structures (meso level) with regard to the creation of an enabling environment for savings focused financial services • Improvements, if any, in the national (and, where relevant, regional) policy setting and legal/regulatory framework during the course of the programme with specific regard to the provision of savings-led financial products/services for women and rural population. • Improvements, if any, in the provision of savings-led financial services (incl. advocacy) on part of MFI networks and other FSPs during the course of the program	• Review of the changes in the national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, women empowerment strategies, etc.) since the start of MLE programme. • Review of services related to savings provided by other FSPs (and of if and how they have changed during the course of the MLE program) • Review of changes in MIX country/regional benchmarks related to savings services • Interview with MLE PM • Interviews with participant country (or regional) UNCDF/UNDP staff and other relevant international

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
UNCDF be taking in the second half of programme implementation?		donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level) • Interviews with TSPs and FSPs.
Up-scaling and replication		
EQ4.3*. To what extent have the partnerships enhanced UNCDF's comparative advantage and positioning in the area of low-balance savings? To what extent has UNCDF adequately fulfilled its role as promoter of low-balance savings?* *EQ4.3a. How can UNCDF increase its country partnerships to maximize its impact on the business case for local market leaders to embrace a low-balance savings strategy?*	• # and type of institutions (TSPs and FSPs) who submitted applications and participated in the Grantee selection process of MLE programme • # and type of other stakeholders (government ministries, regulators, MNOs, industry associations/networks, donors etc.) that have been part of the implementation of MLE programme in different programme countries • # and utility (in terms of types of stakeholders met and interest generated, guidance provided to TSP/FSP etc.) of monitoring visits conducted by MLE PMU to the programme countries. • # of FSPs that are on course to meet their mid-term targets (related to savings clients' outreach) of the MLE programme and have shown a profitable trend.	• Review of applications submitted to UNCDF under MLE application • Review of back to office reports of the monitoring visits conducted by MLE PMU. • Interviews with other key stakeholders • FSP assessment toolkit

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
5. LIKELY IMPACT **EQ5**. *To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?*		
Policy influence		
EQ5.1: *On the basis of programme design and performance to date, assess the likelihood of the programme contributing directly, either positively or negatively, to the programme's expected final outcomes (programme impact) set out in the Programme Document?*	• Number and growth in clients, amount and growth of savings disaggregated by gender and location (rural/urban) • Number and growth of active borrowers, amount and growth of savings and loan portfolio • Average loan balance and savings balance per client • Change in use of funds (savings or loans), disaggregated by gender, etc. • Change in clients' awareness levels with regard to product (savings and credit) terms disaggregated by a) gender, b) location, c) clients who have undergone financial literacy trainings • Increased financial decision making ability (capability), knowledge of savings, budgeting, debt management and cash flow planning of clients disaggregated by a) gender, b)location, c) clients who have undergone financial literacy trainings • Value and trend of PAR of loan accounts disaggregated by a) gender, b) location, c)clients who have undergone financial literacy trainings • Evidence that 'financial capabilities' have increased more when financial education is provided in tandem than when financial products are provided alone • Change in outreach disaggregated by use of technology led delivery channels	• Interviews with FSP, TSP and MLE programme staff and other stakeholders • Surveys and FGDs with clients • Review of financial literacy tools including materials given to clients for improving their capabilities • Review of the monitoring reports submitted by TSP/FSP to MLE (both narrative and quantitative) and Back to Office Reports • Operational and financial performance information from the MIS • FSP assessment
EQ5.2: *On the basis of programme design and performance to date, what is the likelihood that the programme will have any unintended impacts?*	• Macro level impact-enabling policy/regulatory changes • Likely impact (positive/negative) on institutional/management capabilities, operating expenses of FSP • Likely impact (positive/negative) of alternate delivery channels • Likely impact (positive/negative) on women's empowerment • Likely impact on client satisfaction/dropout rates, staff satisfaction/dropout rates • Right holders being deliberately/inadvertently excluded from the MLE programme	• Interviews with FSP, TSP and MLE programme staff and other stakeholders • Surveys and FGDs with clients • Review of client information disaggregated by age/gender/socio-economic status/location • Review of the monitoring reports submitted by TSP/FSP to MLE (both narrative and quantitative) • Reviewing macro-policy documents and financial inclusion policies and regulations
EQ5.3: *Which FSP grantees have the potential to have the most impact on its low-income clients (e.g., decrease in poverty rates, increased quality of life)?*	• Number and growth in clients, amount and growth of savings disaggregated by gender and location (rural/urban)	• Interviews with FSP, MCF and MLE programme staff • Surveys and FGDs with clients (includes PPI survey) • Operational information from FSP's MIS

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
	• Number and growth of active borrowers, amount and growth of savings and loan portfolio disaggregated by gender and location (rural/urban) • Average loan balance and savings balance per client • Change in clients' household income, asset ownership, indebtedness and poverty levels disaggregated by gender and location (rural/urban) • Change in level of awareness of product (savings and credit) terms disaggregated by a) gender, b) clients who have undergone financial literacy trainings • Increased financial decision making ability (capability) and management ability of clients disaggregated by a) gender, b) clients who have undergone financial literacy trainings • Change in demonstrated level of credit discipline disaggregated by gender, location (rural/urban) and financial literacy • Change in outreach disaggregated by use of technology led delivery channels • Financial sustainability, strong internal control, institutional and management capabilities of FSPs • All the above indicators are to be disaggregated by FSP's a) legal form, b) size, c) TSP support	• Review of the monitoring reports submitted by TSP/FSP to MLE (both narrative and quantitative) • Financial literacy initiatives undertaken by FSP • FSP performance assessment disaggregated by a) legal form, b) size, c)political landscape, d) TSP support • Profitability (margin/RoA/RoE), sustainability (OSS/FSS), PAR/write-off ratio and liquidity ratio of FSPs disaggregated by a) legal form, b) size, c) greenfield or non-greenfield, d) TSP support • Qualitative assessment of politically stability and regulatory regime in programme countries
***EQ5.4:** Which FSPs have the potential to have benefited the most from TA provided by TSPs under MLE?*	• Strong relationship with TSPs • TSP's agenda is in alignment with MLE objectives • Timely planned and impromptu support from TSPs • Technical assistance and capacity building support from external TAs/consultants • No. of trainings/capacity building exercises conducted by TSP for FSP's management and staff • Regular monitoring from TSP • TSP's targets (in PBA) versus achievements • Good internal controls, good institutional and management capacities • Sufficient allocation of human and financial resources	• Interviews with FSP, MCF and MLE programme staff • Operational information from FSP's MIS • Review of the monitoring reports submitted by TSP/FSP to MLE (both narrative and quantitative) • Proposals and business plans submitted by TSP/FSP • Financial literacy initiatives undertaken by FSP • FSP performance assessment disaggregated by a) legal form, b) size, c)political landscape, d) TSP support
Knowledge Management		
***EQ5.5:** What case study topics (selected from MLE implementation challenges/successes/impact) would be of most interest to MLE grantees and a wider financial inclusion sector? Which institutions would be most interesting/relevant to profile when*	• Change in FSP's institutional and management capacities • Likely impact of TSP support on FSP's performance • Likely impact of technology on deepening outreach to the underserved • Likely impact on client awareness, financial decision making ability (capability) and satisfaction levels	• Interviews with ML Expansion Programme Management Team, donor-MCF, FSPs, TSPs • Surveys and FGDs will clients • Operational information from FSP's MIS • Review of the monitoring reports submitted by TSP/FSP to MLE (both narrative and quantitative)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
drafting case studies when nearing program end?	• Target versus achievement	• Success stories submitted by the TSP/FSP
Client-centered approach		
EQ5.6: *Which types of clients are likely to be reached or best served through ML-Expansion? To what extent are the clients likely to find the financial products offered as relevant to their needs? What is the overall client satisfaction with the products and services offered and with the institutions supported by the programme?*	• Increase in average loan and savings balance • Increase in household income • Increase in ability to withstand shocks • Increase in consumption smoothening ability Increased women's empowerment • Increase in client awareness levels • Increase in client satisfaction levels • All indicators to be disaggregated by • gender, • location (rural/urban), • clients who have and have not received financial education	• Interviews with ML Expansion Programme Management Team, donor-MCF, FSPs, TSPs • Surveys and FGDs with clients

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
6. FSP - SUSTAINABILITY **EQ6**. *To what extent are programme results likely to be sustainable?*		
FSP sustainability		
EQ6.1: *Financial sustainability and growth* *EQ4.1a: To what extent does the supply of low-balance savings products and services lead to improved growth rates in outreach?* *EQ4.1b To what extent does including low-balance savings contribute to the financial sustainability of FSPs overall?* *EQ4.1c Has the programme contributed to increased sustainability of partner FSPs?* *EQ4.1d How can financial services and non-financial services, such as business training and financial education, be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients?*	• Growth in number of savers and trend in saving balance per account • Trend in OSS and RoA of FSPs • Comparison of OSS and/or RoA of FSPs with that of other financial institutions • Trends in operating expenses ratio • Trend in client retention rate/drop-out rate to analyse difference post implementation of MicroLead program • Access to further source of funds - equity, debt, grants beyond UNCDF owing to participation in this programme	• Financial statements of FSP • Analysis and comparison between financial performance of the FSPs and other institutions of similar legal form and size using MIX Market data • Financial and operational data from FSP's MIS • Quarterly progress reports from FSP and TSP • M-CRIL FSP assessment tool; data from M-CRIL designed template • Interviews with FSP management
EQ6.2: *To what extent is the programme contributing to improve institutional and management capacity in the partners with which it is working?* *EQ6.2a: What do partners need to do to continue developing products for low-income clients especially in rural areas and for women? What are their plans? To what extent are the products and services for low-income clients institutionalized?*	• Improvement in liquidity management systems required to manage savings products • Improved ALM management systems • Sufficient allocation of human resources to effectively serve depositors • Improvements in MIS and use of technology to better serve depositors • Members with banking experience especially of liability side management on management and Board	• Interviews with FSP management • Interview with Board • Reporting to Master Card Foundation • Quarterly progress reports • Business Plan submitted by TSP/FSP
EQ6.3: *From the financial services developed by the partners, which services/products have the greatest potential to be scaled up after the programme ends?*	• Savings product wise growth trends • Saving product wise financial and transactional cost - margin analysis • Extent of mismatch in various ALM buckets – suggesting need for longer term or short term funds • Field staff feedback • Client feedback	• Review of FSP business plan and financial projections • Financial and operational data from FSP's MIS • Quarterly progress reports from FSP and TSP • M-CRIL FSP assessment tool; data from M-CRIL designed template • Interviews with FSP board, management and staff

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
		• FGDs with field staff • FGDs with clients • Client Survey
EQ6.4: *Programme continuation beyond MicroLead project* *EQ6.4a: On the basis of design and performance so far, what is the likelihood that programme outcomes will continue/be sustained by programme partners once the programme comes to an end?*	• Strategies to sustainably deliver various savings products after the end of the program • Investment in technology to support delivery of saving products efficiently and sustainably in longer term • Sufficient allocation of human resources to effectively serve rural clients • Appointment of agents/franchisees to reach out to rural areas • Sufficient availability of funds to continuously upgrade skills and systems and support technical maintenance and upgradation • Sufficient allocation of staff towards training and improvement of information systems	• Interviews with FSP's Board of Directors and senior management • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Financial statements and operational information from the MIS • Interview with the Human Resource department and training team • Interview with the IT team if any • Interviews with lenders and investors
EQ6.4b: What are the major contextual factors that are influencing the achievement of programme outcomes? How are these likely to change once the programme comes to an end?	• Vision of the Board and senior management • Perceived usefulness and relevance of the savings products offered by FSPs by clients and relevant stakeholders • Policy guidelines and vision of the central bank and government • Indications for a likely change in Legal/regulatory framework	• Interview with the Board and senior management • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers and regulators • Interviews with industry associations, networks and other relevant support structures • Review of past (i.e. prior to the start of the MicroLead program) and current national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, regulations related to savings mobilisation) • Client survey and FGD
EQ6.4c: Are there opportunities for synergy and closer collaboration between MicroLead and other UNCDF programming, such as YouthStart, Mobile Money for the Poor, Better Than Cash Alliance?	• Perceived usefulness and relevance of the savings products offered by FSPs by clients and relevant stakeholders of other UNCDF programme.	• Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level)

Annex 3: Bibliography – documents consulted

Document type	Source Documents
ML Documents	• Brochures, webinars and publications on the MLE website (http://www.uncdf.org/en/programme/microlead) • ML Mid-term Evaluation Report • ML Pro Doc-LDC Fund to Develop Savings-led Market Leaders for Inclusive Finance (2008 -2013) • Management Response to MicroLead Mid-term Report
YouthStart	• Mid Term Evaluation Report & Annexes • Evaluation Matrix for YouthStart
MLE Programme document	• UNCDF-Master Card Foundation Agreement • Pro Doc Microlead Expansion Programme-Support to Savings Led Market Leaders to Enter Underserved Countries (2011-2017) • MLE HQ PAC Presentation and Minutes (July 2011) • MLE Request for Applications_2012 • Mid-Term Evaluation RFA- Microlead Expansion Programme-Support to Savings Led Market Leaders to Enter Underserved Countries • MLE Government Endorsements (Burundi, Malawi, Uganda, Tanzania, Ghana, Liberia, Rwanda)
Proposals submitted by the TSPs/FSPs	• Technical Proposal (including annual reports, financial performance reports, business plans, resume of key personnel) submitted by o CARE (Ghana & Tanzania), o CRDB Burundi, o MEDA Uganda, o WWB Malawi, o WOCCU (Liberia, Malawi, Rwanda)
Assessment of the proposal by the external consultants	• Consultant Assessments of the 8 projects in 7 countries (by Charlies Cordier, Greg Thsys, - Madeleine Klinkhamer and Joyce Lehman) • Due Diligence Reports • Logframes for awarded projects
Investment Committee proceedings	• Mission Reports conducted by UNCDF PMU and external consultants for o CARE (Ghana & Tanzania), o CRDB Burundi, o MEDA Uganda, o WWB Malawi, o WOCCU (Liberia, Malawi, Rwanda) including resubmitted applications • MLE Expansion Summary • IC Minutes (July and September 2012) • MLE IC Presentation
Performance based agreements with the selected Grantees	• Performance Based Agreements with eight grantees o CARE (Ghana & Tanzania), o CRDB Burundi, o MEDA Uganda, o WWB Malawi, o WOCCU (Liberia, Malawi, Rwanda)
Reports from TSPs/FSPs	• MLE Reports to MasterCard Foundation (Quarterly and Annual Reporting) o ML Expansion Periodic Project Reports o MCF Detailed Proposal Budgets o MLE KPIs

Document type	Source Documents
	o MLE Annual and Summary Disbursements • Quarterly Performance Reports shared by TSPs with MLE o Audited Financials ▪ 2012-13 and 2013-14 o 2012-Q4 ▪ WOCCU Rwanda o 2013-Q1 ▪ WOCCU Rwanda and WWB Malawi o 2013-Q2 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda o 2013-Q3 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda o 2013-Q4 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda o 2014-Q1 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda o 2014-Q2 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda, CARE Ghana Fidelity Bank o 2014-Q3 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda, CARE Ghana Fidelity Bank o 2014-Q4 ▪ WOCCU Rwanda, WWB Malawi, BASIX Cameroon, CRDB Burundi, OI SASL Ghana, WOCCU Rwanda, CARE MCB Tanzania, MEDA Ugafode Uganda, CARE Ghana Fidelity Bank o 2015-Q1 ▪ Second Tranche Disbursement Supporting Documents for CARE Ghana Fidelity Bank, A3C, CEC and UCCGN Cameroon
Back to office reports	• BTOR Reports 2012 o NYC_July 2012, o Brussels_Sept 2012, o London_Sept 2012, o Eithopia_Oct 2012, o Mozambique_Oct 2012) • BTOR Reports 2013 o Liberia_Sierra Leone_July 2013,

Document type	Source Documents
	o Arusha_April 2013, o Cameroon_Sept 2013, o Durban_Aug 2013, o Ghana_Sept 2013, o Liberia_Dec 2013, o Malawi_April 2013, o Mkekele_Aug 2013, o South Sudan_Aug 2013, o Tanzania_Aug 2013, o Uganda_June 2013 • BTOR Reports 2014 o Turin_July 2014 o Liberia_Senegal_April 2014 o Cameroon_June 2014 o India_May 2014 o Uganda_Oct 2014 o Burundi_June 2014 o Malawi_Nov 2014 • BTOR Reports 2015 o Rwanda_Jan 2015
Other Documents	• UNEG Human Rights and Gender Equality Handbook • Evaluation Policy and Practice in UNCDF_Background Note • UNEG Code of Conduct • Integrating Human Rights and Gender Equality in Evaluation --Towards UNEG Guidance • UNEG Checklist for quality evaluation reports

Annex 4: List of persons met/interviewed & project sites visited

The evaluation team met various persons/stakeholders during the missions to 7 countries (Benin, Cameroon, Ghana, Malawi, Rwanda, Tanzania, Uganda) while off-site interviews were conducted with stakeholders through Skype/phone in 3 countries (Burkina Faso, Burundi and Liberia). Even for some of the countries visited, a few stakeholders were interviewed off-site. The detail list of persons met/interviewed is provided below.

Benin

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
TSP	Ignace Dovi	Directeur Exécutif	Ignace.dovi@alafianetwork.org	On-site
TSP	Ulrich Bankole	Directeur Financier	Ulrich.bankole@alafianetwork.org	On-site
	Jean Dah Hounon	Directeur Informatique	jdahhounnon@cei-rcif.com	On-site
FSP	Salomon Saliou	Directeur Exécutif, CPEC	soslome62@yahoo.fr	On-site
Secondary duty bearer	Telesphore Afouda	Directeur marketing et commercial	acotelus2001@gmail.com	On-site
Other interest group	Louis Biao	Coordonateur de la Cellule de Surveillance, des SFD Ministère de l'Economie et des Finances	louis_biao@hotmail.com	On-site
Other interest group	Jamelino Akogbeto	Chef de Division de Mobile Money	ajamelino@moov.bj	On-site
Secondary duty bearer	Rosine Sori Coulibaly	Représentante Résidente, UNDP		On-site
Other interest group	Cossoba Nanako	Coordinateur UNCDF		On-site
Other interest group	Maurille Couthon	Directeur du PASMIF	maucouthon@yahoo.fr	On-site
Secondary duty bearer	Jean Comlan Panti	Directeur du Fonds de la Microfinance, FNM Fonds Nationale de la Microfinance	kpantijean@yahoo.fr	On-site
Other interest group	Lambert Gbossa	Directeur, EURAFRIK	gbossa@eurafrik.org	On-site

Cameroon

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
TSP	Soulémane Isso-Takou DJOBO	CIDR Resident Advisor	+237 691 873 930; 699 659 647 Soulemane.djobo@cidr.org	On-site
FSP	Patrice Moune	A3C	mounepatrice@yahoo.fr	On-site
FSP	Bouba Ndjidda	MD, UCCGN	ndjiddabouba@yahoo.fr	On-site
TSP	Simon Yon Tjega	MD, MIFED	syontjega@yahoo.fr	On-site
FSP	Didier Njock	CEC	Njoandi2@yahoo.fr	On-site
Other interest group	Honorine Adiogo	Regional Corporate Sales Manager, MTN	adiogo_H@mtncameroon.net	Meeting cancelled
Other interest group	Victor Ndzana	Directeur de la monnaie,MINFI official	ndzanavictor@yahoo.fr	Meeting cancelled
Other interest group	Patrice Lumumba Mboh	Directeur des Etudes,MINFI official	mbohtenengang@yahoo.com	Meeting cancelled
Secondary duty bearer	Thomas Nkouenkeu	IFAD Funded - Head PADMIR Project	+237 698 002 768 thomkoue@yahoo.fr	On-site
Other interest group	Angeline Tchagueu	Director of Sales, Orange	Angeline.tchagueu@orange.cm	Not available
Other interest group	Gabriel Nzoyem	Executive Secretary, ANEMCAM		Meeting cancelled
Secondary duty bearer	Corneille Agossou	UNDP Deputy Resident Representative	corneille.agossou@undp.org	On-site
TSP	Ram Mohanrao	Long Term Advisor, Basix	+237 694 723 724 rammohanrao.l@basixindia.com	Off-site
TSP	BL Parthasarathy	CEO, Basix Consulting	parthasarathy@basixindia.com	Off-site
FSP	Kenkolla Eric	Director ,System and information ,CEC	kenkolla@ceccameroun.com	On-site
TSP	Essouma Paul	Director operations, MIFED	essoumapaul@yahoo.com	On-site

Ghana CARE

Stakeholder Type	Name	Designation & organisation	Contact	Interview Conducted
FSP	E. Owureku Asare	Cluster Head, Cards & eBanking (WAMZ), Ecobank	+233 302 240 518 oasare@ecobank.com	On-site
FSP	Jacqueline Dufie Mpare	Head, Branchless Banking, Ecobank	+233 263 001 507 jmpare@ecobank.com	On-site
TSP	Noel Quashiga da' Cruz	Project Manager, MicroLead Project, CARE International in Ghana	+233 277 537 137 noel.dacruz@co.care.org	On-site
Secondary duty bearer	Eli Hini	Commercial Snr Manager – Mobile Money, MTN Business - Ghana	+233 244 305 292 ehini@mtn.com.gh	On-site
TSP	Mauven Kofi Abba	Business Development Manager, Inclusive Banking Unit, Fidelity Bank	+233 544 320 026 mabba@myfidelitybank.net	On-site
TSP	Merene Nana Amina Botsio	Manager Strategic Partnerships & CSR, Financial Inclusion Unit	+233 501 327 288 mbotsio@myfidelitybank.net	On-site
Other interest group	Torsten Schlink	Head of Programme – PSED, GIZ	+233 244 311 293 torsten.schlink@giz.de	On-site
Other interest group	Elly Ohene-Adu	Head, Banking Department		On-site
Other interest group	Aliyu Darfur	Project + MIS Officer, CARE Ghana		On-site
Other interest group	Gifty Esi Blepke	Women's Empowerment Prog.	+233 208 117 251 gifty.blekpe@co.care.org	On-site
Other interest group	Michael	Community Volunteer Beloo-Kayelo		On-site
FSP	Pascal Adiali	Agents and Merchants Network Officer, Financial Inclusion, Fidelity Bank	+233 509 848 353	On-site
Other interest group	Joseph D Chognuru	Director, Financial Sector Division, Ministry of Finance & Economic Planning	+233 202 030 357 jchognuru@mofep.gov.gh	On-site
Other interest group	Yaw Brantuo	Progamme Coordinator, IFAD's RAFI Programme, Ministry of Finance	+233 202 010 411 yabrantuo@hotmail.com	On-site

Stakeholder Type	Name	Designation & organisation	Contact	Interview Conducted
Other interest group	Moses Nyamekye Oppong	Business Development & Training Officer, GHAMFIN	+233 265 556 063 monyamekyemil@yahoo.co.uk	On-site
Other interest group	Emmanuel Asante	Finance and Accounts Officer, GHAMFIN	+233 208 525 139 asantemanuel@yahoo.com	On-site
Secondary duty bearer	Ruth Badoo	Manager, Mobile Money Operations, MTN Business	+233 244 304 612 rbadoo@mtn.com.gh	On-site
Other interest group	Joseph	Field Officer-ORGIIS		On-site
Other interest group	Julius Awarega	Center Coordinator, ORGIIS		On-site
Grantor	Hermann Messan	UNCDF Programme Specialist		On-site

Ghana OI

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
FSP	Tony Fosu, Managing Director	SASL		On-site
FSP	Vincent Amponsah	Head of Business, Sinapi Aba	+233 204 795 461 vamponsah@sinapiaba.com	On-site
FSP	Kwaku K. Acheampong	Corporate Planning Manager, Sinapi Aba	+233 201 850 079 kacheampong@sinapiaba.com	On-site
TSP	Mike	IT, Opportunity International		On-site
FSP	Clement Ofusu-Ntimoah	Chief Internal Auditor, Sinapi Aba	+233 501 277 504 cntiamoah@sinapiaba.com	On-site
FSP	Raphael	Head HR, SASL		On-site
Other interest group	Eunice Brako Marfo	Executive Secretary, GHASALC	+233 508 430 523 eunice.marfo@ghasalc.com	On-site

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
FSP	Bernard Ebo Afflu	Relationship Manager (Also acting as de fact Branch and Operation Manager) SASL		On-site
FSP	Yaaakoranchi	Transition Manager, SASL		On-site

Malawi

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
Grantor	Fletcher Chilumpha	Programme Manager, UNCDF	+265 999841359 chilumpha@undp.org	On-site
Other interest Group	Carol Flore-Smereczniak	Deputy Resident Representative – Programme, UNDP	+265 999960113 carol.flore@undp.org	On-site
Secondary duty bearer	Francis Matsiketsa	Country Director, Airtel	+265 999989909 francis.matseketsa@mw.airtel.com	On-site
Secondary duty bearer	Chris Sukasuka	Retail Manager-Airtel Money		On-site
FSP	Bernadette Mandoloma	CEO, NBS Bank	+265 (0) 1876222/231/035 bernadette.mandoloma@nbs.mw	On-site
FSP	Dumisani Chatima	CFO, NBS Bank	+ 999 952 972 dumisani.chatima@nbs.mw	On-site
FSP	Martin Anthony Siwu	COO, NBS Bank	+992 235 435 martin.siwu@nbs.mw	On-site
FSP	Esnet Nchembe,	SME & Products Manager, NBS Bank	+265 (0) 999878316 esnat.nchembe@nbs.mw	On-site
FSP	Ntaja Ntandaza,	Head of Alternate Channels Marketing and Public Relations Manager, NBS Bank	ntaja.ntandaza@nbs.mw	On-site
FSP	Mercus Chigoga	Head, PBB, NBS Bank	+265 992 456 778 mercus.chigoga@nbs.mw	On-site
FSP	Timothy Andrew Ngwira	Marketing and Public Relations Manager, NBS Bank	+265 (0) 1876222 timothy.ngwira@nbs.mw	On-site

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
Secondary duty bearer	Douglas Musumbu	CEO, e-Kwacha	+265 998000111 douglas@ekwacha.com	On-site
Secondary duty bearer	Joseph M. Chiusiwa,	Director Commercial, Malawi Posts Corporation	+265 888 843 418 jchiusiwa@malawiposts.com	On-site
Other interest group	Fund B. Mzama	Chief Examiner, Banks. Bank Supervision Department, Reserve Bank of Malawi	fmzama@rbm.mw	On-site
Other interest group	Peter Ziwa	Principal Examiner, Policy & Regulations, Microfinance and Capital Markets Supervision	pziwae@rbm.mw	On-site
Other interest group	Dickson Chidumu	Principal Examiner, Financial Cooperatives, Microfinance and Capital Markets Supervision	dchidumu@rbm.mw	On-site
Other interest group	Tosh Mwafulirwa	Principal Examiner, Deposit taking Institutions and Banks, Microfinance and Capital Markets Supervision	tmwafulirwa@rbm.mw	On-site
TSP	Veena Krishnamoorthy	Consultant, WWB	veena.s.krishnamoorthy@gmail.com	Skype
TSP	Ramatolie Saho	Senior Associate, Product Development, WWB	rs@womensworldbanking.org	Skype
TSP	Jennifer McDonald		jmm@womensworldbanking.org	Skype

Rwanda

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
TSP	Iyikirenga Mukara Remy	Savings Coordinator, WOCCU	+250 788 566 757 remy.iyikirenga@gmail.com	On-site
Secondary duty bearer	Gilbert Habyarimana	Cooperatives Inspection Division Manager, Rwanda Cooperative Agency	+250 788 691 226 haberimana@yahoo.fr	On-site
Secondary duty bearer	Kavugizo Shyamba Kevin	Director, Microfinance Supervision Department, National Bank of Rwanda	+250 788 382 515 kkavugizo@bnr.rw	On-site
Grantor	Eric Rwigamba	Director General, UNCDF		Could not meet
Grantor	Arthur K. Sabiti	National Technical Advisor, Inclusive Finance, UNCDF	+250 788 308 867 arthur.sabiti@uncdf.org	On-site

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
Secondary duty bearer	Judith Aguga Acon	Technical Director, Access to Finance Rwanda	+250 787 830 040 judith@afr.rw	On-site
Secondary duty bearer	Jean Bosco Iyacu	Technical Manager, Access to Finance Rwanda		On-site
Secondary duty bearer	Auke Lootsma	Country Director, UNDP		On-site
Secondary duty bearer	Lamin Momodou Manneh	Resident Coordinator, UNDP		On-site
TSP	Andrew	WOCCO		On-site
Other interest group	Peter Rwema	Executive Secretary, AMIR	+250 788 574 201 prwema@amir.org.rw	On-site
Secondary duty bearer	Herbert M. Asiimwe	Director, Banking and Non-Banking Unit, Ministry of Finance and Economic Planning, Financial Sector Development Department	+250 788 870 680 herbert.asiimwe@minecofin.gov.rw; ahmzungu@gmail.com	On-site
Secondary duty bearer	Keving Kavugizo Shyamba	Director, Microfinance Supervision Department, National Bank of Rwanda	+250 788 382 515 kkavugizo@bnr.rw	On-site
Secondary duty bearer	Salma D. El Hag Yousif	Chief, Management Support Unit, UNDP	+250 782 220 021 salma.elhagyousif@undp.org	On-site
Secondary duty bearer	Yoon Kyung Lee	M&E Officer, Poverty Reduction and Environment Unit, UNDP	+250 252 576 263 yoon.lee@undp.org	On-site

Tanzania

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
TSP	Oliva D. Kinabo	Technical Unit Director – Gender Equality, Care International in Tanzania	+255 783 350 643 olive.kinabo@care.org	On-site
FSP	Abby Y. Ghuhia	Managing Director, Mwanga Community Bank Ltd.	+ 255 786 750 717 ayghuhia@mwangabank.co.tz	On-site
FSP	Hamisi A. Chimwaga	Microfinance Development Manager, Mwanga	+255 788 712 900	On-site

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
		Community Bank Ltd	hchimwaga@mwangabank.co.tz	
Other interest group	Augustino N. Hotay	Manager – Licensing, Policy and Operations Review Department, Bank of Tanzania	+255 754 564 668 anhotay@bot.go.tz	On-site
Secondary duty bearer	Lauren Hendricks	Executive Director, CARE Access Africa		Off-site
TSP	Shelina Mallozzi	Assistant Country Director		On-site
Secondary duty bearer	Fedrick Martin	Franchisee		On-site
Secondary duty bearer	Vedasto Tus	Community Based Trainer		On-site
FSP	Hamishi A. Chimwaga	Microfinance Development Manager, Mwanga Commuinity Bank	+255 788 712 900 hchimwaga@mwangabank.co.tz	On-site
Grantor	Ivana Damjanov	MicroLead Programme Specialist, UNCDF	+255 752 315 735 ivana.damjanov@uncdf.org	On-site
Secondary duty bearer	Mwajumya	Mobile Money Agent		On-site
TSP	Charles	CARE Programme Officer		On-site
Secondary duty bearer	Linas Kahisha	Business Development Manager, UMOJA	+255 755 154 315 linas.kahisha@umojaswitch.co.tz	On-site
Secondary duty bearer	Nelice William	Finance Manger, UMOJA	+255 717 480 142 nelice.william@umojaswitch.co.tz	On-site
Secondary duty bearer	Lusekelo Katamba	District Technical Officer, Vodacom		On-site
Other interest group	Irene Madeje Mlola	Operations Director, FSDT	+255 786 670 999 irene@fsdt.or.tz	Meeting cancelled
Secondary duty bearer	Gallus Runyeta	Project Manager, Selcom	+255 785 448 211 gallus@selcom.net	On-site

Uganda

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
FSP	Adia Joseph	Risk and Compliance Manager, UGafode Microfinance Limited (MDI)	+256 772 637 334 jadia@ugafode.co.ug	On-site
Secondary duty bearer	Amani M'bale	Country Technical Specialist, UNCDF	+256 784 360 071 amani.mbale@uncdf.org	On-site
FSP	Ms Clare	HR Manager UGAFODE Microfinance Limited (MDI)		On-site
Other interest group	Elizabeth R. Pfifer	Country Representative, CRS	+256 414 267 733 elizabeth.pfifer@crs.org	On-site
Secondary duty bearer	Luna Nagatomo	Programme Analyst, Growth and Poverty Reduction Unit, UNDP	+256 716 005 180 luna.nagatomo@undp.org	On-site
FSP	Ms. Mbabazi A. Generous	Branch Manager, UGAFODE	+256 701 462 920 getwemerireho@ugafode.co.ug	On-site
FSP	Nathan Barigye	Business Growth and Development Manager, UGAFODE Microfinance Limited (MDI)	+256 788 812 100 nbarigye@ugafode.co.ug	On-site
FSP	Pius Mukiibi	Assistant ICT Manager UGAFODE Microfinance Limited (MDI)	+256 782 550 255 pmukiibi@ugafode.co.ug	On-site
FSP	Ms Prisca	Head of Operations UGAFODE Microfinance Limited (MDI)		On-site
Other interest group	David T. Baguma	Executive Director, AMFIU	+256 772 447 387 david_baguma@yahoo.com	On-site
Secondary duty bearer	Rathi Mani Kandt	Project Manager, 17 Triggers	+855 23 636 2968	Off-site
Secondary duty bearer	Ssenabulya Davis	Program Coordinator, Villa Maria Hospital Home Care Program	+256 782 400 531 davissenabulya@gmail.com	On-site
FSP	Nuwagaba Jokas	Sales and Marketing Officer, UGAFODE Microfinance Limited (MDI)	+256 772 889 287 jnuwagaba@ugafode.co.ug	On-site
FSP	Wilson Twamuhabwa	Chief Executive Officer, UGAFODE Microfinance Limited (MDI)	+256 772 788 003 wtwamuhabwa@ugafode.co.ug	On-site

Stakeholder Type	Name	Designation & organisation	Contact	Interview conducted
Other interest group	Alessandro Marini	(Kaspersen Line) Country Representative for Uganda and Country Programme Manager for South Sudan	+256 312 320 200 a.marini@ifad.org	On-site
Secondary duty bearer	Almaz Gebru & Ahunna Eziakonwa	UNDP	un.uganda@one.un.org; almaz.gebru@undp.org	On-site
TSP	Jennifer Ferrerri	Senior Project Manager, MEDA	jferreri@meda.org	On-site
TSP	Kerry Max	Director Inclusive Finance, MEDA	kmax@meda.org	On-site

Burkina Faso

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
FSP	Mrs Marie Pascaline DIASSO	Focal Point of the MLE Project, Operations Director, RCPB	+226 66000769	Off-site
FSP	M. Daouda SAWADOGO	CEO, RCPB	+226 70200564 dsawadogo@rcpb.bf	Off-site
TSP	Mme Kathleen Stack	FFH		Off-site
FSP	Mme Judith Koama	SOFIPE	Skype: Judith.koama koamajudith2006@yahoo.fr	Off-site
Secondary duty bearer	Paul GOUBA	AIRTEL MONEY	+226 766 00187 paul.gouba@bf.airtel.com	Off-site

Burundi

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
FSP	Richard Mkakala	Head of Business Development, CRDB Bank Burundi SA	Richard.Mkakala@crdbbank.com	
TSP	Darlose Kubwindavy	CRDB Savings Champion		
TSP	Thierry Niyonkuru	CRDB Training Coordinator		
TSP	Deusdedit Mchomba	CRDB Head of Credit		

Stakeholder type	Name	Designation & organisation	Contact	Interview conducted
FSP	Bruce Mwile	General Manager, CRDB Bank Burundi	bruce.mwile@crdbbank.com	
FSP	Gideon B. Gabriel	Manager Consultancy Services, CRDB Microfinance Services Company	Gideon.Gabriel@crdbmicrofinance.com	
TSP	Andrew Chamwenye	Retail operations officer, CRDB Bank Tanzania	andrew.chamwenye@crdbbank.com	
TSP	Sebastian Masaki	General Manager, CRDB Bank Tanzania	Sebastian.masaki@crdbmicrofinance.com	

Liberia

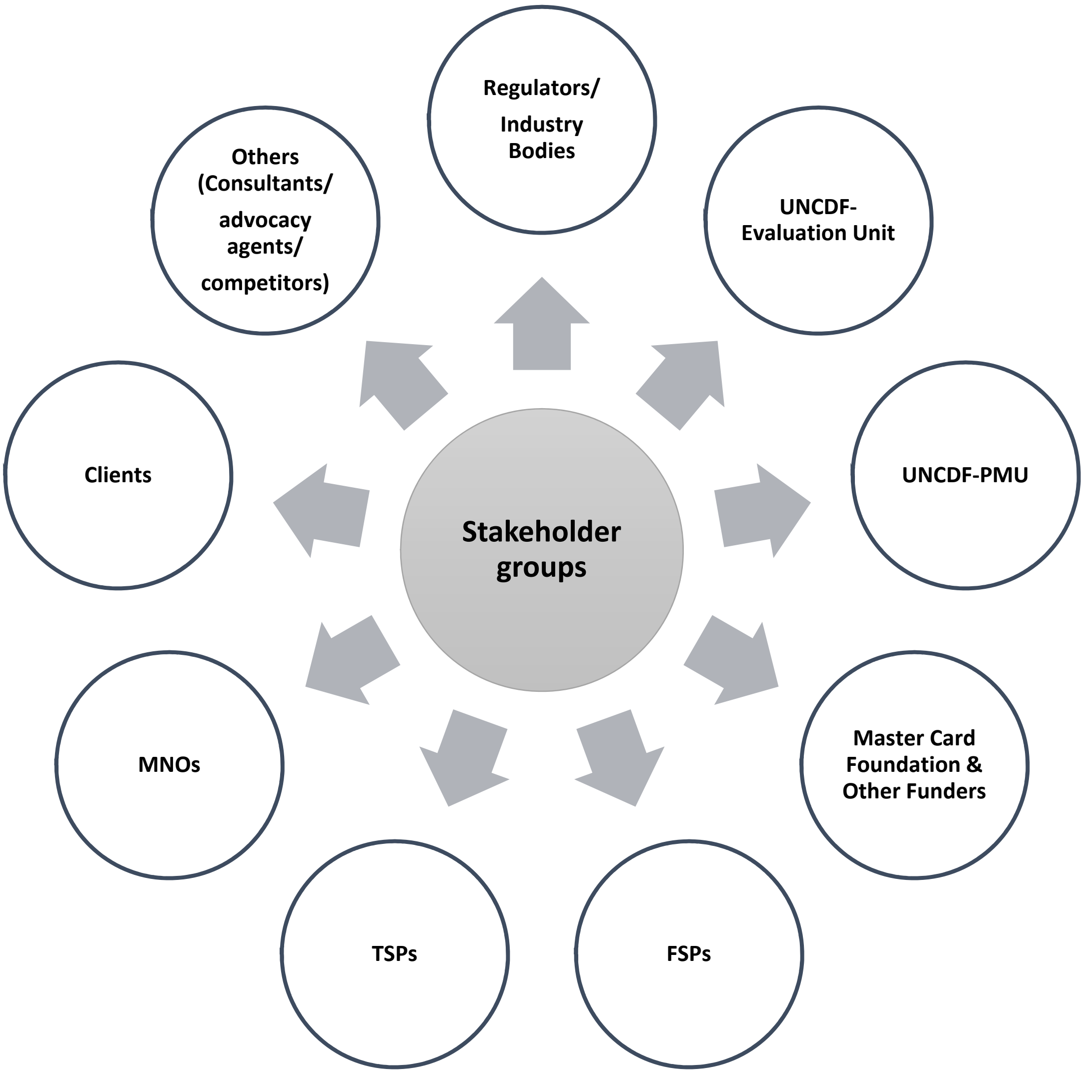
Stakeholder type	Name	Designation & Organisation	Contact	Interview conducted
TSP	Eve Hamilton	Director Technical Services, WOCCU, US	1 202-508-3632 EHamilton@woccu.org	Off-site
TSP	Patrick Muriuki	Chief of Party WOCCU, Monrovia	+231 888 759 824 PMuriuki@woccu.org	Off-site
FSP	Yarkpazuo Gbusiwoi	Managing Director of LCUNA	+231 775 985 654; 231 886 597 949 lcuna.2012@gmail.com yarkpazuog@yahoo.com	Off-site
FSP	Saye Biyie	President of LCUNA	+231 886 521 996 sayebiyie@yahoo.com	Off-site
TSP	J. Randall Farngalo	(former Manager RCU), WOCCU Monrovia	+231 886 263 566; 231 770 046 924 Jrfarngalo@gmail.com	Off-site
Secondary duty bearer	J. C. N. Howard	Deputy Head Microfinance and Financial Inclusion Unit, CBL	+231 886 514 697 jcnhoward@yahoo.com jcnhoward@cbl.org.lr	Off-site
Secondary duty bearer	El Tumu Trueh	Head Microfinance and Financial Inclusion Unit, CBL	+231 880 267 425 tumu@mail.com; ettrueh@cbl.org.lr	Off-site
Secondary duty bearer	Hon. A. Richlieu Mitchell	Sr., Managing Director of the Cooperative Development Agency	+231 886 786 068 gbareva@yahoo.com	Off-site

Stakeholder type	Name	Designation & Organisation	Contact	Interview conducted
TSP	Harold Davies	Finance Specialist, WOCCU	+231 777 004 046; 231 886 847 437 daviesh12@yahoo.com	Off-site
Other interest group	Michael Gannon	Irish League of Credit Union Foundation	+353863958589 michaelgannonirl@gmail.com	Off-site
Secondary duty bearer	Samelia Dempster	MD, Lonestar	+231 886 501 575 sdempster@lonestarcell.com	Off-site
Other interest group	Fabian Ochanda	Director Of Corporate Business, Cellcom	+231 777 777 793; 231 777 000 593 fabian@cellcomgsm.com	Off-site

Annex 5: Key informant interview and survey questionnaires

A) Checklist of questions for various stakeholder groups

The Evaluation Team have identified nine different types of stakeholder groups that have been involved in the country programmes of MicroLead Expansion Project. The figure below illustrates the stakeholder groups.



A.1 Programme Management Unit

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• What were the key lessons learnt from MicroLead? • What was the transformation process from ML to MLE? Have previous evaluation recommendations been taken into account? • Has there been any change in the MLE application process as compared to ML? • Has the key learnings from MicroLead been shared with the ML Expansion grantees? • Why do you feel savings-led organisations are a better fit for the programme? • Did the application process (RFA-DD-IC) result in the selection of the most suitable candidates or would it have been useful to have a second DD? How useful were the DDs in mitigating foreseeable risks?	• Pro Doc • Mid-term Evaluation Report (ML) • Management Response to the Mid-Term Review Report • RFA • PBA

DAC Criteria	Questions to be asked	Line of Evidence
	• What led to the replacement of partners (FSP/TSP)? • Experience with FSPs/TSPs-do you feel the programme design was appropriate? Is it aligned with UNCDF's Inclusive Finance intervention logic? • Based on your experience, what kind of FSPs do you feel MLE should invest in? Which are the ones to be avoided? • Has the programme involved relevant stakeholders at both the macro and the meso level as well as global level? • Given the variations in the forms of organizations targeted under this intervention, what according to you is their comparative advantage (For example, stronger member effect in Credit Unions, product and technology expertise in banks, etc.)? • Given that most projects were TSP led in terms of both project activities as well as project budget, to what extent have TSPs proven their value add to FSPs? Do FSPs show lesser commitment on account of the projects being TSP led? How can the program ensure full commitment on the FSP's part? Should budgets have been allocated differently? • Were discussions on impact evaluation taken into consideration even before the PBA was signed? • How were non-financial services taken into consideration in the selection process and means of monitoring? • Can you tell us about the program learning? Do you feel that the programme facilitated mutual leaning between you and the FSP? • Has any phasing out strategy been incorporated in the programme design?	• IC Minutes • DD Reports • Consultant Reviews • UNCDF documents and guidelines • Interviews
Efficiency of Programme Management	• Were the PBAs designed appropriately or should there have been greater flexibility in determining disbursement conditions? • Were the grant amount and grant purpose adequate for all partners? • Is there adequate staff for monitoring the project across countries? • Do you feel the program is delivering value for money with outputs being delivered within time and budget? • How were the programme baseline established with various TSPs/FSPs? Are there instances of the program grossly over/under-achieving the proposed targets? What are the underlying reasons? • Are knowledge management outputs being produced efficiently by the partners?	• PBAs • Activity Logframe • Proposals submitted by TSPs • Performance reports (Shared with MLE & MCF) • Interviews
Effectiveness: Organizational Change of Supported FSPs	• Do the partners believe there is a strong business case in providing low balance savings to low income rural population and women? • Do you think the program has contributed to the change in capacities of FSP staff attitude and capacities to serve low income rural population, especially women? • Has the project been successful in promoting responsible finance in terms of client protection, environment, social performance, and how well are systems and indications incorporated? • Have TSPs been able to support the FSPs in their entry into alternative delivery channels (ADCs)? Which channels are more effective? What are the main challenges and innovative responses? Which approaches do you feel should be widely disseminated as best practices? • Which delivery channels and/or business models used for the provision of financial education are the most effective and least costly? Which approaches do you feel should be widely disseminated as best practices? • Do TSPs/FSPs find the knowledge management activities useful? Which products/activities resonate most with the grantees and have the greatest potential of imparting knowledge?	• Performance reports (Shared with MLE & MCF) • Key Informant Interviews • FSP assessment tool

DAC Criteria	Questions to be asked	Line of Evidence
	• Has the MLE expansion program strengthened human resource management and financial capacities, ability for long-term planning, quality of governance, management and systems of FSPs?	
Effectiveness: Market Demonstration, upscaling	• How well does the program support the priorities of its partner countries in the area of savings led financial services? • To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • Have the ML Expansion partnerships enhanced UNCDF's comparative advantage and positioning in the area of low-balance savings? • What efforts are being made by UNCDF to increase its country partnerships to maximize its impact on the business case for local market leaders to embrace a low balance savings strategy? • Did the involvement of third parties (govt./UNDP) catalyze wider sector level impact and favorable policy changes on the low balance savings front? If yes, what were the notable improvements?	• Performance reports (Shared with MLE & MCF) • Back to Office Reports • Key Informant Interviews
Likely Impact	• How effective has the MLE programme been in contributing to the overall program outcomes? Has the program had any unintended positive/negative consequences till date? • What type of clients are being best reached by ML Expansion Programme? • Which FSPs will benefit the most from the project? • Which FSP grantees have the potential to have maximum impact on low income clients? • Which FSP's have benefitted most from TA support from TSPs? • In your opinion, to what extent has the program assisted in a) improving access to financial services, b) poverty alleviation, c) consumption smoothening, d) providing a cushion against shocks, e) improving productivity and f) empowering women? • Which are the most compelling case study topics?	• FSP Performance Reports • Key Informant Interviews • FSP assessment tool
Sustainability	• Has the supply of low balance savings products resulted in better outreach for the FSP? Has it helped the FSPs achieve financial sustainability? • Given all the financial services developed by the partners, which services/products have the greatest potential to be scaled up after the programme ends? • What is the likelihood that the programme's outcomes will be sustained by the partners once the programme ends? • What are the FSP's plans for introducing additional products for low income clients? What do they need to do to achieve this? • Are there opportunities for better collaboration of the project with other UNCDF programs? • What are the major contextual factors that impact the project? How will they change when the project ends?	• Progress Reports • Reports shared with MCF • Key Informant Interviews • FSP assessment tool

A.2 Technical service provider

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• What was the underlying motivation to apply for the grant? • How was the FSP identified? • Was any ToR issued? If yes, how many applicants? How and why did you arrive at the current partner? • Do you feel the programme design is appropriate? Any suggestions for improving the relevance? • Do you feel focus on savings has higher importance than credit? If yes, why? • Has the previous learning from MicroLead been shared with the TSP? • How was the division of activities between the FSP and TSP decided? • Has any mechanism for regularly soliciting client feedback been built into the product design? Are product features refined accordingly? • Can you tell us about the delivery channels – how was it designed? What was the key objective of such approach? How were different group (including women, rural clients and the disadvantaged) taken into account with the design? • Which user groups have been excluded from the programme? What are the broad characteristics of such users (poverty level, location, risk perception)? • Do you feel this program facilitates adequate cross-learning between you and the FSP? • How frequently have you been visited by UNCDF's programme management team? How was the working relationship with UNCDF and did you receive adequate support from them – can you provide some examples? Are there some areas where you would like support?	• Company Website • Annual Reports • Applications submitted by partners • Performance Reports • Key Informant Interviews
Efficiency of Programme Management	• How was the PBA designed? Was the process appropriate? If we had to redo it what would you change and what would you add? Why so? • Did you receive the requested grant funding in full? Were the grant amount and grant purpose adequate? Did UNCDF influence how the funding should be split between FSP &TSP? What would have been the ideal grant amount? • Has the program progressed as per the work plan? Were there any changes from what was decided earlier? • Has there been any delay with regard to delivering the stipulated outputs? What was the reason behind the delay? How was it sorted? • How prompt are FSPs in sharing progress reports? Do they have a well-developed MIS that captures all project performance related information and produces timely/on-demand and accurate reports? • Are knowledge management activities being pursued efficiently?	• MLE TSP FSP Quarterly Performance Reports • Key Informant Interviews
Effectiveness: Organizational Change of Supported FSPs	• Was the RFA/PBA process and KM activities handled efficiently? • What kind of support have you been providing to the FSP for promoting alternative delivery channels (ADC)? How was the viability of ADCs accessed before pilot/rollout? Did you encounter any roadblocks? • Have FSPs had adequate influence on the project design? Are FSP's sufficiently committed? • Did the FSP's exhibit a high level of programme ownership? • Which delivery channels and/or business models used for the provision of financial education are the most effective and least costly? • Has the project been successful in promoting responsible finance in terms of client protection, environment, social performance, and how well are systems and indications incorporated?	• PBAs • MLE MCF Reporting • MLE TSP FSP Reporting • Back to Office Reports • Key Informant Interviews • FSP assessment tool
Effectiveness: Market Demonstration, upscaling	• To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned?	

DAC Criteria	**Questions to be asked**	**Line of Evidence**
	• Did you face any challenges in promoting ML Expansion? What further efforts need to be made to maximize its impact on national markets through demonstration effect? • Has the partnership successfully mobilized additional resources for program implementation / replication? • Has the programme influenced other players to pursue downscaling/savings focus strategy?	
Likely Impact	• What type of clients are being best reached by ML Expansion Programme? • How effective has the TSP been in contributing to the overall program outcomes? Has the program had any unintended positive/negative consequences till date? • In your opinion, was your relationship with the FSP a success (or failure)? Please elaborate. What do you well should lead to a healthy collaboration? • In your opinion, to what extent has the program assisted in a) improving access to financial services, b) poverty alleviation, c) consumption smoothening, d) providing a cushion against shocks, e) improving productivity and f) empowering women?	
Sustainability	• Does the FSP have any plans for introducing additional products for low income clients? What kind of support is required to continue developing and scaling these products? • What are the major contextual factors that impact the project? How will they change when the project ends? • What is the likelihood that the programme's outcomes will be sustained by the FSP once the programme ends?	• Financial Performance Reports • Key Informant Interviews

A.3 Financial service provider

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• Has the previous learning from MicroLead been shared? • What was the underlying motivation of the FSP to partner with the TSP? • Do you feel the budget and sharing percentage with TSP appropriate? • What is your perception on low-balance savings for low income rural clients, especially women? • How appropriate was the project design for FSPs? • Did you have adequate influence on the project design? • If you were given the opportunity, is there any aspect of the programme you would like to change? Please elaborate. • How frequently have you been visited by the TSP and MLE PMU? • Do you regularly solicit client feedback and develop/refine products? • Have the delivery channels been designed in a manner that benefits different user groups (including women, rural clients and the disadvantaged)? • What type of support have you received from MLE/TSP for promoting agency banking? Do you require additional support (including unmet technical support) on this front? • Have client protection principles been integrated in the product design? • Do you feel this program facilitates adequate cross-learning (FSP & TSP)?	• Company website • Product Manuals • Annual Reports • Applications submitted by partners • Client Surveys • Market Assessment Reports • Key Informant Interview
Efficiency of Programme Management	• Were the PBAs designed appropriately or should there have been greater flexibility in determining disbursement conditions? • Do you feel the assistance provided by UNCDF and MLE PMU is adequate? • Did UNCDF influence how the funding should be split between FSP &TSP? • How was the division of activities between the FSP and TSP decided? • Are grantee reporting requirements adequate/ useful? • Has the program progressed as per the work plan? Were there any changes/deviations from the plan decided by the FSP & TSP? • Do you feel the assistance provided by the TSP is as agreed and is inadequate? • Were there any delays in receiving TA support from the TSP? How did it impact your deadlines? Were the issues resolved? • How would you describe your relationship with the TSP? Have there been any instances of discord? How were they resolved? • Can other non-financial services (especially financial education) be provided in a cost-effective manner? • Do you think there are more efficient ways to deliver the same outputs and realize the same outcomes?	• PBA • Performance Reports • TSP reporting • Back to Office reports • Key Informant Interviews
Effectiveness: Organizational Change of Supported FSPs	• Do you feel there is a strong business case for offering low balance savings to low income rural population and women? Was any market study conducted to arrive at the conclusion? Which performance metrics were measured? • What were the key value additions provided by the TSP? Do you consider it to be a worthwhile value addition? • Which delivery channels and/or business models used for the provision of financial education are the most effective and least costly? • Has the project been successful in promoting responsible finance in terms of client protection, environment, social performance, and how well are systems and indications incorporated? • Has the country’s regulatory structure and policy setting influenced the FSP’s performance? • Do you feel that the project improved your institutional and management capacity? What impact has the MLE expansion program had on the human resource management and financial capacities, long-term planning, management, system sand governance processes at the FSP?	• Performance Reports • Key Informant Interviews

DAC Criteria	Questions to be asked	Line of Evidence
Effectiveness: Market Demonstration, upscaling	• Did you face any challenges in promoting ML Expansion? What further efforts need to be made to maximize its impact on national markets through demonstration effect? • To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • Has the partnership mobilized additional resources for program implementation / replication? • Has MLE led to an increase in the degree of competition in the low income market for savings products?	
Likely Impact	• Did the products offered (especially small savings) benefit clients? Were they aligned to meet clients' requirements? • Has the joint provision of financial products and non-financial services (i.e. financial education) contributed to an increase in the financial capabilities of target clients and especially women and rural households? • In your opinion, to what extent has the program assisted in a) improving access to financial services, b) poverty alleviation, c) consumption smoothening, d) providing a cushion against shocks, e) improving productivity and f) empowering women? • To what extent did the financial products and non-financial services developed meet the savings needs of the target clientele; especially women? • Are clients satisfied with the product offerings and service delivery mechanism? • Are there any dropouts? Why did they dropout? • To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • What type of clients are being best reached by ML Expansion Programme? • How effective has the FSP been in contributing to the overall program outcomes? Has the program had any unintended positive/negative consequences till date? • How has the programme impacted FSP's financial bottom-line?	
Sustainability	• Has the supply of low balance savings products resulted in better outreach? • Has the supply of low balance savings products helped the program achieve financial sustainability? • What impact has low balance savings had on the financial performance, growth rates; profitability etc.? • How can financial and non-financial services be offered sustainably to low income clients in rural areas (particularly women)? • What needs to be done to continue developing products for low-income clients' especially in rural areas and for women? What are your future plans on this font? • Which of the financial services have the most potential to be scaled up after the project term ends? • What kind of support is required to continue developing and scaling these products? • Do you think you will be able to sustain the programme's outcomes once the ML Expansion project ends? • What are the major contextual factors that impact the project? How will they change when the project ends?	• Reports on Financial Performance • Interviews

A.4 Funders

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• Have you any past supported any initiatives in the country/ partner organization? • What motivated you to sponsor the ML Extension program? • Do you feel the programme design of projects involving both TSP/FSP appropriate? • To what extent were the consultant reviews, DDs and ICs effective/necessary? Did the process result in the selection of the most suitable candidates • Are there instances of the program grossly over/under-achieving the proposed targets? Do you think increased funding would help improve performance or are there other underlying reasons behind the poor performance? • Does the program facilitates adequate cross-learning between FSP and the TSP? • Have you incorporated any phasing out strategy in programme design?	• Organisation Websites • Annual Reports • IC Minutes • Interviews
Efficiency of Programme Management	• To what extent is the M&E system fit for purpose to track and analyse meaningful data across all levels of the results value chain? • Were the PBAs designed appropriately or should there have been greater flexibility in determining disbursement conditions? • Do you feel UNCDF programme unit is adequately staffed to monitor the projects?	• Interviews • MCF reporting
Effectiveness: Organizational Changes of Supported FSPs	• In the experience of the program, what characteristics tend to make partnerships between FSPs and TSPs a success (or failure)? • What impact has the MLE expansion program had on the human resource management and financial capacities, long-term planning, management, systems and governance processes at the FSP?	• Interviews • MCF reporting
Effectiveness: Market Demonstration, upscaling	• To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • How does ML Expansion compare with other global savings programs for the poor?	• Interviews • MCF reporting
Likely Impact	• Has the MLE programme succeeding in contributing to the overall programme outcome? Has the program had any unintended positive/negative consequences till date? • What type of clients are being best reached by ML Expansion Programme? • Which FSP grantees have the potential to have maximum impact on low income clients? • Which FSPS have benefitted most from TA support from TSPs? • For programmes with multiple donors-Has the partnership favoured the harmonization of donor's interests?	• MLE MCF Reporting • MLE FSP TSP Reporting • Interviews
Sustainability	• Do you think the program has helped partner FSPs increase outreach and/or be financially sustainable? • Is additional support (in the form of funding/TA) required to help programs attain sustainability? • What is the likelihood that the programme's outcomes will be sustained by the partners once the programme ends? • Are there opportunities for better collaboration of the project with other UNCDF programs?	

A.5 Regulators/Industry Associations

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• What is your degree of involvement in ML Expansion Programme? • Is there active support/buy-in for the ML expansion project by the government, Central Bank and regional industry associations? • Is the programme aligned to the FI objectives of government departments/ ministries, Central Bank? • Did programs foster governments'commitment towards pursuing MDGs? • Has the success of the ML Expansion Program influenced in regulatory changes in the financial architecture of the country? • Do you think the selection of TSP/FSP is correct? Or there could have been better choices?	• Review of national (and, where relevant, regional) policy agenda, strategy documents, financial inclusion policies, savings development strategies and programs, etc. • Interviews
Effectiveness: Market Demonstration, upscaling	• To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • In what areas are Government and UNDP involvement needed for broader sector and policy changes? • Has the programme influenced other players to pursue a strategy targeting women and rural population?	• Interviews
Likely Impact	• Do you think the programme has helped FSPs reach to hitherto unserved population? • In your view, can FSPs recover their cost in small value transactions? • Do you feel FSPs will continue to own this strategy after end of the programme from their internal resources?	• Interviews

A.6 Other stakeholders (consultants/technical experts)

DAC Criteria	Questions to be asked	Line of Evidence
Relevance and Quality of the Design of the Programme	• What are FSP's perceptions on low cost savings? Was MLE's approach of working with a combination of TSP/FSP the right approach? • How well is the Knowledge Management (KM) strategy designed in terms of linkages to the corporate strategy as well as to enable cross-learning among FSPs? • What is your degree of involvement in ML Expansion Programme? • Do you think the selection of TSP/FSP is correct? Or there could have been better choices?	Interviews
Effectiveness: Market Demonstration, upscaling	• To what extent does MLE have the potential for policy change? What are the most successful strategies to accomplish this and what are the lessons learned? • In what areas are Government and UNDP involvement needed for broader sector and policy changes? • How does ML Expansion compare with other global savings programs for the poor? • Has the programme influenced other players to pursue a strategy targeting women and rural population?	Interviews
Likely Impact	• Do you think the programme has helped FSPs reach to hitherto unserved population? • In your view, can FSPs recover their cost in small value transactions? • Do you feel FSPs will continue to own this strategy after end of the programme from their internal resources?	Interviews

B) Questionnaire and guidelines for conducting the client interviews

*Ask the question and **encircle or fill** the answer code which fits the respondent's answer. Only when the respondent does not understand the questions or if you feel that options should be provided, prompt smartly and record the response accordingly.*

B.1 Interviewer information

Enumerator's name	Date (DD-MM-YY)	Checked by: (Supervisor's name)	Form No.

B.2 Respondent details

Name		Gender		Marital status		Education^	
		Male	1	Single	1	None	1
		Female	2	Married	2	Neo literate	2
Village/City Name	**Age**	**Location**		Separated	3	Primary	3
		Rural	1	Divorced	4	Secondary	4
		Urban	2	Widowed	5	Higher	5

^**Education**: None (Illiterate); 2-Neo literate (read & write) 3-Primary (Class 1-5); 4-Secondary (Class 6-12); 5-Higher (Diploma, Certificate course, Graduate, PG & above)

B.3 Household details

Family type		Family composition			No. of working/ earning members		Main source of income	
Nuclear	1	No. of adults (>=18 years)	Men		Men		Labour (agricultural/casual/ other)	1
Joint	2		Women				Self-employed (agriculture & allied)	2
		No. of children (<18 years)	Boys		Women		Self-employed (non-agriculture)	3
			Girls		Children		Regular wage/salary-earning	4
							Others (specify)	5

Nuclear means respondent living only with spouse and their children. Anything else is **joint**.

B.4 Household asset holding

Residence		
Owned	1	
Rented	2	
No. of rooms		
Type (by roof/walls/floor)		
Concrete	1	
Tiles	2	
GI metal	3	
Asbestos	4	
Thatched	5	
Water connection	Y	N
Toilet facility	Y	N
Electricity connection	Y	N

Agricultural land	Y	N
If yes, size in acres		
Owned		
Leased		
Vehicles		
Bicycle/Moped/Motorcycle	Y	N
Auto/Car/Jeep/Mini- bus/ Tractor	Y	N
HH Appliances		
Electric equipment *(Radio/ TV/Cassette/ DVD player)*	Y	N
Iron box/Electric iron	Y	N
Mobile phone	Y	N
Buffet / Wardrobe	Y	N

Source of energy for cooking		
Firewood, dung cake, kerosene etc.	1	
LPG	2	
Electric stove	3	
Do you have livestock?	**Y**	**N**
If yes, number of livestock		
Milch Cattle		
Bull/Ox		
Goat		
Pigs		
Poultry		

B.5 Savings information

When did you open the saving account with FSP? (MM/YY)	
Type of savings accounts with FSP	
Compulsory savings	1
Voluntary savings/Recurring deposit	2
Fixed deposits	3
Others	4
What is the frequency of savings?	
Daily	1
Weekly	2
Fortnightly	3
Monthly	4
Irregular	5
Other (specify)	6
Mode of collection of savings	
Cash	1
Mobile money	2
Point of sales	3
Other	4
Purpose of savings	
Children education	1
House improvement	2
Consumer goods	3
Debt repayment	4
Wedding	5
Emergency expense	6
Other (specify)	7

Did you save before opening a/c at FSP?	Y N
If yes, where do you save?	
Home	1
Bank	2
With other MFIs	3
Credit unions	4
Informal group	5
Other (specify)	6
On an average how much do you save every month (in local currency)?	
What is the current balance in all your formal saving accounts (in local currency)?	
On an average how much does your HH save every month (in local currency)?	
Satisfaction with FSP saving products	
Very high	1
High	2
Moderate	3
Low	4
Specific reason for current satisfaction level	

B.6 Loan details

Source$	Name (specify)	Only active loans at the time of interview	
		Loan amount	Use^

Source$: 1-Existing FSP, 2-Other MFI/Credit Union, 3-Bank, 4-VSLAs/groups, 5- Moneylender, 6-Shopkeeper, 7-Acquaintance (relative/friend)

Use^ (multiple choice): 1-Agriculture; 2-Allied, 3-Business (manufacturing), 4- Business (trading), 5- Business (services), 6-House Repairs/Renovation, 7-Education, 8-Household assets purchase, 9- Household expense, 10-Medical, 11-Paying off loan, 12-Onlending

Satisfaction with loan products offered by FSP		Specific reason for current satisfaction level
Very high	1	
High	2	
Moderate	3	
Low	4	

B.7 **Awareness** (related to FSP products and services and CPP)

Have you received any financial literacy training?	Y	N	
Knows which MFIs/Banks are operating in their locality.	Y	N	P
Knows types of saving products offered by the FSP	Y	N	P
Knows the rate of interest on saving products provided by the FSP	Y	N	P
Knows how savings can be increased (by reducing expenses, increasing income)	Y	N	P
Knows types of loan products offered by the FSP	Y	N	P
Knows the rate of interest on loan products provided by the FSP	Y	N	P
Knows why loans should not be obtained from multiple sources (over indebtedness)	Y	N	P
Knows what does FSP do with the clients' data?	Y	N	P
Are you aware of the grievance redress mechanism?	Y	N	P

Note: Y=Yes; N=No, P=Partial

B.8 Expectations from the MLE programme

Financial services related			
Savings	**Loans**	**Insurance**	**Others**

Non-financial services related		
Financial literacy	**Livelihood/Skill development**	**Others**

Checklist of questions for FGDs with clients & non-clients and data recording template

Checklist

Village level

1. When did the FSP start operations in your village/town?
2. What are the main livelihood/income sources in your village/town?
3. What are the major financial needs in your village/town?
4. Who are other financial service providers (other than FSP) in your village/town *(Banks, MFIs, Credit Union, VSLAs, Moneylenders etc)*? What are the main financial needs that they meet?

Member and MLE level

1. How did you come to know about the FSP and when did you become associated with the FSP?
2. What are the services provided by the FSP *(savings, loans and others)* ?
3. What are the features of saving products *(minimum deposit, types of deposits, interest rate, withdrawal etc)*?
4. What are the terms of lending *(amount, rate, tenure, periodicity of instalments, purpose etc)*?
5. How does the FSP meet your financial requirements?
6. Have you faced any difficulties or challenges in dealing with FSP? Please give examples *(distance/procedures etc)?*.
7. How can the quality of services offered by the FSP be improved?
8. Are you more comfortable dealing with agents/mobile transactions or prefer branch based services?
9. Do you face any challenges in dealing with agents/mobile based transactions?
10. Do you feel the rates of interest on savings and loans are appropriate? Reasons?
11. What are your expectations from the FSP?

Trainings

1. Did you receive any financial literacy training? *Please give details*.
2. Was the training useful? How?
3. What trainings do you require to improve your skills *(financial, livelihood and empowerment)*?

C) FGD reporting template

Date	FSP Name	Place	No. participants	Conducted by

Village level

When the FSP entered in your village/town (MM/YY)			
Main livelihoods/ Income sources in your village/town			
Major financial needs in your villages/town			

Other financial service providers in your village/town *(Banks, MFIs, Credit Union, VSLAs, Moneylenders etc)*	
What are the main financial needs that they meet?	

Member and FSP level

How did you come to know about the FSP?		When did you become associated with the FSP? (MM/YY)	
Products & services offered by the FSP *(savings, loans and others)*			
Saving product features *(minimum deposit, types of deposits, interest rate, withdrawal etc)*			
Loan products features *(amount, rate, tenure, purpose, periodicity of instalments, etc)*			
How does the FSP meet your financial requirements?			
Difficulties or challenges in dealing with FSP *(distance/ procedures etc)*			

How can the quality of services offered by the FSP be improved	
Are you more comfortable dealing with agents/mobile transactions or prefer branch based services?	
Do you face any challenges in dealing with agents/mobile based transactions?	
Do you feel the rates of interest on savings and loans are appropriate? Reasons?	
Expectation from MLP *(financial services and other services)*	

Trainings

Did you receive financial literacy training? *(please give details)*	
Was the training useful? How?	
Training requirements to improve • Financial skills • Livelihoods • Empowerment	

Annex 6: Survey Analysis

A. Respondent Profile

Gender:

Country	Male		Female		Total
	#	%	#	%	#
Rwanda	46	61.3%	29	38.7%	**75**
Malawi	57	74.0%	20	26.0%	**77**
Uganda	27	36.0%	48	64.0%	**75**
Ghana-Fidelity	3	3.9%	73	96.1%	**76**
Ghana-SASL	20	26.3%	56	73.7%	**76**
Tanzania	11	14.7%	64	85.3%	**75**
Benin	34	45.3%	41	54.7%	**75**
Cameroon	44	58.7%	31	41.3%	**75**
Total	**242**	**40.1%**	**362**	**59.9%**	**604**

Location:

Country	Rural		Urban		Total
	#	%	#	%	#
Rwanda	12	16.0%	63	84.0%	**75**
Malawi	28	36.4%	49	63.6%	**77**
Uganda	64	85.3%	11	14.7%	**75**
Ghana-Fidelity	76	100.0%	0	0.0%	**76**
Ghana-SASL	30	39.5%	46	60.5%	**76**
Tanzania	75	100.0%	0	0.0%	**75**
Benin	16	21.3%	59	78.7%	**75**
Cameroon	42	56.0%	33	44.0%	**75**
Total	**343**	**56.8%**	**261**	**43.2%**	**604**

Marital Status:

Country	Single		Married		Separated		Divorced		Widowed		Total
	#	%	#	%	#	%	#	%	#	%	#
Rwanda	12	16.0%	60	80.0%	0	0.0%	0	0.0%	3	4.0%	**75**
Malawi	18	23.4%	58	75.3%	0	0.0%	0	0.0%	1	1.3%	**77**
Uganda	10	13.3%	58	77.3%	3	4.0%	2	2.7%	2	2.7%	**75**
Ghana-Fidelity	2	2.6%	67	88.2%	0	0.0%	0	0.0%	7	9.2%	**76**
Ghana-SASL	9	11.8%	59	77.6%	0	0.0%	0	0.0%	8	10.5%	**76**
Tanzania	4	5.3%	67	89.3%	0	0.0%	1	1.3%	3	4.0%	**75**
Benin	14	18.7%	57	76.0%	1	1.3%	1	1.3%	2	2.7%	**75**
Cameroon	15	20.0%	55	73.3%	1	1.3%	1	1.3%	3	4.0%	**75**
Total	**84**	**13.9%**	**481**	**79.6%**	**5**	**0.8%**	**5**	**0.8%**	**29**	**4.8%**	**604**

Education:

Country	None		Neo literate		Primary		Secondary		Higher		Total
	#	%	#	%	#	%	#	%	#	%	#
Rwanda	2	2.7%	7	9.3%	42	56.0%	21	28.0%	3	4.0%	**75**
Malawi	0	0.0%	2	2.7%	7	9.3%	48	64.0%	18	24.0%	**75**
Uganda	5	6.7%	0	0.0%	46	61.3%	20	26.7%	4	5.3%	**75**
Ghana-Fidelity	52	68.4%	0	0.0%	13	17.1%	9	11.8%	2	2.6%	**76**
Ghana-SASL	14	18.4%	1	1.3%	33	43.4%	21	27.6%	7	9.2%	**76**
Tanzania	2	2.7%	0	0.0%	64	85.3%	6	8.0%	3	4.0%	**75**
Benin	8	11.3%	0	0.0%	27	38.0%	25	35.2%	11	15.5%	**71**
Cameroon	0	0.0%	1	1.3%	23	30.7%	46	61.3%	5	6.7%	**75**
Total	**83**	**13.9%**	**11**	**1.8%**	**255**	**42.6%**	**196**	**32.8%**	**53**	**8.9%**	**598**

B. Household Profile

Family type:

Country	Family type - Overall					Family type - Rural			
	Nuclear		Joint		Total	Nuclear		Joint	
	#	%	#	%	#	#	%	#	%
Rwanda	58	77.3%	17	22.7%	**75**	10	83.3%	2	16.7%
Malawi	50	66.7%	25	33.3%	**75**	18	64.3%	8	28.6%
Uganda	47	62.7%	28	37.3%	**75**	42	65.6%	22	34.4%
Ghana-Fidelity	41	53.9%	35	46.1%	**76**	41	53.9%	35	46.1%
Ghana-SASL	57	75.0%	19	25.0%	**76**	23	76.7%	7	23.3%
Tanzania	48	64.0%	27	36.0%	**75**	48	64.0%	27	36.0%
Benin	49	65.3%	26	34.7%	**75**	11	68.8%	5	31.3%
Cameroon	53	70.7%	22	29.3%	**75**	27	64.3%	15	35.7%
Total	**403**	**66.9%**	**199**	**33.1%**	**602**	**220**	**64.1%**	**121**	**35.3%**

Family Size:

Country	Family Size - Overall								
	Single		2-4 mem.		5-8 mem.		>8 mem.		Total
	#	%	#	%	#	%	#	%	#
Rwanda	9	12.0%	28	37.3%	34	45.3%	4	5.3%	**75**
Malawi	2	2.6%	45	58.4%	27	35.1%	3	3.9%	**77**
Uganda	2	2.7%	22	29.3%	35	46.7%	16	21.3%	**75**
Ghana-Fidelity	0	0.0%	16	21.1%	45	59.2%	15	19.7%	**76**
Ghana-SASL	4	5.3%	24	31.6%	36	47.4%	12	15.8%	**76**
Tanzania	1	1.3%	13	17.3%	46	61.3%	15	20.0%	**75**
Benin	9	12.0%	21	28.0%	37	49.3%	8	10.7%	**75**
Cameroon	3	4.0%	19	25.3%	34	45.3%	19	25.3%	**75**
Total	**30**	**10.2%**	**188**	**31.1%**	**294**	**48.7%**	**92**	**15.2%**	**604**

Country	Family Size – Rural								
	Single		2-4 mem.		5-8 mem.		>8 mem.		Total
	#	%	#	%	#	%	#	%	#
Rwanda	2	16.7%	4	33.3%	6	50.0%	0	0.0%	**12**
Malawi	1	3.6%	14	50.0%	12	42.9%	1	3.6%	**28**
Uganda	2	3.1%	18	28.1%	29	45.3%	15	23.4%	**64**
Ghana-Fidelity	0	0.0%	16	21.1%	45	59.2%	15	19.7%	**76**
Ghana-SASL	0	0.0%	10	33.3%	16	53.3%	4	13.3%	**30**
Tanzania	1	1.3%	13	17.3%	46	61.3%	15	20.0%	**75**
Benin	4	25.0%	5	31.3%	7	43.8%	0	0.0%	**16**
Cameroon	0	0.0%	5	11.9%	19	45.2%	18	42.9%	**42**
Total	**10**	**2.9%**	**85**	**24.8%**	**180**	**52.5%**	**68**	**19.8%**	**343**

Family Composition:

Country	Family composition - Overall						
	Av. # of men	Av. # of women	Av. # of boys	Av. # of girls	Av. # adults	Av. # children	Av. family size
Rwanda	1.2	1.5	1.6	1.9	2.4	2.2	4.6
Malawi	1.5	1.4	0.8	0.9	2.8	1.3	4.1
Uganda	1.8	1.7	1.3	1.4	3.5	2.7	6.2
Ghana-Fidelity	1.8	1.9	1.8	1.7	3.7	3.2	6.9
Ghana-SASL	2.0	2.0	1.8	1.9	3.9	3.3	7.2
Tanzania	1.8	1.9	1.4	1.3	3.7	2.7	6.5
Benin	1.9	1.8	0.8	1.2	3.8	1.8	5.5
Cameroon	1.9	2.1	1.6	1.5	3.8	2.7	6.5
Average	**1.7**	**1.8**	**1.4**	**1.5**	**3.4**	**2.5**	**5.9**

Country/ Project	Family composition - Rural						
	Av. # of men	Av. # of women	Av. # of boys	Av. # of girls	Av. # adults	Av. # children	Av. family size
Rwanda	1.1	1.2	1.6	1.8	2.1	2.1	4.2
Malawi	1.5	1.3	1.0	0.9	2.8	1.8	4.5
Uganda	1.9	1.7	1.4	1.4	3.6	2.7	6.3
Ghana-Fidelity	1.8	1.9	1.8	1.7	3.7	3.2	6.9
Ghana-SASL	1.8	2.1	1.2	1.6	3.9	2.7	6.6
Tanzania	1.8	1.9	1.4	1.3	3.7	2.7	6.5
Benin	1.2	1.0	0.9	1.1	2.4	1.7	3.8
Cameroon	2.4	2.7	1.8	1.5	5.0	3.3	8.3
Average	**1.8**	**1.9**	**1.5**	**1.4**	**3.7**	**2.8**	**6.4**

Earning members:

Country	Earning members - Overall				Earning members - Rural			
	Av. # of men	Av. # of women	Av. # children	Av. # of members	Av. # of men	Av. # of women	Av. # children	Av. # of members
Rwanda	1.0	0.7	-	1.5	0.9	0.6	-	1.4
Malawi	1.1	0.8	-	1.7	1.1	0.6	-	1.7
Uganda	1.0	0.9	0.0	1.9	1.0	0.9	0.0	2.0
Ghana-Fidelity	1.3	1.4	0.1	2.6	1.3	1.4	0.1	2.6
Ghana-SASL	1.3	1.3	0.0	2.3	0.9	1.0	-	1.7
Tanzania	1.1	1.1	0.3	2.5	1.1	1.1	0.3	2.5
Benin	1.2	1.3	0.0	2.5	1.0	0.9	-	1.8
Cameroon	1.0	1.1	0.2	2.1	1.0	1.1	0.2	2.3
Total	**1.1**	**1.1**	**0.1**	**2.1**	**1.1**	**1.1**	**0.1**	**2.2**

C. Economic profile of the households

Main household income source:

Country	Main HH income source – Overall									
	Agricultural Labour		Self-employed (agriculture & allied)		Self-employed (non-agriculture)		Regular wage/ salary earning		Total	
	#	%	#	%	#	%	#	%	#	%
Rwanda	12	16.0%	16	21.3%	24	32.0%	23	30.7%	**75**	**6330.7%**
Malawi	1	1.3%	2	2.6%	42	54.5%	32	41.6%	**77**	**7641.6%**
Uganda	3	4.0%	46	61.3%	26	34.7%	0	0.0%	**75**	**7200.0%**
Ghana-Fidelity	6	7.8%	63	81.8%	6	7.8%	2	2.6%	**77**	**7102.6%**
Ghana-SASL	15	19.7%	6	7.9%	47	61.8%	8	10.5%	**76**	**6110.5%**
Tanzania	24	32.0%	41	54.7%	7	9.3%	3	4.0%	**75**	**5104.0%**
Benin	6	7.2%	1	1.2%	65	78.3%	11	13.3%	**83**	**7713.3%**
Cameroon	0		0		0		0		**0**	
Total	**67**	**12.5%**	**175**	**32.5%**	**217**	**40.3%**	**79**	**14.7%**	**538**	**100.0%**

Country/ Project	Main HH income source – Rural									
	Agricultural labour		Self-employed (agriculture & allied)		Self-employed (non-agriculture)		Regular wage/ salary earning		Total	
	#	%	#	%	#	%	#	%	#	%
Rwanda	1	8.3%	4	33.3%	2	16.7%	5	41.7%	**12**	**100.0%**
Malawi	0	0.0%	1	3.6%	11	39.3%	16	57.1%	**28**	**100.0%**
Uganda	3	4.7%	44	68.8%	16	25.0%	0	0.0%	**63**	**98.4%**
Ghana-Fidelity	6	7.9%	63	82.9%	6	7.9%	2	2.6%	**77**	**101.3%**
Ghana-SASL	12	40.0%	5	16.7%	12	40.0%	1	3.3%	**30**	**100.0%**
Tanzania	24	32.0%	41	54.7%	7	9.3%	3	4.0%	**75**	**100.0%**
Benin	0	0.0%	1	6.3%	15	93.8%	0	0.0%	**16**	**100.0%**
Cameroon	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**0.0%**
Total	**46**	**13.4%**	**159**	**46.4%**	**69**	**20.1%**	**27**	**7.9%**	**301**	**87.8%**

Asset ownership & facilities:

Asset ownership & facilities	Rwanda				Malawi				Uganda			
	Overall		Rural		Overall		Rural		Overall		Rural	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
House												
Own	59	78.7%	9	75.0%	31	40.3%	11	39.3%	59	78.7%	52	81.3%
Rented	16	21.3%	3	25.0%	46	59.7%	17	60.7%	16	21.3%	12	18.8%
Avg. No. of rooms	3.4		3.4		3.4		3.2		3.0		3.0	
Toilet facility (Yes)	74	98.7%	12	100.0%	42	54.5%	14	50.0%	75	100.0%	64	100.0%
Agriculture land												
Own	50	66.7%	7	58.3%	34	44.2%	12	42.9%	62	82.7%	53	82.8%
Leased	14	18.7%	3	25.0%	4	5.2%	3	10.7%	18	24.0%	18	28.1%
Av. Own land holding (acres)	0.5		0.4		2.9		1.9		4.2		4.2	
Vehicle												
2 wheelers	30	40.0%	4	33.3%	18	23.4%	12	42.9%	47	62.7%	43	67.2%
3/4 wheelers	3	4.0%	0	0.0%	9	11.7%	0	0.0%	3	4.0%	2	3.1%
Electric equipment (Radio/ TV/ Cassette/DVD player)	69	92.0%	12	100.0%	57	74.0%	12	42.9%	61	81.3%	52	81.3%
Mobile phone (Yes)	74	98.7%	12	100.0%	0	0.0%	0	0.0%	68	90.7%	58	90.6%
Livestock												
Owns livestock	32	42.7%	4	33.3%	27	35.1%	14	50.0%	62	82.7%	53	82.8%
Av. # of milch cattle	1.4		1.0		4.0				7.7		7.2	
Av. # of bull/ox	2.0				2.0		2.0		4.3		5.5	
Av. # of goats	1.6		2.0		4.4		4.5		9.2		6.0	
Av. # of pigs	5.0				2.3		1.5		2.2		2.2	
Av. # of poultry	4.7		10.5		12.7		13.5		10.7		6.9	

Asset ownership & facilities	Ghana-Fidelity				Ghana-SASL				Tanzania			
	Overall		Rural		Overall		Rural		Overall		Rural	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
House												
Own	76	100.0%	76	100.0%	55	72.4%	27	90.0%	70	93.3%	70	93.3%
Rented	0	0.0%	0	0.0%	21	27.6%	3	10.0%	5	6.7%	5	6.7%
Avg. No. of rooms	3.1		3.1		3.6		3.0		3.4		3.4	
Toilet facility (Yes)	0	0.0%	0	0.0%	42	55.3%	15	50.0%	54	72.0%	54	72.0%
Agriculture land												
Own	72	94.7%	72	94.7%	32	42.1%	18	60.0%	64	85.3%	64	85.3%
Leased	9	11.8%	9	11.8%	3	3.9%	2	6.7%	24	32.0%	24	32.0%
Av. Own land holding (acres)	3.9		3.9		4.2		3.1		2.6		2.6	
Vehicle												
2 wheelers	67	88.2%	67	88.2%	29	38.2%	11	36.7%	36	48.0%	36	48.0%
3/4 wheelers	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Electric equipment (Radio/ TV/ Cassette/DVD player)	58	76.3%	58	76.3%	64	84.2%	25	83.3%	70	93.3%	70	93.3%
Mobile phone (Yes)	59	77.6%	59	77.6%	64	84.2%	29	96.7%	0	0.0%	0	0.0%
Livestock												
Owns livestock	76	100.0%	76	100.0%	32	42.1%	17	56.7%	66	88.0%	66	88.0%
Av. # of milch cattle	1.8		1.8		-		-					
Av. # of bull/ox	1.2		1.2		0.0		0.0		2.1		2.1	
Av. # of goats	4.1		4.1		2.0		2.6		3.6		3.6	
Av. # of pigs	2.4		2.4		0.2		0.1		0.9		0.9	
Av. # of poultry	10.2		10.2		87.6		31.4		11.1		11.1	

Asset ownership & facilities	Benin				Cameroon				Overall			
	Overall		Rural		Overall		Rural		Overall		Rural	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
House												
Own	43	57.3%	8	50.0%	55	73.3%	40	95.2%	**448**	**74.2%**	**293**	**85.4%**
Rented	31	41.3%	8	50.0%	20	26.7%	2	4.8%	**155**	**25.7%**	**50**	**14.6%**
Avg. No. of rooms	4.4		4.4		4.0		5.5		**3.5**		**3.5**	
Toilet facility (Yes)	0	0.0%	0	0.0%	67	89.3%	34	81.0%	**354**	**58.6%**	**193**	**56.3%**
Agriculture land												
Own	16	21.3%	4	25.0%	44	58.7%	30	71.4%	**374**	**61.9%**	**260**	**75.8%**
Leased	0	0.0%	0	0.0%	6	8.0%	6	14.3%	**78**	**12.9%**	**65**	**19.0%**
Av. Own land holding (acres)	2.1		1.6		7.8		9.6		**3.6**		**4.0**	
Vehicle												
2 wheelers	64	85.3%	14	87.5%	24	32.0%	17	40.5%	**315**	**52.2%**	**204**	**59.5%**
3/4 wheelers	13	17.3%	3	18.8%	4	5.3%	2	4.8%	**32**	**5.3%**	**7**	**2.0%**
Electric equipment (Radio/ TV/ Cassette/DVD player)	71	94.7%	14	87.5%	66	88.0%	35	83.3%	**516**	**85.4%**	**278**	**81.0%**
Mobile phone (Yes)	75	100.0%	16	100.0%	0	0.0%	0	0.0%	**340**	**56.3%**	**174**	**50.7%**
Livestock												
Owns livestock	12	16.0%	4	25.0%	38	50.7%	32	76.2%	**345**	**57.1%**	**266**	**77.6%**
Av. # of milch cattle					92.0		131.4		**8.3**		**11.2**	
Av. # of bull/ox					0.0		0.0		**1.3**		**1.5**	
Av. # of goats	18.0		25.5		4.8		6.0		**4.5**		**4.4**	
Av. # of pigs					3.7		3.7		**1.7**		**1.8**	
Av. # of poultry	22.1		30.0		175.5		204.6		**38.5**		**30.6**	

D. PPI Analysis of respondents

Programme programmes	Poverty Line		
	NPL	$1.25	$2.5
Rwanda	33.1%	49.4%	81.6%
Malawi	7.8%	2.3%	18.8%
Cameroon	22.3%	13.7%	45.0%
Uganda	2.2%	6.8%	39.3%
Tanzania	16.6%	45.1%	81.1%
Ghana CARE	40.3%	10.8%	42.3%
Ghana OI	11.1%	1.6%	11.6%
Benin	15.3%	18.4%	60.8%

E. Savings information:

Savings A/c with FSP:

Country	Savings A/c with FSP - Overall						Savings A/c with FSP - Rural					
	Recent (2014-2015)		Old (2012-2013)		Very old (2011 & earlier)		Recent (2014-2015)		Old (2012-2013)		Very old (2011 & earlier)	
	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	26	34.7%	33	44.0%	16	21.3%	4	33.3%	7	58.3%	1	8.3%
Malawi	45	58.4%	8	10.4%	23	29.9%	22	78.6%	3	10.7%	3	10.7%
Uganda	55	73.3%	9	12.0%	5	6.7%	48	75.0%	8	12.5%	2	3.1%
Ghana-Fidelity	74	97.4%	0	0.0%	0	0.0%	74	97.4%	0	0.0%	0	0.0%
Ghana-SASL	31	40.8%	9	11.8%	36	47.4%	6	20.0%	3	10.0%	21	70.0%
Tanzania	57	76.0%	5	6.7%	1	1.3%	57	76.0%	5	6.7%	1	1.3%
Benin	62	82.7%	4	5.3%	6	8.0%	16	100.0%	0	0.0%	0	0.0%
Cameroon	34	45.3%	12	16.0%	26	34.7%	3	7.1%	12	28.6%	26	61.9%
Total	**384**	**63.6%**	**80**	**13.2%**	**113**	**18.7%**	**230**	**67.1%**	**38**	**11.1%**	**54**	**15.7%**

Types of savings A/c:

Country	Types of savings A/c – Overall							
	Compulsory		Voluntary		Fixed deposits		Group/other	
	#	%	#	%	#	%	#	%
Rwanda	5	6.7%	70	93.3%	1	1.3%	0	0.0%
Malawi	4	5.2%	44	57.1%	0	0.0%	31	40.3%
Uganda	0	0.0%	14	18.7%	0	0.0%	51	68.0%
Ghana-Fidelity	0	0.0%	75	98.7%	0	0.0%	0	0.0%
Ghana-SASL	29	38.2%	51	67.1%	0	0.0%	0	0.0%
Tanzania	21	28.0%	41	54.7%	1	1.3%	1	1.3%
Benin	16	21.3%	49	65.3%	3	4.0%	13	17.3%
Cameroon	14	18.7%	57	76.0%	3	4.0%	0	0.0%
Total	**89**	**14.7%**	**401**	**66.4%**	**8**	**1.3%**	**96**	**15.9%**

Country	Savings A/c with FSP - Rural							
	Compulsory		Voluntary		Fixed deposits		Group/other	
	#	%	#	%	#	%	#	%
Rwanda	0	0.0%	12	100.0%	0	0.0%	0	0.0%
Malawi	1	3.6%	8	28.6%	0	0.0%	21	75.0%
Uganda	0	0.0%	8	12.5%	0	0.0%	46	71.9%
Ghana-Fidelity	0	0.0%	75	98.7%	0	0.0%	0	0.0%
Ghana-SASL	15	50.0%	15	50.0%	0	0.0%	0	0.0%
Tanzania	21	28.0%	41	54.7%	1	1.3%	1	1.3%
Benin	1	6.3%	15	93.8%	0	0.0%	0	0.0%
Cameroon	9	21.4%	33	78.6%	0	0.0%	0	0.0%
Total	**47**	**13.7%**	**207**	**60.3%**	**1**	**0.3%**	**68**	**19.8%**

Frequency of savings:

Country	Frequency of savings – Overall									
	Daily		Weekly		Fortnightly		Monthly		Irregular/Other	
	#	%	#	%	#	%	#	%	#	%
Rwanda	1	1.3%	6	8.0%	0	0.0%	8	10.7%	60	80.0%
Malawi	6	7.8%	15	19.5%	1	1.3%	15	19.5%	40	51.9%
Uganda	1	1.3%	56	74.7%	0	0.0%	10	13.3%	8	10.7%
Ghana-Fidelity	0	0.0%	15	19.7%	0	0.0%	3	3.9%	55	72.4%
Ghana-SASL	27	35.5%	14	18.4%	21	27.6%	9	11.8%	6	7.9%
Tanzania	0	0.0%	5	6.7%	1	1.3%	59	78.7%	4	5.3%
Benin	50	66.7%	3	4.0%	0	0.0%	13	17.3%	6	8.0%
Cameroon	26	34.7%	20	26.7%	0	0.0%	7	9.3%	22	29.3%
Total	**111**	**18.4%**	**134**	**22.2%**	**23**	**3.8%**	**124**	**20.5%**	**201**	**33.3%**

Country	Frequency of savings-Rural									
	Daily		Weekly		Fortnightly		Monthly		Irregular/Other	
	#	%	#	%	#	%	#	%	#	%
Rwanda	0	0.0%	2	16.7%	0	0.0%	3	25.0%	8	66.7%
Malawi	3	10.7%	3	10.7%	0	0.0%	4	14.3%	18	64.3%
Uganda	0	0.0%	52	81.3%	0	0.0%	8	12.5%	4	6.3%
Ghana-Fidelity	0	0.0%	15	19.7%	0	0.0%	3	3.9%	55	72.4%
Ghana-SASL	3	10.0%	6	20.0%	15	50.0%	5	16.7%	1	3.3%
Tanzania	0	0.0%	5	6.7%	1	1.3%	59	78.7%	4	5.3%
Benin	14	87.5%	0	0.0%	0	0.0%	1	6.3%	1	6.3%
Cameroon	0	0.0%	19	45.2%	0	0.0%	3	7.1%	20	47.6%
Total	**20**	**5.8%**	**102**	**29.7%**	**16**	**4.7%**	**86**	**25.1%**	**111**	**32.4%**

Mode of collection of savings:

Country	Mode of collection of savings - Overall									
	Cash		Mobile money		POS		During group		Others	
	#	%	#	%	#	%	#	%	#	%
Rwanda	75	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Malawi	66	85.7%	2	2.6%	41	53.2%	0	0.0%	0	0.0%
Uganda	18	24.0%	1	1.3%	0	0.0%	46	61.3%	10	13.3%
Ghana-Fidelity	0	0.0%	0	0.0%	46	60.5%	26	34.2%	0	0.0%
Ghana-SASL	28	36.8%	0	0.0%	40	52.6%	14	18.4%	0	0.0%
Tanzania	31	41.3%	27	36.0%	6	8.0%	8	10.7%	0	0.0%
Benin	22	29.3%	55	73.3%	0	0.0%	0	0.0%	0	0.0%
Cameroon	48	64.0%	0	0.0%	27	36.0%	0	0.0%	0	0.0%
Total	**288**	**47.7%**	**85**	**14.1%**	**160**	**26.5%**	**94**	**15.6%**	**10**	**1.7%**

Country	Mode of collection of savings - Rural									
	Cash		Mobile money		POS		During group		Others	
	#	%	#	%	#	%	#	%	#	%
Rwanda	12	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Malawi	19	67.9%	0	0.0%	24	85.7%	0	0.0%	0	0.0%
Uganda	9	14.1%	1	1.6%	0	0.0%	44	68.8%	10	15.6%
Ghana-Fidelity	0	0.0%	0	0.0%	46	60.5%	26	34.2%	0	0.0%
Ghana-SASL	6	20.0%	0	0.0%	16	53.3%	11	36.7%	0	0.0%
Tanzania	31	41.3%	27	36.0%	6	8.0%	8	10.7%	0	0.0%
Benin	2	12.5%	14	87.5%	0	0.0%	0	0.0%	0	0.0%
Cameroon	42	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**121**	**35.3%**	**42**	**12.2%**	**92**	**26.8%**	**89**	**25.9%**	**10**	**2.9%**

Purpose of savings:

Country	Purpose of Savings - Overall											
	Children education		House improvement		Consumer goods		Debt repayment		Emergency expense		Others	
	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	29	38.7%	31	41.3%	15	20.0%	3	4.0%	34	45.3%	14	18.7%
Malawi	15	19.5%	8	10.4%	5	6.5%	1	1.3%	38	49.4%	19	24.7%
Uganda	29	38.7%	21	28.0%	0	0.0%	1	1.3%	12	16.0%	24	32.0%
Ghana-Fidelity	59	77.6%	1	1.3%	4	5.3%	3	3.9%	42	55.3%	6	7.9%
Ghana-SASL	22	28.9%	6	7.9%	17	22.4%	9	11.8%	29	38.2%	10	13.2%
Tanzania	47	62.7%	18	24.0%	11	14.7%	2	2.7%	31	41.3%	18	24.0%
Benin	20	26.7%	8	10.7%	21	28.0%	7	9.3%	25	33.3%	47	62.7%
Cameroon	50	66.7%	40	53.3%	28	37.3%	2	2.7%	15	20.0%	3	4.0%
Total	**271**	**44.9%**	**133**	**22.0%**	**101**	**16.7%**	**28**	**4.6%**	**226**	**37.4%**	**141**	**23.3%**

Country	Purpose of Savings - Rural											
	Children education		House improvement		Consumer goods		Debt repayment		Emergency expense		Others	
	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	5	41.7%	4	33.3%	3	25.0%	0	0.0%	5	41.7%	4	33.3%
Malawi	4	14.3%	2	7.1%	3	10.7%	0	0.0%	13	46.4%	8	28.6%
Uganda	26	40.6%	20	31.3%	0	0.0%	1	1.6%	9	14.1%	19	29.7%
Ghana-Fidelity	59	77.6%	1	1.3%	4	5.3%	3	3.9%	42	55.3%	6	7.9%
Ghana-SASL	9	30.0%	3	10.0%	9	30.0%	4	13.3%	10	33.3%	2	6.7%
Tanzania	47	62.7%	18	24.0%	11	14.7%	2	2.7%	31	41.3%	18	24.0%
Benin	6	37.5%	2	12.5%	9	56.3%	4	25.0%	12	75.0%	9	56.3%
Cameroon	32	76.2%	19	45.2%	16	38.1%	2	4.8%	5	11.9%	2	4.8%
Total	**188**	**54.8%**	**69**	**20.1%**	**55**	**16.0%**	**16**	**4.7%**	**127**	**37.0%**	**68**	**19.8%**

Average savings (US$):

Country	Avg. Savings (p.m.)		Avg. Savings Bal.		Avg. HH savings (p.m.)	
	Overall	Rural	Overall	Rural	Overall	Rural
Rwanda	92.2	81.6	157.7	181.7	102.5	9.8
Malawi	57.7	31.3	149.7	63.1	125.5	73.0
Uganda	191.7	19.1	135.6	114.4	235.8	70.2
Ghana-Fidelity	6.7	6.7	34.3	34.3	20.7	20.7
Ghana-SASL	127.7	85.7	291.9	115.0	223.0	123.2
Tanzania	129.1	129.1	216.7	216.7	75.9	75.9
Benin	99.3	50.0	155.6	41.8	246.4	93.9
Cameroon	193.2	47.0	265.3	232.6	251.4	137.4

Savings experience before associating with FSP:

Country	Saved before with FSP				Saved before with FSP-Rural			
	Yes		No		Yes		No	
	#	%	#	%	#	%	#	%
Rwanda	64	85.3%	11	14.7%	10	83.3%	2	16.7%
Malawi	50	64.9%	26	33.8%	25	89.3%	3	10.7%
Uganda	68	90.7%	7	9.3%	57	89.1%	7	10.9%
Ghana-Fidelity	57	75.0%	19	25.0%	57	75.0%	19	25.0%
Ghana-SASL	52	68.4%	15	19.7%	20	66.7%	6	20.0%
Tanzania	72	96.0%	3	4.0%	72	96.0%	3	4.0%
Benin	58	77.3%	16	21.3%	14	87.5%	2	12.5%
Cameroon	59	78.7%	12	16.0%	30	71.4%	11	26.2%
Total	**480**	**79.5%**	**109**	**18.0%**	**285**	**83.1%**	**53**	**15.5%**

Modes of savings before associating with FSP:

Country	Mode of savings earlier – Overall											
	Home		Bank		With other MFIs		Credit unions		Informal group		Others	
	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	4	5.3%	56	74.7%	5	6.7%	5	6.7%	3	4.0%	0	0.0%
Malawi	27	35.1%	22	28.6%	0	0.0%	0	0.0%	1	1.3%	1	1.3%
Uganda	38	50.7%	10	13.3%	3	4.0%	0	0.0%	26	34.7%	1	1.3%
Ghana-Fidelity	26	34.2%	9	11.8%	0	0.0%	0	0.0%	21	27.6%	1	1.3%
Ghana-SASL	14	18.4%	31	40.8%	14	18.4%	3	3.9%	7	9.2%	0	0.0%
Tanzania	4	5.3%	9	12.0%	2	2.7%	2	2.7%	57	76.0%	0	0.0%
Benin	2	2.7%	18	24.0%	27	36.0%	1	1.3%	12	16.0%	6	8.0%
Cameroon	10	13.3%	20	26.7%	9	12.0%	2	2.7%	21	28.0%	0	0.0%
Total	**125**	**20.7%**	**175**	**29.0%**	**60**	**9.9%**	**13**	**2.2%**	**148**	**24.5%**	**9**	**1.5%**

Country	Mode of savings earlier – Rural											
	Home		Bank		With other MFIs		Credit unions		Informal group		Others	
	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	1	8.3%	9	75.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Malawi	19	67.9%	5	17.9%	0	0.0%	0	0.0%	1	3.6%	0	0.0%
Uganda	32	50.0%	7	10.9%	1	1.6%	0	0.0%	25	39.1%	0	0.0%
Ghana-Fidelity	26	34.2%	9	11.8%	0	0.0%	0	0.0%	21	27.6%	1	1.3%
Ghana-SASL	9	30.0%	5	16.7%	8	26.7%	1	3.3%	6	20.0%	0	0.0%
Tanzania	4	5.3%	9	12.0%	2	2.7%	2	2.7%	57	76.0%	0	0.0%
Benin	0	0.0%	1	6.3%	8	50.0%	0	0.0%	7	43.8%	0	0.0%
Cameroon	8	19.0%	5	11.9%	2	4.8%	2	4.8%	12	28.6%	0	0.0%
Total	**99**	**28.9%**	**50**	**14.6%**	**21**	**6.1%**	**5**	**1.5%**	**129**	**37.6%**	**1**	**0.3%**

Satisfaction with savings products:

Country	Satisfaction with savings – Overall							
	Very high		High		Moderate		Low	
	#	%	#	%	#	%	#	%
Rwanda	25	33.3%	42	56.0%	6	8.0%	2	2.7%
Malawi	39	50.6%	10	13.0%	17	22.1%	7	9.1%
Uganda	14	18.7%	12	16.0%	18	24.0%	31	41.3%
Ghana-Fidelity	39	51.3%	30	39.5%	5	6.6%	1	1.3%
Ghana-SASL	23	30.3%	28	36.8%	21	27.6%	4	5.3%
Tanzania	9	12.0%	42	56.0%	17	22.7%	2	2.7%
Benin	33	44.0%	28	37.3%	10	13.3%	0	0.0%
Cameroon	33	44.0%	23	30.7%	13	17.3%	6	8.0%
Total	**215**	**35.6%**	**215**	**35.6%**	**107**	**17.7%**	**53**	**8.8%**

Country	Satisfaction with savings - Rural							
	Very high		High		Moderate		Low	
	#	%	#	%	#	%	#	%
Rwanda	6	50.0%	4	33.3%	2	16.7%	0	0.0%
Malawi	15	53.6%	4	14.3%	4	14.3%	3	10.7%
Uganda	11	17.2%	7	10.9%	16	25.0%	30	46.9%
Ghana-Fidelity	39	51.3%	30	39.5%	5	6.6%	1	1.3%
Ghana-SASL	7	23.3%	11	36.7%	11	36.7%	1	3.3%
Tanzania	9	12.0%	42	56.0%	17	22.7%	2	2.7%
Benin	10	62.5%	5	31.3%	1	6.3%	0	0.0%
Cameroon	16	38.1%	12	28.6%	9	21.4%	5	11.9%
Total	**113**	**32.9%**	**115**	**33.5%**	**65**	**19.0%**	**42**	**12.2%**

F. Credit information

Source of loans:

Country	Source of loans - Overall									
	Parent FSP		Other MFI/CU		Bank		VSLA/Groups		No. of respondents with loans	
	#	%	#	%	#	%	#	%	#	%
Rwanda	30	40.0%	2	2.7%	3	4.0%	5	6.7%	40	53.3%
Malawi	0	0.0%	1	1.3%	0	0.0%	1	1.3%	2	2.6%
Uganda	16	21.3%	7	9.3%	0	0.0%	31	41.3%	54	72.0%
Ghana-Fidelity	0	0.0%	0	0.0%	3	3.9%	68	89.5%	71	93.4%
Ghana-SASL	45	59.2%	0	0.0%	0	0.0%	0	0.0%	45	59.2%
Tanzania	14	18.7%	4	5.3%	2	2.7%	70	93.3%	90	120.0%
Benin	16	21.3%	6	8.0%	1	1.3%	0	0.0%	23	30.7%
Cameroon	43	57.3%	2	2.7%	0	0.0%	0	0.0%	45	60.0%
Total	**164**	**27.2%**	**22**	**3.6%**	**9**	**1.5%**	**175**	**29.0%**	**370**	**61.3%**

Country	Source of loans - Rural									
	Parent FSP		Other MFI/CU		Bank		VSLA/Groups		No. of respondents with loans	
	#	%	#	%	#	%	#	%	#	%
Rwanda	8	66.7%	0	0.0%	2	16.7%	1	8.3%	11	91.7%
Malawi	0	0.0%	1	3.6%	0	0.0%	1	3.6%	2	7.1%
Uganda	14	21.9%	6	9.4%	0	0.0%	31	48.4%	51	79.7%
Ghana-Fidelity	0	0.0%	0	0.0%	3	3.9%	68	89.5%	71	93.4%
Ghana-SASL	26	86.7%	0	0.0%	0	0.0%	0	0.0%	26	86.7%
Tanzania	14	18.7%	4	5.3%	2	2.7%	70	93.3%	90	120.0%
Benin	1	6.3%	0	0.0%	0	0.0%	0	0.0%	1	6.3%
Cameroon	26	61.9%	0	0.0%	0	0.0%	0	0.0%	26	61.9%
Total	**89**	**25.9%**	**11**	**3.2%**	**7**	**2.0%**	**171**	**49.9%**	**278**	**81.0%**

Average loan amount:

Country	Average loan amount - Overall			
	Parent FSP	Other MFI/CU	Bank	VSLA/Groups
	US$	US$	US$	US$
Rwanda	1,047.6	1,691.2	10,784.3	1,044.1
Malawi		303.6		21.4
Uganda	176.7	324.9		69.7
Ghana-Fidelity			438.6	44.7
Ghana-SASL	1,023.7			
Tanzania	1,019.9	-	34.3	65.5
Benin	717.7	630.3	8,403.4	
Cameroon	935.0	3,781.5		
Average	**820.1**	**1,121.9**	**4,915.1**	**249.1**

Country	Average loan amount - Rural			
	Parent FSP	Other MFI/CU	Bank	VSLA/Groups
	US$	US$	US$	US$
Rwanda	592.3	-	1,470.6	147.1
Malawi	-	303.6	-	21.4
Uganda	166.7	242.0	-	69.7
Ghana-Fidelity	-	-	438.6	44.7
Ghana-SASL	679.7	-	-	-
Tanzania	1,019.9	-	34.3	65.5
Benin	1,001.1	-	-	-
Cameroon	320.8	-	-	-
Average	**472.6**	**68.2**	**242.9**	**49.8**

Usage of loan:

Country	Usage of loan - Overall																					
	Agriculture		Animal husbandry		Manufacturing		Trading		Services		House repairs/renov.		Education		HH asset purchase		HH expense		Medical		Debt repayment	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	6	15.0%	2	5.0%	3	7.5%	7	17.5%	4	10.0%	13	32.5%	4	10.0%	1	2.5%	2	5.0%	1	2.5%	0	0.0%
Malawi	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	50.0%	0	0.0%	2	100.0%	1	50.0%	0	0.0%	0	0.0%
Uganda	7	13.0%	6	11.1%	0	0.0%	11	20.4%	4	7.4%	3	5.6%	10	18.5%	7	13.0%	3	5.6%	1	1.9%	2	3.7%
Ghana-CARE	29	40.8%	1	1.4%	0	0.0%	9	12.7%	0	0.0%	0	0.0%	22	31.0%	0	0.0%	6	8.5%	5	7.0%	0	0.0%
Ghana-SASL	0	0.0%	0	0.0%	1	2.2%	37	82.2%	8	17.8%	0	0.0%	1	2.2%	0	0.0%	1	2.2%	0	0.0%	0	0.0%
Tanzania	21	23.3%	6	6.7%	2	2.2%	37	41.1%	9	10.0%	1	1.1%	20	22.2%	0	0.0%	6	6.7%	3	3.3%	0	0.0%
Benin	0	0.0%	0	0.0%	1	4.3%	13	56.5%	4	17.4%	5	21.7%	0	0.0%	0	0.0%	3	13.0%	0	0.0%	0	0.0%
Cameroon	3	6.7%	6	13.3%	3	6.7%	17	37.8%	4	8.9%	4	8.9%	3	6.7%	0	0.0%	2	4.4%	3	6.7%	0	0.0%
Total	**66**	**17.8%**	**21**	**5.7%**	**10**	**2.7%**	**131**	**35.4%**	**33**	**8.9%**	**27**	**7.3%**	**60**	**16.2%**	**10**	**2.7%**	**24**	**6.5%**	**13**	**3.5%**	**2**	**0.5%**

Country	Usage of loan - Rural																					
	Agriculture		Animal husbandry		Manufacturing		Trading		Services		House repairs/renov.		Education		HH asset purchase		HH expense		Medical		Debt repayment	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Rwanda	2	18.2%	0	0.0%	0	0.0%	1	9.1%	0	0.0%	5	45.5%	1	9.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Malawi	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	50.0%	0	0.0%	2	100.0%	1	50.0%	0	0.0%	0	0.0%
Uganda	7	13.7%	5	9.8%	0	0.0%	10	19.6%	4	7.8%	3	5.9%	10	19.6%	7	13.7%	3	5.9%	1	2.0%	1	2.0%
Ghana-CARE	29	40.8%	1	1.4%	0	0.0%	9	12.7%	0	0.0%	0	0.0%	22	31.0%	0	0.0%	6	8.5%	5	7.0%	0	0.0%
Ghana-SASL	0	0.0%	0	0.0%	0	0.0%	22	84.6%	4	15.4%	0	0.0%	1	3.8%	0	0.0%	1	3.8%	0	0.0%	0	0.0%
Tanzania	21	23.3%	6	6.7%	2	2.2%	37	41.1%	9	10.0%	1	1.1%	20	22.2%	0	0.0%	6	6.7%	3	3.3%	0	0.0%
Benin	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	0	0.0%	0	0.0%
Cameroon	3	11.5%	6	23.1%	1	2.2%	5	19.2%	0	0.0%	4	15.4%	3	11.5%	0	0.0%	2	7.7%	3	11.5%	0	0.0%
Total	**62**	**22.3%**	**18**	**6.5%**	**3**	**0.8%**	**84**	**30.2%**	**17**	**6.1%**	**14**	**5.0%**	**57**	**20.5%**	**9**	**3.2%**	**20**	**7.2%**	**12**	**4.3%**	**1**	**0.4%**

Satisfaction with loan products:

Country	Satisfaction with loan products – Overall							
	Very high		High		Moderate		Low	
	#	%	#	%	#	%	#	%
Rwanda	16	40.0%	7	17.5%	7	17.5%	1	2.5%
Malawi	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Uganda	2	3.7%	3	5.6%	4	7.4%	16	29.6%
Ghana-Fidelity	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Ghana-SASL	11	24.4%	18	40.0%	12	26.7%	1	2.2%
Tanzania	11	12.2%	20	22.2%	15	16.7%	2	2.2%
Benin	4	17.4%	13	56.5%	2	8.7%	1	4.3%
Cameroon	26	57.8%	10	22.2%	4	8.9%	4	8.9%
Total	**70**	**18.9%**	**71**	**19.2%**	**44**	**11.9%**	**25**	**6.8%**

Country	Satisfaction with loan products - Rural							
	Very high		High		Moderate		Low	
	#	%	#	%	#	%	#	%
Rwanda	4	36.4%	1	9.1%	2	18.2%	0	0.0%
Malawi	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Uganda	2	3.9%	3	5.9%	2	3.9%	15	29.4%
Ghana-Fidelity	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Ghana-SASL	7	26.9%	9	34.6%	8	30.8%	0	0.0%
Tanzania	11	12.2%	20	22.2%	15	16.7%	2	2.2%
Benin	1	100.0%	0	0.0%	0	0.0%	0	0.0%
Cameroon	10	38.5%	7	26.9%	4	15.4%	4	15.4%
Total	**35**	**12.6%**	**40**	**14.4%**	**31**	**11.2%**	**21**	**7.6%**

G. Level of financial awareness:

Financial literacy training:

Country	Finance Literacy training			
	Received			
	Yes	%	No	%
Rwanda	36	48.0%	39	52.0%
Malawi	6	7.8%	70	90.9%
Uganda	47	62.7%	28	37.3%
Ghana-Fidelity	69	90.8%	6	7.9%
Ghana-SASL	63	82.9%	12	15.8%
Tanzania	67	89.3%	7	9.3%
Benin	17	22.7%	56	74.7%
Cameroon	47	62.7%	27	36.0%
Total	**352**	**58.3%**	**245**	**40.6%**

Level of awareness:

Country	Level of awareness											
	Operating MFIs/FIs in their locality						Saving products offered by the FI					
	Yes	%	Partial	%	No	%	Yes	%	Partial	%	No	%
Rwanda	29	38.7%	19	25.3%	27	36.0%	34	45.3%	10	13.3%	31	41.3%
Malawi	62	80.5%	0	0.0%	14	18.2%	43	55.8%	6	7.8%	27	35.1%
Uganda	34	45.3%	19	25.3%	22	29.3%	7	9.3%	23	30.7%	45	60.0%
Ghana-Fidelity	26	34.2%	32	42.1%	18	23.7%	28	36.8%	40	52.6%	8	10.5%
Ghana-SASL	25	32.9%	23	30.3%	28	36.8%	4	5.3%	27	35.5%	45	59.2%
Tanzania	52	69.3%	1	1.3%	22	29.3%	32	42.7%	15	20.0%	28	37.3%
Benin	53	70.7%	5	6.7%	15	20.0%	6	8.0%	28	37.3%	39	52.0%
Cameroon	23	30.7%	1	1.3%	49	65.3%	23	30.7%	18	24.0%	32	42.7%
Total	**304**	**50.3%**	**100**	**16.6%**	**195**	**32.3%**	**177**	**29.3%**	**167**	**27.6%**	**255**	**42.2%**

Country	Level of awareness											
	Rate of interest on saving						Knows how to increase savings					
	Yes	%	Partial	%	No	%	Yes	%	Partial	%	No	%
Rwanda	15	20.0%	4	5.3%	56	74.7%	42	56.0%	14	18.7%	19	25.3%
Malawi	4	5.2%	4	5.2%	68	88.3%	26	33.8%	1	1.3%	49	63.6%
Uganda	3	4.0%	20	26.7%	52	69.3%	59	78.7%	13	17.3%	3	4.0%
Ghana-Fidelity	18	23.7%	10	13.2%	48	63.2%	37	48.7%	24	31.6%	14	18.4%
Ghana-SASL	1	1.3%	13	17.1%	62	81.6%	22	28.9%	38	50.0%	16	21.1%
Tanzania	34	45.3%	19	25.3%	22	29.3%	65	86.7%	4	5.3%	6	8.0%
Benin	2	2.7%	5	6.7%	66	88.0%	31	41.3%	18	24.0%	24	32.0%
Cameroon	13	17.3%	9	12.0%	51	68.0%	16	21.3%	15	20.0%	42	56.0%
Total	**90**	**14.9%**	**84**	**13.9%**	**425**	**70.4%**	**298**	**49.3%**	**127**	**21.0%**	**173**	**28.6%**

Country	Level of awareness											
	Types of loan products offered by the FI						Rate of interest on loan products					
	Yes	%	Partial	%	No	%	Yes	%	Partial	%	No	%
Rwanda	39	52.0%	6	8.0%	30	40.0%	33	44.0%	6	8.0%	36	48.0%
Malawi	7	9.1%	1	1.3%	68	88.3%	2	2.6%	0	0.0%	74	96.1%
Uganda	6	8.0%	18	24.0%	51	68.0%	3	4.0%	19	25.3%	53	70.7%
Ghana-Fidelity	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Ghana-SASL	7	9.2%	23	30.3%	46	60.5%	3	3.9%	13	17.1%	60	78.9%
Tanzania	33	44.0%	19	25.3%	22	29.3%	36	48.0%	15	20.0%	21	28.0%
Benin	6	8.0%	19	25.3%	48	64.0%	2	2.7%	4	5.3%	67	89.3%
Cameroon	14	18.7%	13	17.3%	46	61.3%	24	32.0%	8	10.7%	41	54.7%
Total	**112**	**18.5%**	**99**	**16.4%**	**311**	**51.5%**	**103**	**17.1%**	**65**	**10.8%**	**352**	**58.3%**

Country	Level of awareness																	
	Multiple sources(over indebtedness)						Clients' data						Grievance redress mechanism					
	Yes	%	Partial	%	No	%	Yes	%	Partial	%	No	%	Yes	%	Partial	%	No	%
Rwanda	66	88.0%	1	1.3%	8	10.7%	63	84.0%	2	2.7%	10	13.3%	56	74.7%	0	0.0%	19	25.3%
Malawi	63	81.8%	0	0.0%	13	16.9%	16	20.8%	6	7.8%	54	70.1%	27	35.1%	1	1.3%	48	62.3%
Uganda	60	80.0%	11	14.7%	4	5.3%	18	24.0%	8	10.7%	49	65.3%	13	17.3%	11	14.7%	51	68.0%
Ghana-Fidelity	53	69.7%	14	18.4%	9	11.8%	26	34.2%	10	13.2%	40	52.6%	19	25.0%	11	14.5%	46	60.5%
Ghana-SASL	41	53.9%	18	23.7%	17	22.4%	37	48.7%	27	35.5%	12	15.8%	10	13.2%	34	44.7%	32	42.1%
Tanzania	61	81.3%	5	6.7%	9	12.0%	64	85.3%	5	6.7%	6	8.0%	58	77.3%	10	13.3%	7	9.3%
Benin	41	54.7%	11	14.7%	21	28.0%	6	8.0%	6	8.0%	61	81.3%	9	12.0%	13	17.3%	51	68.0%
Cameroon	35	46.7%	12	16.0%	24	32.0%	5	6.7%	2	2.7%	65	86.7%	23	30.7%	9	12.0%	38	50.7%
Total	**420**	**69.5%**	**72**	**11.9%**	**105**	**17.4%**	**235**	**38.9%**	**66**	**10.9%**	**297**	**49.2%**	**215**	**35.6%**	**89**	**14.7%**	**292**	**48.3%**

Finance Literacy & Awareness on CPP:

Country	Finance Literacy training received	
	#	%
Rwanda	36	48.0%
Malawi	6	7.8%
Uganda	47	62.7%
Ghana-Fidelity	69	90.8%
Ghana-SASL	63	82.9%
Tanzania	67	89.3%
Benin	17	22.7%
Cameroon	47	62.7%
Total	**352**	**58.3%**

Awareness of respondents on CPP who received Fin. Literacy training:

Country	Awareness of respondents on CPP who received Fin. Literacy training											
	Saving products				Int. rate on savings				Loan products			
	Yes	%	Partial	%	Yes	%	Partial	%	Yes	%	Partial	%
Rwanda	22	61.1%	4	11.1%	11	30.6%	4	11.1%	28	77.8%	4	11.1%
Malawi	5	83.3%	0	0.0%	0	0.0%	0	0.0%	1	16.7%	0	0.0%
Uganda	6	12.8%	18	38.3%	2	4.3%	14	29.8%	4	8.5%	12	25.5%
Ghana-Fidelity	23	33.3%	39	56.5%	17	24.6%	10	14.5%	0	0.0%	0	0.0%
Ghana-SASL	3	4.8%	23	36.5%	1	1.6%	10	15.9%	6	9.5%	22	34.9%
Tanzania	30	44.8%	15	22.4%	33	49.3%	16	23.9%	31	46.3%	17	25.4%
Benin	3	17.6%	2	11.8%	2	11.8%	0	0.0%	2	11.8%	4	23.5%
Cameroon	19	40.4%	7	14.9%	11	23.4%	5	10.6%	8	17.0%	9	19.1%
Total	**111**	**31.5%**	**108**	**30.7%**	**77**	**21.9%**	**59**	**16.8%**	**80**	**22.7%**	**68**	**19.3%**

Country	Awareness of respondents on CPP who received Fin. Literacy training											
	Int. rate on loans				Over-indebtedness				Clients' data			
	Yes	%	Partial	%	Yes	%	Partial	%	Yes	%	Partial	%
Rwanda	21	58.3%	5	13.9%	30	83.3%	0	0.0%	34	94.4%	0	0.0%
Malawi	0	0.0%	0	0.0%	5	83.3%	0	0.0%	1	16.7%	0	0.0%
Uganda	3	6.4%	12	25.5%	37	78.7%	7	14.9%	14	29.8%	6	12.8%
Ghana-Fidelity	0	0.0%	0	0.0%	48	69.6%	14	20.3%	24	34.8%	10	14.5%
Ghana-SASL	3	4.8%	12	19.0%	33	52.4%	15	23.8%	30	47.6%	24	38.1%
Tanzania	35	52.2%	13	19.4%	56	83.6%	4	6.0%	60	89.6%	4	6.0%
Benin	0	0.0%	3	17.6%	10	58.8%	1	5.9%	4	23.5%	1	5.9%
Cameroon	17	36.2%	7	14.9%	30	63.8%	7	14.9%	2	4.3%	1	2.1%
Total	**79**	**22.4%**	**52**	**14.8%**	**249**	**70.7%**	**48**	**13.6%**	**169**	**48.0%**	**46**	**13.1%**

Country	Awareness of respondents on CPP who received Fin. Literacy training			
	Grievance Mechanism			
	Yes	%	Partial	%
Rwanda	33	91.7%	0	0.0%
Malawi	1	16.7%	0	0.0%
Uganda	9	19.1%	8	17.0%
Ghana-Fidelity	19	27.5%	11	15.9%
Ghana-SASL	8	12.7%	30	47.6%
Tanzania	54	80.6%	8	11.9%
Benin	3	17.6%	3	17.6%
Cameroon	10	21.3%	7	14.9%
Total	**137**	**38.9%**	**67**	**19.0%**

Annex 7: Mission Work Plans

The mission work plans for both on-site as well as off-site meetings are arranged country wise below.

Benin

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
17 August 2015	Monday	8.30 AM	Ignace Dovi, Directeur Mme Dogbe Point Focal Projet Microlead	TSP
		11.00 AM	CPEC Cotonou M.Salomon Saliou, Directeur M. Telesphore Afouda, Directeur Commercial/Marketing	FSP
		3.00 PM	Formation des 3 enquêteurs à partir de	
18 August 2015	Tuesday	8.30 AM	Préparation de la mission sur le terrain avec Directeur des Opérations (crédit/épargne) et Directeur Commercial	
		9.00 AM	Déplacement auprès des agences retenues	
19 August 2015	Wednesday	10.00 AM	M.Bello	
20 August 2015	Thursday	9.00 AM	M. Louis Biao Ministère des Finances, CCS/ SFD	
		11.00 AM	M. Lambert Gbossa Réunion avec Eurafrik	
		2.30 PM	Rosine Sori Coulibaly (PNUD) M. Cossoba Nanako (UNCDF) Réunion avec le PNUD- UNCDF	Grantor
21 August 2015	Friday	9.00 AM	Maurille Couthon Réunion avec Directeur PASMIF de DID	Secondary duty bearer
		11.00 AM	Dogbe M. Telesphore Afouda Travail avec l'équipe CPEC & ALAFIA	TSP
		3.00 PM	M. Dovi; Equipe Alafia M. Saliou; Equipe CPEC Equipe Evaluateurs Restitution avec les parties prenantes	FSP
22 August 2015	Saturday	9.00 AM	Equipe Evaluateurs Réunion de debriefing	

Cameroon

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
5 October 2015	Monday	9.00 AM 11.00 AM 3.00 PM 4.30 PM	Soulémane Isso-Takou DJOBO, CIDR Resident Advisor, Fri Asanga, MIFED Patrice Moune, A3C Bouba Ndjidda, MD UCCGN Training of enumerators (conducted simultaneously by one of the	TSP FSP FSP

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
			M-CRIL team members	
6 October 2015	Tuesday	8.00 AM	Field survey at A3C branch location (2.5 hrs drive from Yaounde)	Programme beneficiary
7 October 2015	Wednesday	9.00 AM 11.00 AM	Simon Yon Tjega, MD MIFED,Essouma Paul,Director operations,MIFED Didier Njock, CEC, Kenkolla Eric, CEC Honorine Adiogo, Regional Corporate Sales Manager, MTN	TSP FSP Secondary duty Bearer
8 October 2015	Thursday	8.00 AM 9.30 AM 12.00 Noon 3.00 PM	Field survey at CEC branch location (Kribhi) by a team led by one of the evaluators (4.5 hrs drive from Yaounde) MINFI Officials: Victor Ndzana, Directeur de la monnaie & Patrice Lumumba Mboh, Directeur des Etudes Thomas Nkouenkeu, IFAD Funded - Head PADMIR Project Angeline Tchagueu, Director of Sales, Orange	Programme beneficiary Other interest group Other interest group Secondary duty Bearer
9 October 2015	Friday	9.00 AM 11.30 AM 2.30 PM	Gabriel Nzoyem, Executive Secretary, ANEMCAM Corneille Agossou, UNDP Deputy Resident Representative BASIX, PAMIGA & CIDR - follow-up for clarification, additional information/data requirement	Other interest group Other interest group TSP
13 October 2015	Tuesday	2.30 PM	Ram Mohanrao, Long Term Advisor, Basix	TSP
14 October 2015	Wednesday	5.00 PM	Renee Chao Beroff, Manager PAMIGA	TSP

Ghana-CARE

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
14 September 2015	Monday	9.00 AM 12.00 Noon 2.00 PM	Hermann Messan, UNCDF Programme Specialist Eli Hini, Senior Manager, Mobile Money,MTN Ruth Bodoo, Manager Mobile Money,MTN Noel Q. da Cruz, Programme Manager MLE,CARE Ghana Gifty Blepke, Gender and Women Empowerment Coordinator, CARE Ghana	Programme Implementer Secondary Duty Bearer Secondary Duty Bearer TSP TSP
15 September 2015	Tuesday	9.00 AM 11.00 AM	Elly Ohene-Adu, Head, Banking Department Moses Nyamekye Oppong, Business Development & Training Officer,GHAMFIN	Other Interest Groups Other Interest Groups

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
			Emmanuel Asante, Finance and Accounts Officer,GHAMFIN	Other Interest Groups
		3.30 PM	Joseph D Chognuru, Director Financial Services Division. Ministry of Finance	Other Interest Groups
			Yaw Brantuo, Progamme Coordinator of IFAD's RAFI Programme	Other Interest Groups
		4.00 PM	Jacqueline Mpare, Head Branchless Banking,Ecobank	Other Interest Groups
			Asare Elhanan Owreku,Cluster Head,Cards and eBanking, Ecobank	Other Interest Groups
16 September 2015	Wednesday	9.00 AM	Merene Botsio, Manager, Strategic Partnerships & CSR, Fidelity Bank	FSP
			Eddie Opare-Donkor, COO Inclusive Banking,Fidelity Bank	FSP
		3.00 PM	Enumerators Training	
17 September 2015	Thursday		Interviews with 35-40 Fidelity clients clients (70% women & 30% men)	Programme Beneficiary
			2 FGDs of Fidelity clients (groups of 10)	
			1 FGD with non-clients (group of 10)	
			Interviews with Fidelity operations staff for MLE	Secondary Duty Bearer
			Interviews with 1NGO staff and Community Volunteer, Fidelity branch 1	
		10.00 AM	Michael-Community Volunteer Beloo-Kayelo	Secondary Duty Bearer
			Aliyu Darfur, Project + MIS Officer, CARE Ghana	TSP
		2.00 PM	Julius Awarega, Center Coordinator,ORGIIS	Secondary Duty Bearer
			Tosten Schlink, Head, Programme for Sustainable Economic Development (PSED) GIZ	Other Interest Groups
18 September 2015	Friday		Interviews with 35-40 Fidelity clients clients (70% women & 30% men)	Programme Beneficiary
			2 FGDs of Fidelity clients (groups of 10)	
			1 FGD with non-clients (group of 10)	
			Interviews with Fidelity Bank's operations staff for MLE	Secondary Duty Bearer
			Interviews with 1 NGO staff and Community Volunteer, Fidelity Branch 2	Secondary Duty Bearer
		1.00 PM	Pascal Adiali, Agents and Merchant Network Officer, Financial Inclusion Department, Fidelity Bank	FSP
		2.00 PM	Joseph, Field Officer-ORGIIS	Secondary Duty Bearer
			Eunice Brako Marfo , GHASALC	Other Interest Groups

Ghana-OI

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
21 September 2015	Monday	9.00 AM 3.00 PM	Tony Fosu, Managing Director Vincent Amponsah, Head of Business Kwaku Acheampong, Corporate planning Manager Aaron Rex Opoku – Ahene, Chief Operating Officer Anthony Appiah,Chief Finance Officer Training of Enumerators	FSP FSP FSP FSP FSP
22 September 2015	Tuesday		Interviews with 35-40 SASL clients (70% women & 30% men) 2 FGDs of SASL clients (groups of 10) 1 FGD with non-clients (group of 10) Interviews with SASL operations staff for MLE Interviews with 1 external agent Clement Ofusu-Ntimoah, Chief Internal Officer, SASL Raphael, Head HR, SASL	Programme Beneficiary FSP Secondary Duty Bearer FSP FSP
23 September 2015	Wednesday		Interviews with 35-40 SASL clients (70% women & 30% men) 2 FGDs of SASL clients (groups of 10) 1 FGD with non-clients (group of 10) Interviews with SASL operations staff for MLE Interviews with 1 external agent Bernard Ebo Afflu, Relationship Manager (Also acting as de fact Branch and Operation Manager) SASL Yaaakoranchi, Transition Manager, SASL	Programme Beneficiary FSP Secondary Duty Bearer FSP FSP

Malawi

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
13 July 2015	Monday	9.30 AM 12.00 Noon 2.30 PM	Fletcher Chilumpha, UNCDF Programme Manager Carol Flore-Smereczniak, Deputy Resident Representative - Programme UNDP Francis Matsiketsa, Country Director Timothy Ngalande, Business Analyst	Grantor Secondary duty bearer Other interest group
14 July 2015	Tuesday	6.00 AM 11.00 AM 2.00 PM	Travel from Lilongwe to Blantyre Esnat Nchembe, SME Product Manager, NBS Bank, Blantyre Douglas Musumbu, CEO, e-Kwacha	 FSP Secondary duty

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
		3.00 PM	Training of Enumerators	bearer
15 July 2015	Wednesday	9.30 AM to 6:00 PM	Discussions with CEOs and various department heads , NBS Bank, Blantyre Bernadette Mandoloma, CEO, NBS Bank Dumisani Chatima, CFO, NBS Bank Martin Anthony Siwu, COO, NBS Bank Ntaja Ntandaza, Head of Alternate Channels, Marketing and Public Relations Manager, NBS Bank Timothy Andrew Ngwira, Marketing and Public Relations Manager, NBS Bank Client survey	FSP
16 July 2015	Thursday	7:30 AM 5:00 PM	Field visit & Client Survey Mercus Chigoga, Head, PBB, NBS Bank	 FSP
17 July 2015	Friday	10.00 AM 2:00 PM 3:30 PM	Fund B. Mzama, Chief Examiner, Banks. Bank Supervision Department, Reserve Bank of Malawi Peter Ziwa, Principal Examiner, Policy & Regulations, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi Dickson Chidumu, Principal Examiner, Financial Cooperatives, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi Tosh Mwafulirwa, Principal Examiner, Deposit taking Institutions and Banks, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi Joseph M. Chiusiwa, Director Commercial, Malawi Posts Corporation Debrief with NBS	FSP Secondary duty bearer

Rwanda

Date	Day	Start time	Meeting with /activity conducted	Stakeholder Type
21 June 2015	Sunday		Reach Kigali Dinner meeting with Andrew Fyfe, Head-UNCDF Evaluation Unit Jean Thiboutot, Chief of Party – WOCCU	 Programme Evaluator TSP

Date	Day	Start time	Meeting with /activity conducted	Stakeholder Type
			Rwanda	
22 June 2015	Monday	10.00 AM	Remy Iyikirenga, Savings Manager Jean Thiboutot, Chief of Party, WOCCU Rwanda Vanessa, World Council of Credit Unions (WOCCU) Peter Rwema, Executive Secretary, Association of Microfinance Institutions in Rwanda (AMIR)	TSP TSP TSP Other Interest Groups
23 June 2015	Tuesday		Kanombe U-SACCO Manager and key operational staff Client interviews and FGDs, First U-SACCO	FSP Programme Beneficiary
24 June 2015	Wednesday		Bumbogo U-SACCO BOD, Manager and key operational staff Client interviews and FGDs, Second U-SACCO	FSP Programme Beneficiary
25 June 2015	Thursday	10.00 AM 12.00 Noon 2.30 PM	Keving Kavugizo Shyamba, Director, Microfinance Supervision Department, National Bank of Rwanda Ministry of Commerce & Finance, Eric Rwigamba, Director General Herbert M.ASIIMWE, Ministry of Finance and Economic Planning,Rwanda Arthur Sabiti, National Technical Advisor, Inclusive Finance, UNCDF Judith Aguga Acon, Technical Director, Access to Finance Rwanda Gilbert Habyarimana, Cooperatives Inspection Division Manager, Rwanda Cooperative Agency (RCA)	Secondary Duty Bearer Secondary Duty Bearer Other Interest Groups Other Interest Groups Secondary Duty Bearer Secondary Duty Bearer
26 June 2015	Friday	11.30 AM 2.30 PM	Arthur Sabiti, National Technical Advisor, Inclusive Finance, UNCDF UNDP: Salma D. El Hag Yousif (Chief Management Support Unit) and Yoon Kyung Lee(M&E officer) Wrap up with WOCCU	Other Interest Groups Other Interest Groups

Tanzania

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
31 August 2015	Monday	9.00 AM 12.00	Shelina Mallozzi and Oliva Kinabo, CARE Sosthenes Kewe, FSDT	TSP Other interest

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
		Noon 2.30 PM 4.00 PM	 Saphy Mohamoud, Bank of Tanzania Augustino N. Hotay, Manager Banking Supervision (looks at policy) Lauren Hendricks & Christian Pennotti, Access Africa	groups Other interest groups Other interest groups TSP
1 September 2015	Tuesday	9.00 AM 10.30 AM 11.30 AM	Linas Kahisha (Business Development Manager), Nelice William (Finance Manger) Gallus Runyeta, Selcom Ivana Damjanov, UNCDF, Programme Specialist MLE	Secondary Duty Bearer Secondary Duty Bearer Programme Implementer
2 September 2015	Wednesday	9.00 AM 4.00 PM	Hamishi A. Chimwaga, Microfinance Development Manager, Mwanga Community Bank Enumerators Training (Gaudence Kapinga, Anatoly Charles and Jesca Missoke)	FSP FSP
3 September 2015	Thursday		Field visits to VSLAs in Moshi Rural Fedrick Martin – Franchisee Vedasto Tus – Community Based Trainer	Programme Beneficiary
4 September 2015	Friday	9.00 AM 12.00 Noon	Oliva Kinabo, Technical Unit Director, CARE International Tanzania Joyce Jackson Kulwah, Programme Initiative Manager Simon Kiondo, M&E Officer Eva and Adam, Programme Community Mobilizers Helen, Programme Information Management Officer Lusekelo Katamba, District Technical Officer, Vodacom Mobile Money Agent-Mwajumya CARE Programme Officer-Charles, Meeting with Mobile Money Agent in Kwakao Village, Mwanga District	TSP TSP TSP TSP TSP Secondary Duty Bearer Secondary Duty Bearer TSP Secondary Duty Bearer

Uganda

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
10 August 2015	Monday	9.30 AM 11.30 AM	Wilson Twamuhabwa, CEO Ugafode Nathan Barigye, Business Growth and Development Manager, UGAFODE Ms Clare, HR Manager UGAFODE Microfinance Limited (MDI) Mr. Pius Mukiibi, Assistant ICT Manager UGAFODE Microfinance Limited (MDI)	FSP FSP

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
		2.30 PM	Ms Prisca, Head of Operations UGAFODE Microfinance Limited (MDI) Training of enumerators	
11 August 2015	Tuesday		1st branch (to be selected) visit: Meetings with Branch Manager and Field Staff, Client interviews (35-40 clients) and FGDs (2 with client groups and 1 with non-client group), Client interviews (35-40 clients) and FGDs (2 with client groups and 1 with non-client group) S.Davis Villa Maria (a CRS CBO)	FSP Secondary duty bearer
12 August 2015	Wednesday	10.00 AM 11.30 AM 2.30 PM	Amani Mbale & Francois Coupienne, UNCDF Almaz Gebru & Ahunna Eziakonwa, UNDP Nuwagaba Jokas Sales and Marketing Officer UGAFODE Microfinance Limited (MDI) David, AMFIU 2nd branch, Meetings with Branch Manager and Field Staff Client interviews (35-40 clients) and FGDs (2 with client groups and 1 with non-client group Elizabeth Pfifer, Country Representative, CRS	Secondary duty bearer FSP Other interest group Other interest group
13 August 2015	Thursday		Adia Joseph, Head Risk Management UGAFODE Microfinance Limited (MDI) Luna,Programme Analyst,UNDP Mr. Pius Mukiibi, Assistant ICT Manager UGAFODE Microfinance Limited (MDI)	FSP Secondary duty bearer
14 August 2015	Friday	9.00 AM 11.30 AM	Alessandro Marini (Kaspersen Line), Country Representative for Uganda and Country Programme Manager for South Sudan Kasperesky, IFAD PEGASUS (aggregator for MTN)	Other interest group Secondary duty bearer

Liberia

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
8 September 2015	Tuesday	17.30 PM	Eve Hamilton, Director Technical Services, WOCCU, US	TSP
9 September 2015	Wednesday	14.00 PM 15.30 PM	Patrick Muriuki, Chief of Party WOCCU, Monrovia Saye Biyie, President of LCUNA	TSP FSP

Date	Day	Start time	Meeting with /activity conducted	Stakeholder type
		17.00 PM	Yarkpazuo Gbusiwoi, Managing Director of LCUNA J.Randall Farngalo, (former Manager RCU), WOCCU Monrovia)	 TSP
10 September 2015	Thursday	14.00 PM 15.30 PM 17.00 PM 17.30 PM	J.C.N. Howard, Deputy Head Microfinance and Financial Inclusion Unit, CBL El Tumu Trueh, Head Microfinance and Financial Inclusion Unit, CBL Harold Davies, Finance Specialist, WOCCU Hon. A. Richlieu Mitchell Sr., Managing Director of the Cooperative Development Agency	Secondary duty bearer TSP Secondary duty bearer
11 September 2015	Friday	14.00 PM 15.30 PM 17.30 PM	Michael Gannon, Irish League of Credit Union Foundation Samelia Dempster, MD, Lonestar Fabian Ochanda , Director Of Corporate Business, Cellcom	Secondary duty bearer Secondary duty bearer

Annex 8 – TSP Implementation Timeline (at the time of evaluation mission)

Following is the shade code which has been used to fill the below charts based on the actual implementation schedule in Cameroon, Benin, Burkina Faso, Ghana, Liberia, Malawi, Rwanda, Tanzania and Uganda. Information pertaining to Burundi was incomplete and therefore not been represented below.

The respective month in a particular quarter/s

	Activity started
	Activity performed during quarter
	Activity ended

1. Cameroon:

#	Activities	2013												2014												2015											
		M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12
As per PBA																																					
	Business Plan for the FY 2015																																				
	Annual Work Plan for the period from Jan 2015 to Dec 2015																																				
1	**Business Strategy and Planning**																																				
1.1	Consultative workshop on vision, Mission and Strategy held with three of the Partner Institutions with their respective Boards & Management (A3C, UCCGN, CEC)																																				
1.2	Develop a strategic plan and Vision document (A3C, UCCGN, CEC)																																				
1.2a	Development of business plan																																				
1.2b	Approval of Strategic Plan by the Board of Directors																																				

#	Activities	2013												2014												2015											
		M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12
1.2c	Approval of business plan																																				
1.2d	Implementation of Strategic and Business Plan in the MFI																																				
2	**Governance and Ownership**																																				
2.1	Orientation &Training for Board on Corporate Governance, Roles & responsibilities and recommendations to make Board effective in Governance (all 3 MFIs)																																				
2.2																																					
2.3	Training of the Board on Financial Management (all 3 MFIs)																																				
2.4	Board capacity strengthening on operational aspects & diversification of Products & services (all 3 MFIs)																																				
3	**Product Development & Microfinance Operations**																																				
3.1 /3.2	Review of existing product delivery process and system at all three partner institutions																																				
3.3	ToT to senior management of all three Partner Institutions on revised operational models																																				
	Training to staff on improved/ new products																																				
3.4 /3.5a	Review, design, pilot & Roll out of savings and credit products for																																				

#	Activities	2013												2014												2015											
		M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12
	partner institutions																																				
	Acceptance of revised/new products by the MFI																																				
3.4 /3.5b	Pilot & roll out of savings & credit products - each of the 3 MFIs																																				
	Train senior management- ToT on revised operational models																																				
	Pilot of saving Products with marketing and action plans																																				
	Review of savings pilot, roll out plan, marketing and action plans																																				
	Roll out of improved/new saving product																																				
	Pilot of credit Products with marketing and action plans																																				
	Review of credit pilot, roll out plan, marketing and action plans																																				
	Roll out of improved/new credit product																																				
3.6	Review, design, pilot & roll-out of insurance products																																				
4	**Information Technology and MIS**																																				
4.1 /4.2 /4.3	Review of existing MIS and introduce new ICT enabled MIS for A3C and UCCGN																																				

#	Activities	2013												2014												2015											
		M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12
4.4																																					
4.5	Mobile banking design and implementation planning for CEC																																				
4.6	Recruit and train agents for Banking Correspondent Outlets (BCO's) (CEC only)																																				
4.7	Mobile banking operational (CEC)																																				
5	**Building staff capacity in HR, Financial Mgmt & Marketing**																																				
5.1/ 5.2	Review and develop HR policies, capacity development plan and HR audit (all 3 MFIs)																																				
5.3	Review operational costs and financial monitoring tools at all three Partner Institutions																																				
5.4																																					
5.5	Marketing design and content for products																																				
5.6	Product promotion and marketing at all three Partner Institutions																																				
6	**Financial literacy & Social performance Management**																																				
6.1	Design and develop financial literacy module at all three Partner Institutions																																				
6.2	Implementation of financial literacy																																				
6.3	Social performance review																																				
	Implement SPM monitoring system at all three Partner																																				

#	Activities	2013												2014												2015											
		M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12
	Institutions																																				
	Capacity building on Social Performance Management& Client Protection																																				
7	**Knowledge dissemination**																																				
7.1	Through leadership platforms and conferences including specifically promoted events and knowledge management system through MIFED																																				
8	**Risk Management & Internal control, Audit**																																				
8.1/ 8.3	Review and recommend enhanced risk management system and tools at Partner Institutions																																				
8.2	Capacity building of HR on risk management at Partner Institutions																																				
8.4	Improve internal control systems and procedures at Partner Institutions																																				

2. Benin:

#	Activities	2015			
		Q1	Q2	Q3	Q4
According to the PBA / Performance Contract					
a.					
1.1	Mise en place et réunion du comité de pilotage du projet				
1.2	Réalisation d'une étude de recensement des tontiniers ambulants				
1.3	sensibilisation des tontiniers sur le dispositif				
1.4	Acquisition d'équipements pour le démarrage des activités				
1.5	Elaboration des documents de gestion du nouveau dispositif				

#	Activities	2015			
		Q1	Q2	Q3	Q4
2.1	Formation du personnel de CPEC au nouveau dispositif (formation respectant les principes de protection de clients et d'égalite des sexes)				
2.2	Selection d'un echantillon de tontinier ambulant				
2.3	Formation des tontiniers ambulants sur le dispositif (formation rrespectant les principes de protection de client et d'egalite des sexes)				
2.4	Demarrage de la phase de test pilote				
2.5	Evaluation de la phase pilote et amelioration des outils de gestion				
3.1	Formation de l'ensemble du personnel de CPEC au nouveau dispositif (formation respectant les principes de protection de client et d'egalite des sexes)				
3.2	Sélection des banquiers tontiniers ambulants et signature des partenariats				
3.3	Formation des banquiers ambulant sur le dispositif				
3.4	Formation des tontiniers ambulants sur les activités de la microfinance et l'éducation financière des clients				
4.1	Développement et actualisation des supports de communication et de formation sur l'éducation financière des clients				
4.2	Formation des formateurs du personnel de CPEC sur l'éducation financière des clients (formation respectant les principes de protection de clients et d'égalite des sexes)				
4.3	Sensibilisation et formation des clients en éducation financière (formation respectant les principes de protection de client et d'égalite des sexes)				
5.1	Evaluation de l'application des principes de protection des clients				
5.2	Appui a la mise en oeuvre des recommandation issues des evaluation PPC				
6.1	Suivi évaluation des activités et des indicateurs d'effet sur les clients et l'institution				
6.2	Réalisation des études de cas et publication des étude de cas sur le site internet et édition en version papier				
6.2.1	Organisation des visites au sein de la CPEC pour les autres SFD				
6.3	Organisation des ateliers d'échange d'experiences				
6.4	Réalisation d'un film documentaire				
7	Achat de motos				
b.	Atteinte des résultats et performances indiquées dans la section 3.2 du contrat de performance pour le mois d'Aout 2015				
c.	CPEC Effectue une auto-évaluation de sa performance sociale avec les outils de la Social Performance Taskforce				
d.	CPEC endosse les principes de Microfinance Transparency				
e.	CPEC adhère à la Social Performance Taskforce				
	Atteinte des résultats et performance indiquées dans la section 3.2 du contrat de performance pour le mois de juin 2016				
1.1	Réunions du comité de pilotage du projet avec les comptes rendus de réunion				

#	Activities	2015			
		Q1	Q2	Q3	Q4
Other Activities					
	Contrat de performance signé avec les bénéficiaires				
	Calendrier de travail validé présenté par l'ensemble des bénéficiaires				
	CPEC Envoie les informations au Mix Market Gold				
	CPEC intègre les élément du système de suivi de la performance sociale et environnmentale				
	CPEC établit des procédures et systèmes pour inclure des systèmes de suivi de la Performance Sociale et Environnementale				
	Atteinte des résultats et performance indiqués dans la section 3.2 du contrat de performance pour le mois de Décembre 2016				
	Suivi évaluation des activités et des indicateurs d'effets sur les clients et l'institution				

3. Burkina Faso:

#	Activities	2015			
		Q1	Q2	Q3	Q4
According to the PBA / Performance Contract					
a.					
1.1	Tenue de l'atelier de lancement du projet				
1.2	Plan de travail détaillé adopté par les SFD partenaires				
1.3	Données de base des institutions partenaires sont transmises au Mix Market Gold				
1.4	Appui aux institutions partenaires pour le re crutement un superviseur et 3 facilitateurs dans chaque SFD				
1.5	Formation des Superviseurs et des 6 facilitateurs des Institutions Partenaires				
1.6	Base de référence pour l'évaluation du niveau du client menée pour évaluer la capacité financière avec des méthodes quantitatives et qualitatives				
1.7	Démarrage de la collaboration avec Enclude pour la conception d'un modèle de service financier				
2.5	Conduite d'Auto-évaluation de la protection des clients et développement d'un plan pour les corrections				
2.6	Formation des facilitateurs des SFD dans l'approche de réplication				
2.7	Deux nouveaux facilitateurs recrutés par les SFD et formés par FFH				

#	Activities	2015			
		Q1	Q2	Q3	Q4
2.8	Un produit d'épargne est développé par chacune des SFD partenaires				
2.9	Un module sur l'éducation financière est développé				
3.5	Analyse de l'efficacité du plan d'affaires en cours				
3.6	Formation de 6 facilitateurs en lien avec l'éducation financière				
3.7	Evaluation à mi parcours au niveau des clients				
3.8	Démarrage de l'analyse du plan d'affaires pour l'adoption des principes de protection des clients				
3.9	Soutien aux institutions partenaires dans l'approche de réplication des agents communautaires				
4	Evaluation finale au niveau des clients				
4.1	Finalisation de l'analyse de l'efficacité du plan d'affaires (analyse des coûts)				
4.2	Disponibilité des ébauches de publications clefs (analyse du modèle des coûts, Plan d'affaires de la protection des clients, évaluation d'impact au niveau des clients				
Other Activities					
	Contrat de performance signé avec les bénéficiaires				
	Calendrier de travail validé présenté par l'ensemble des bénéficiaires				
	Les SFD Envoient les informations au Mix Market Gold				

4. Ghana:

4.1 OI SASL

#	Activities	2013		2014				2015	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
As per PBA									
	Agreement Executed								
1.2	Deploy aggressive saving-focused marketing initiative								
1.1	Introduce passbook savings accounts								
1.3	Deploy SASL staff in target communites to create awareness on importance of savings								
1.4	Introduce demand deposit accounts								
1.5	Introduce term deposit accounts								
1.6	Reach 105,173 active deposit accounts by March 30, 2014								
1.7	Reach 201,641 active deposit accounts by March 30, 2015								

#	Activities	2013		2014				2015	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1.8	Reach 231,887 active deposit accounts by March 30, 2016								
1.9	Reach 255,076 active deposit accounts by December 31, 2016								
2.1	Complete staff trainings in sales, credit, risk, treasury, SME, banking strategies, payment systems, operational risk and any other training as required by the ongoing needs of the instituion.								
2.2	Annual refresher training implemented								
2.3	Operate at> 107% OSS								
2.4	Reach 142,078 active borrowers by March 30, 2014								
2.5	Reach 149,182 active borrowers by March 30, 2015								
2.6	Reach 158,133 active borrowers by March 30,2016								
2.7	Reach 166,538 active borrowers by 31 December 2016								
3.1	Convert 12 outlets to hub branches and 36 outlets to agencies								
3.2	Upgrade 8 agencies to hub branches								
3.3	Convert remaining 28 branches to hub branches								
4.1	Complete upgrade to Globus Temenos T24 v R10								
4.2	Complete upgrade to T24 biometric module								
4.3	Deploy netbooks with loan officers to encourage savings								
5.1	Define functional/business specifications definition								
5.2	Application and screen development								
5.3	Installation and integration testing with T24								
5.4	Agent acquisition and staff training								
5.5	Launch cellphone banking with clients and ongoing market								
6.1	Case study on institutional transformation experience								
6.2	Dissemination of results to MFI networks and financial services sector								

4.2 CARE

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
As per PBA											
0.1	Implementation planning with Fidelity Bank Ghana										
0.2	CARE MicroLead Project Staff recruitment and training										
1.1	Partner Selection and Agreement finalization										
1.2	Partner Staff Recruitment and Workplan development										
1.3	Training of new Partners on VSL methodology (refresh old partners if										

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	necessary)										
1.4	Formation and training of new VSLAs on VSL methodology										
2.1	Training of partners on Financial Literacy										
2.2	Needs assessment and selection of existing VSLAs for MicroLead project										
2.3	Financial Literacy training and linkage rating for existing VSLAs										
2.4	Combined VSLA and Financial Literacy trainings and linkage rating of new VSLAs										
3.1	Product and process development with Fidelity										
3.2	CARE linkage product pilot and finalization										
3.3	Develop M-banking systems for product delivery to VSLAs										
3.4	Preparation and finalization of linkage training manual and process										
3.5	Training of CARE, Partner, Fidelity Staff (staff, agents and Smart friends) on linkage processes and procedures										
3.6	Linkages trainings of VSLAs										
3.7	Linkage of VSLAs to Fidelity										
4.1	Dissemination of results to MFI networks and Financial Services Sector in Ghana										
5.1	End project evaluation										
5.2	Ongoing Monitoring										
5.3	Annual Review										
6.1	Draft case study on linkage experience										
6.2	Finalize case study on linkage experience										

5. Liberia:

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
As per PBA											
1.1	Develop Marketing Plans for regional credit unions				Dec.	Mar.				Mar.	
1.2	Provide TA to credit unions to increase savings and loan volumes										
1.3	Implement Seed Credit Union Methodology										
1.4	Develop/roll out initial basic product offering										
1.5	Develop additional savings and loan products tailored to member needs										May
1.6	Implement nationwide savings marketing campaigns and radio spots										

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1.7	Collect data and make projections on number of active clients/previously unbanked clients mobilized			Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	Jun.
2.1	Establish 4 regional credit unions		Jun.								
2.1.1	Building construction of regional credit unions								Dec.		
2.12	Credit union member education campaign		May			Mar.					
2.1.3	Hiring and training of credit union management and staff			Sept.							
2.1.4	Development and approval of governing documents (by-laws, constitution, etc.)		Jun.								
2.1.5	Registration of credit unions with the regulatory authority (CDA)					Mar.					
2.1.6	Develop and sign participant agreements with regional credit unions (including CPP)		Jun.								
3.1	Provide technical assistance in MCUB				Nov.						
3.1.1	PEARLS Training										
3.1.2	Business Planning training				Nov.						
3.1.3	Credit administration training and TA				Nov.						
3.1.4	Financial analysis training and TA				Nov.						
3.1.5	Product development training				Nov.						
3.1.6	Governance training				Nov.						
3.2	Develop / update Credit Union Policies and Procedures			Jul.							
3.3	Automate operations with standardized CBS										
3.4	Collaborate with ILCUF's regional credit union training program										
3.5	Collect data on number of women on boards and in management positions										
4.1	Implement reporting mechanisms in regional credit unions to report to MIX and CBL on financial condition of credit unions										
4.2	Develop training curriculum for LCUNA to utilize for ongoing credit union training program										
4.3	Provide training to credit union members about credit union principles, governance and basic financial literacy to strengthen the movement as a whole.					Jan.					
4.4	Implement PEARLS monitoring system										
4.5	Provide general training to CBL staff on credit union regulation and best practices										
5.1	Develop income sources for LCUNA - insurance products, due paying, technical assistance, etc.										
5.2	Update and remodel LCUNA building										

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
5.3	Develop of operational policies for LCUNA										
5.4	Business plan for LCUNA										
5.5	Implement money merchant agent network for Lonestar's mobile money platform in credit unions and LCUNA.										
5.6	Evaluate feasibility for integrating Lonestar's mobile money platform with CBS and mobile savings accounts										

6. Malawi:

#	Activities	2013				2014				2015		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
As per PBA												
a.	Verify readiness of NBS to implement savings mobilisation activities	Jan.										
b.	Verify PAR>30 days of NBS	Jan.										
1.1	Assess NBS' readiness to target low income market. Identify gaps in its readiness and suggest changes	Jan.										
1.2	Market scan to review savings products offered in the market	Jan.										
1.3	Formation of working group and finalisation of work plan		Jun.	Aug.								
2.3	Assess existing distribution channels and analyse alternatives		May									
2.4	Review of agreements among the current channel partners				Dec.			Jul.				
2.5	Development of distribution channel strategy and implementation plan. Give recommendations				Dec.			Jul.				
3.1	Design research methodology to understand that the current financial behaviour and needs of low income clients		May	Jul.								
3.2	Test and roll-out new products through newly designed delivery systems								Oct.		Jun.	
3.3	Identify insights and make recommendations		May	Jul.								
4.1	Incorporate insights in to savings product(s)		May	Aug.								
4.3	Incorporate learnings from research to develop marketing strategies that includes metrics, simple and clear messages, promotions and reward programs						Apr.					

#	Activities	2013				2014				2015		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
4.5	Assess existing performance management system, develop capacity to generate disaggregated data, performance monitoring, utilising marketing metric and complying with reporting requirements						Apr.	Sept.				
4.6	Review capacities of bank's sales team and delivery program in selling products to low income clients through new channels. Recommend job profiles, incentive systems, training needs. Develop training material.						Apr.	Aug.				
5.1	Define pilot plan and decide on KPIs to measure success					Mar.	Apr.					
5.3	Assess outcomes of pilot by reviewing performance against the KPIs and objectives. Review use of services and client satisfaction.									Apr.	May	
5.3.1	Assess any changes needed before product roll out. Obtain necessary approvals									Apr.	May	
6.1	Develop roll out strategy incorporating insights from the pilot									Apr.	May	
6.1.1	Implement roll out to full network											Jul.
6.3	Exchange visit with NBS and leading institution/country								Oct.			
6.3.1	Incorporate international best practices and share knowledge through industry conferences and media. Develop final brief for broader dissemination which should include findings, opportunities, issues and recommendations.											Jul.

7. Rwanda:

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
As per PBA											
1.1	Coordinate with different stakeholders to merge U-SACCOs	Jan., Feb., Mar.	Apr., May, Jun.	July, Sept.	Oct., Nov.	Jan., Feb.	May, June	Sept.		Mar.	Jun.
1.2	Use external audit and financial analysis to address BNR regulatory requirements in the development of the merger process for the district SACCOs (PEARLS QUARTERLY, NBR training,		May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	Apr.
1.3	Prepare list of members, accounting &			Oct.	Dec.	Feb., Mar.	Apr., May,	Jul., Aug., Sept	Oct., Nov., Dec.	Jan., Feb., Mar.	Apr., May, Jun.

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	chart of accounts, loan and savings portfolio						Jun.				
1.4	Support HR reorganization: Org chart, recruitment, task and responsibility definition (separation), HR evaluation, ethics code					Jan., Feb., Mar.	Apr., May, Jun.	Jul.			
1.6	Standardize policies, norms and procedures into district SACCOs		May, Jun.	Jul., Aug., Sept.	Oct., Nov., Dec.	Jan., Feb., Marc.	Apr., May, Jun.	Jul., Aug., Sept.	Oct., Nov., Dec.	Mar.	
2.1	Develop Market Studies and marketing plans								Oct., Nov., Dec.	Jan., Feb. , Mar.	Apr., May, Jun.
2.2	Assess exisiting product features, develop new products through surveys				Dec.	Jan. Feb. Mar.	May				
2.3	Test and roll-out new savings and loan products									Mar.	Apr., May, Jun.
2.4	Facilitating cross-selling and conducting required training for SACCOs										
2.5	Provide technical assistance to U-SACCOs to increase savings and loan volumes			Jul., Aug., Sept.	Oct., Nov., Dec.	Jan., Feb., Mar.	Apr., May, Jun.	July, Aug., Sept.	Oct., Nov., Dec.	Jan., Feb., Mar.	Apr., May, Jun.
2.6	Financial Literacy Training									Jan., Feb., Mar.	June
3.1	Conduct diagnostics of U-SACCOs			July, Aug., Sept.	Oct.						
3.2	Develop and sign participation agreements with 30 district U-SACCOs	This activity was deleted from PBA amendment, due to GoR changed plan of SACCO consolidation.									
3.3	Prepare and implement Master Training Plan for committees members, managers and personnel			Jul., Aug.	Oct.						
3.4/ 3.6	Technical assistance and follow-up including: training in MCUB in areas of credit administration, governance, financial management, analysis and planning.					Jan., Feb., Mar.	Apr., May, Jun.	July, Aug., Sept.	Oct., Nov., Dec.		
3.5	Group training activities in policy reform, governance, credit union management					Jan. , Feb., March	Apr., May, Jun.	July, Aug., Sept.	Oct., Nov., Dec.		

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
4.1	Assess current IT and connectivity condition						May				Apr., May, Jun.
4.2	Evaluation of MIS and software requirements		Apr., May, Jun.	July, Aug., Sept.	October,						
4.3	Procurement of IT software solution					Jan., Feb., Mar.	Apr., May, Jun.	July, Aug., Sept.	Oct., Nov., Dec.	Jan., Feb., Mar.	Apr., May, Jun.
4.4	Install software & implement MIS – develop interface enabling record of all manual transactions; design excel template and diagnose operations										
4.5	Data collection and migration					Jan., Feb., Mar.	Apr., May, Jun.	July, Aug., Sept.	Oct., Nov., Dec.	Jan., Feb., Mar.	Apr., May, Jun.
4.6	Training provided to all IT users						Jun.		Oct., Nov., Dec.		
4.7	MIS report prepared, tested and signed off										
4.8	Mobile Technology Readiness		Apr., May, Jun.	July, Aug., Sept.	Oct.						
Other Activities											
i.	Ensuring No. of women representatives on the Board and management									Mar.	Apr., May, Jun.
ii.	Reporting to MIX				Dec.	Mar.	Jun.	Sept.	Dec.	Mar.	May
iii.	Documenting programme learnings										Jun.

8. Tanzania:

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
As per PBA											
	Implementation planning with MCB										
	Staff recruitment and training			Aug.							
1.1	Needs assessment of existing VSLAs			Sept.						Mar.	

#	Activities	2013				2014				2015	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1.2	Formation of new VSLAs				Oct.						
1.3	Training of existing VSLA members on Financial Literacy					Feb.					
2.1	Preparation and finalization of linkage training manual and process					Jan.					
2.2	Training of CARE staff on linkages					Feb.		Aug.			
2.3	Training of VSLAs on linkage using CARE VAs and Franchisees						May				
2.4	CARE linkage pilot, finalization and scale up of product						May				
3.1	Product and process development for MCB										
3.2	Preparation of MCB product manual					Mar.					
3.3	Training of MCB and MNO staff on linkage product					Mar.					
3.4	Implementation of product and processes in MCB					Feb.					
4.1	Selection and training of new VAs and Franchisees on VSLA methodology						May				
4.2	Training of Franchisees and Village Agents on Financial literacy					Feb.	May	Aug.			
4.3	Training of Franchisees and new Village Agents on linkages					Mar.			Nov.		
4.4	Training of new VSLAs on financial literacy by Village Agents / Franchisees					Mar.			Nov.		
4.5	Linkage of VSLAs to MCB by Village Agents						May				
4.6	Linkage of VSLAs to MCB by Franchisees						**CHANGED**				
4.7	Invitation to key regional community banks to launch and participate in programme review events and workshops						April				
5.1	End Project Evaluation										May
5.2	Annual Review										
6.1	Draft Case Studies on Linkage Experience										May
6.2	Finalize Case Studies on Linkage Experience										July

9. Uganda:

#	Activities	2013				2014				2015		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
As per PBA												
1.1	Design and deliver market research		May	Jul.								
1.2	Conduct Institutional Assessment and product plan			Aug.								
1.3	Provide Mobile Banking Recommendations and in support in establishing and testing partnership		Jul.									
1.4	Product Costing for savings product						Jun.					

#	Activities	2013				2014				2015		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1.5	Draft Savings product development plan					Mar.						
2.2	Develop Training Plan for pilot based on institutional assessment, training and marketing plan for roll out						May					
2.3	Implement staff training for pilot, 50 UGAFODE officers trained after TOT from MEDA						May					
2.4	Develop marketing strategy and tools					Feb.						
2.5	Training to UGAFODE staff on new marketing materials and monitoring plan					Feb.						
	Ugafode MIS adapted to serving, targeting and reporting on low-balance and unbanked clients.											Jul.
2.1	Institution capacity Building			Aug.								
3.1	Savings pilot launched at UGAFODE through branches and alternative delivery channels (mobile banking)							Jun.				
	Pilot assessment and re-design								Dec.		Jun.	
3.2	Roll-out for mobile banking and branches (21000 clients through m-banking & 55000 through branches)										Jun.	
4.1	Develop Knowledge management and communication plan (case study drafted and finalized)											Jul.
Other Activities												
i.	Ensuring No. of women representatives on the Board and management										Apr.	
ii.	Reporting to MIX											
iii.	Documenting programme learnings											
iv.	Social and environmental monitoring systems											