Pacific Financial Inclusion Programme (PFIP) II

Mid-term internal programme review

Final Report including PFIP Management Notes

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Abbreviations

AFI	Alliance for Financial Inclusion
ANZ	Australia and New Zealand Banking Group
BB	Branchless banking
BFA	Bankable Frontier Associates
BPNG	Bank of Papua New Guinea
BSP	Bank South Pacific
BTCA	Better Than Cash Alliance
CEFI	Centre for Financial Inclusion (in PNG)
CEO	Chief Executive Officer
DFAT	Department of Foreign Affairs and Trade
DFS	Digital financial services
DSS	Demand side survey
EU	European Union
FNPF	Fiji National Providence Fund
FSP	Financial service providers
FY	Fiscal year
G2P	Government to people payments
IC	Investment Committee
M&E	Monitoring and evaluation
MFAT	Ministry of Foreign Affairs and Trade
MM	Mobile money
NFIS	National financial inclusion strategy
NFIT	National financial inclusion task force
ODTI	Other deposit-taking institutions
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Country
PIRI	Pacific Islands Regional Initiative
PNG	Papua New Guinea
RBF	Reserve Bank of Fiji
RED 2	Rural Economic Development Programme Phase 2
RIA	Regulatory impact assessment
RMF	Results management framework
SINPF	Solomon Islands National Providence Fund
SME	Small and medium enterprises
SOI	Solomon Islands
SPBD	South Pacific Business Development
TOC	Theory of Change
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

The mid-term review consultant would like to thank all interview partners in Fiji, Samoa, Solomon Islands and Papua New Guinea, as well as in New Zealand and Australia for their time and effort in providing their opinion and assessment of PFIP activities. Many thanks also to the PFIP management and team for their endless efforts in providing supporting documents and answering questions, as well as for setting up an extremely well-organized mission.

Quotes by stakeholders

- «PFIP is very collaborative, they understand how our system works» (Ministry of Education, Fiji)
- «PFIP support is demand-driven» (Assistant Governor, Central Bank of Samoa)
- «They give you ownership and you drive the agenda, it is a very collaborative approach with national partners in the driver seat" (Ministry of Trade, Fiji)
- «PFIP has been instrumental for our financial inclusion goals< PFIP has accelerated financial inclusion in Fiji» (Governor, Reserve Bank of Fiji)
- "Without PFIP it would have taken much longer to roll-out" (DFAT, Solomon Islands)
- «PFIP has helped us opening up for new ideas» (Assistant Governor, Bank of Papua New Guinea)
- «PFIP provides ongoing guidance» (HFC Bank, Fiji)
- «We would not have launched the regional expansion without PFIP support» (S. Schwall, Bima)
- «If it was not for PFIP, we would not venture into these services" (S. Prasad, Vodafone)

PFIP Management Notes
This midterm review will include notes from PFIP management similar to the convention employed in audited financial statements and quarterly filings of public companies. This is meant to provide stakeholders with a clear statement of management views on key elements of PFIP strategy and performance. The core content of the document contains the independent review of programme performance.

PFIP management believes that this is the most transparent manner to present the programme strategy to stakeholders. The programme document established a starting point with the four core workstreams of PFIP's strategy for creating access to finance (A2F), and posited a wide array of activities as potential instruments for reaching the programme objective. However, PFIP management and the Investment Committee have developed the strategy during programme implementation. The results management framework, the core performance indicators, the theory of change and the annual work plans have all been developed during the first two years of the programme. We feel that the management notes will provide the reviewer and the stakeholders with visibility on the decisions that have driven that evolution and with that a framework to interpret the results of the review assessment.

Summary of observations and recommendations

The Pacific Financial Inclusion Programme (PFIP)'s second phase builds on its achievements during the first phase from 2008 to 2013. It is co-administrated by United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP), and funded by the Australian Department of Foreign Affairs and Trade (DFAT), the European Union (EU) and the New Zealand Ministry of Foreign Affairs and Trade. PFIP II was launched in July 2014 for an operating period of five years. Its global objective is to sustainably increase financial inclusion in the Pacific, especially for rural and low-income women, men, youth and microentrepreneurs.

Chapter 2 provides an overview of the objective of the assignment, the review methodology, as well as data collection. Data for this review was collected through a desk review of documents, and in-person and skype interviews. Based on the Terms of Reference and the Inception Report, the review is based on the following seven core dimensions[1]: readjustment of programme strategy and implementation approach performance against programme objectives, programme implementation, impact, relevance, sustainability and future direction, as well as management effectiveness.

Chapter 3 gives an overview of PFIP workstreams and implementation approach adaptation. They have been continuously sharpened and fine-tuned since the start of the programme, especially in late 2014 and early 2016. The programme focuses on shortcomings of the first programme phase by putting the development of financial products and services that provide high value to the client on a sustainable basis into the centre of activities. PFIP's results framework was developed in 2014 and fine-tuned into an indicator hierarchy in 2016. A set of six objective-level indicators was consolidated. Consistent with the redefined implementation strategy, they concentrate on workstream 2.

Chapter 4 assesses PFIP's performance against its objective-level indicators. Overall, PFIP has already achieved or even over achieved five out of six indicators. Four out of the six indicators have not only been over achieved in terms of where the project is in its time frame, but they have been over achieved in relation to targets defined for the end of the programme. Especially outreach and usage of financial services developed with the support of PFIP have substantially

[1] The dimension "readjustment of programme strategy and implementation approach" has been added later due to substantial adjustment being made after the start of the programme.

increased and improved. The only indicator which still shows some margin for improvement is the indicator which relates to overall number of women clients. The sub-chapters provide first an overview of achievement levels for all indicators and subsequently a detailed analysis of each of the indicators.

Chapter 5 looks at the programme's four workstreams. These workstreams together contribute to the overall objective of the programme, i.e. to expand access to financial services. While workstream 2 is the central workstream focusing on outreach and usage, the other three workstreams provide essential support. They support the creation of an enabling environment to increase financial inclusion. Workstream 1 (enabling policy and regulation) covers the macro level, engaging with central banks, insurance regulators and other relevant authorities to support a conducive policy environment. Workstream 3 (market information and knowledge) supports the generation of knowledge and market information for public and private partners. It also increases the available knowledge base and capacity by engaging in training of partners. Finally, workstream 4 focuses on the client level by supporting government authorities and lately more and more private partners in developing and implementing financial literacy initiatives and by supporting government ministries in revising consumer protection regulations. PFIP is therefore supporting all different levels of the financial system which play together in fostering increasing financial inclusion for low-income populations.

Anecdotal evidence from some of the supported projects shows good results on impact (Chapter 6). Since PFIP will not be able to scientifically measure impact of all its individual activities, usage rates can be used as a good and cost-efficient proxy for impact. PFIP has not put down its envisaged long-term results chain explicitly in writing. Both, the results management framework and the Theory of Change stop at the immediate objectives of the programme (expand access to finance), without making the link to how access to financial services can ultimately contribute to improving people's livelihoods through access to and usage of tailored financial services.

PFIP is highly relevant to its funders' visions and strategies (Chapter 7). Policy makers and regulators in partner countries laude PFIP's support since financial inclusion is of high relevance to their national and regional development agendas. Activities are mostly aligned with financial service providers' strategies; however, the private sector may resist to move too quickly with new products to new markets (i.e. rural areas) which can conflict with some funders' short-term objectives. Implementation readjustments will assure increased relevance for clients.

PFIP has reached substantial sustainability (Chapter 8) of its interventions at the policy level by supporting the set-up of national task forces taking over the implementation of the National Financial Inclusion Strategies. Sustainability has not yet been reached with any of the financial services developed with PFIP support by service providers. Additional funding is needed to assure project implementation until programme end and above all sustainability and follow-up.

Data collection efforts have been stepped up by PFIP in the recent past with many indicators collected for each workstream. Data quality is in some cases still an issue and PFIP continues to work with project partners on it. Monitoring instruments could be improved by developing one single tool for periodic collection of indicators. The team has not been fully staffed due to external and internal recruiting issues. PFIP leverages about 1 USD for each USD contributed by its funders and has managed to establish multiple collaborations with other projects (Chapter 9).

Chapter 10 summarizes suggestions developed during the mid-term review specifically regarding the Theory of Change, the results management framework and indicators. It is suggested to revise these instruments based on the refocused and revised programme strategy and implementation and to define a manageable and measurable set of indicators for each workstream and each level, specifically outcome and output. This chapter also includes suggestions for improving issues, such as staff management, and donor reporting.

1 Programme background

PFIP Management Notes

The PFIP is at its core an initiative to *"expand access to financial services for rural and low-income women, men, youth and microentrepreneurs"* in the South Pacific. The programme strategy is implemented through four workstreams that are meant to produce outcomes that contribute to this core access-to-finance (A2F) objective: **enabling policy and regulation, financial innovation, market information, and financial competency**.

These workstreams are the pillars of PFIP strategy. The midterm review will document the scope of activity in each of the workstreams and, most importantly, the lessons learned about the approaches that are making the most measurable contributions to PFIP's core A2F objective.

PFIP launched the four workstreams by implementing the initial list of activities that were identified in the programme document. These activities represent the initial hypothesis about how to leverage the first phase of PFIP to address the market gaps and opportunities visible at the time. However, the programme document identifies an ambitious array of activities, methodologies and goals without establishing priorities or an evidence base for many of the activities. PFIP management and the Investment Committee have set priorities and adapted the workstreams over time based on professional experience and actual results. These strategic decisions are reflected in the annual work plans and in the grant projects.

The programme results management framework (RMF) is the key instrument for making these strategic decisions. It reflects assumptions about how activity **outputs** will produce the workstream **outcomes** that will contribute to the programme **objective,** and defines the metrics for measuring results**.** The RMF is the principal tool for assessing the outputs of programme activities, for determining whether the workstream outcomes are in fact contributing to the objective, and for the bottom line assessment of whether PFIP is expanding access to finance. The RMF is included in the annexes.

Chapter 1 summarizes the development of the Pacific Financial Inclusion Programme (PFIP). It summarizes briefly the achievement and learnings from PFIP I and lays out how these translate into PFIP II. Finally, it provides a summary of PFIP II's objective and indicators, as well as the components (workstreams) of the programme's implementation strategy. The chapter also mentions other strategic dimensions relevant for PFIP implementation, such as alignment, strategic partnerships, as well as geographic reach.

1.1 PFIP II objective and indicators

During the development of PFIP II's results management framework (RMF) which has been jointly developed by Programme management and the Investment Committee in 2014, the programme objective from its initial version in the programme document was sharpened and focused and reads in its current version: *"Expand access to financial services to the low-income population."*

During this process, objective-level indicators suggested in the programme document were as well revised and consolidated. The following indicators were approved by the Investment Committee in late 2014 for monitoring programme progress:

1. Total number of clients
2. Total number of clients – women
3. Total number of clients – savers
4. Total number of clients – women, savers
5. Average savings balance
6. Activity levels

For all indicators, PFIP aims to disaggregate data by gender and age. Furthermore, it was envisaged to align PFIP's strategy with UNDP's Gender Equality Strategy and UNCDF's strategy on Gender Equality and the Empowerment of Women (GEEW) and implement UNCDF minimum standards.

1.2 PFIP II programme strategy

PFIP II's strategy is defined along several dimensions and split up into four workstreams. PFIP II's four workstreams (or outcome areas) as per the programme document and agreement between PFIP management and the Investment Committee are the following:

- **Workstream 1—Policy and Regulation** provides support to regulators and policy makers to create an enabling regulatory environment for mass market financial services, and leverage government payments to accelerate the adoption of formal financial channels.
- **Workstream 2—Financial Innovation** funds financial service providers to innovate with new channels and services designed for mass market customers.
- **Workstream 3 Market Information** funds research and publication of demand and supply side data to support decision making in all workstreams, and to produce knowledge products related to financial inclusion.
- **Workstream 4 Financial Competency** funds activities related to consumer protection, adult financial literacy and financial education in schools.

The additional strategic dimensions highlighted in the programme document are:

- **Alignment with stakeholders' priorities:** PFIP II seeks to align its activities with stakeholders' global, regional and national priorities, such as the Money Pacific Goals endorsed by the Forum Economic Ministers Meeting (FEMM), or the Pacific Islands Regional Initiative (PIRI). At the national level, the programme seeks alignment with national governments' and central banks' priorities on financial inclusion.
- **Geographic reach:** PFIP II aims at working in the six largest PICs that account for 90% of the region's population, PNG, Fiji, Solomon Islands, Vanuatu, Samoa and Tonga. As appropriate, the programme would explore the possibility of working in the remaining two Least Developed Countries (LCDs), Tuvalu and Kiribati.
- **Combination of regional learning and adaptation:** Initiatives aim at being tailored to the particular stage of a certain market. However, the programme pursues to leverage cross-cutting gaps and opportunities applying a regional approach whenever judged sensible (e.g. building supervisory capacity, consumer protection frameworks, financial inclusion data measurement systems).
- **Partnerships and linkages:** As regards partnerships and linkages, the Programme Document planned for PFIP to take an active role in donor coordination, establishing lead roles for donors based on comparative advantages. The following partnerships were to be explored:
  - AFI and specifically PIRI to collaborate on establishing an enabling policy environment;
  - UN Women's programme "Safe Cities for Women and Girls Programme" in PNG by collaborating with financial service providers in offering bank accounts and payment services to women, especially market women;
  - MicroSave's Agent Network Accelerator Programme;
  - Partnerships and synergies around microinsurance and remittances with ILO and IFAD.

  UNCDF-funded programmes and partnerships:
  - Youth Start: Collaborate in complementing financial literacy targeted at youth with financial products that meet youth' requirements;
  - Better Than Cash Alliance (BTCA): Leverage global experience in driving cash payments made by governments, the development community, NGOs and private sector;
  - Mobile Money for Poor (MM4P): Explore synergies especially on knowledge generation and dissemination with the programme which supports branchless and mobile financial services in a select group of LDCs;
  - CleanStart: Increased sustainable access to clean and affordable energy through micro loans;
  - The Inclusive Finance for the Under-served Economy (INFUSE): Continue overseeing implementation of INFUSE in Timor-Leste and share lessons learned.

1.3 Background and development of the Pacific Financial Inclusion Programme (PFIP)

The first phase of the Pacific Financial Inclusion Programme (PFIP I) started in 2008, supported by the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), and the European Union's Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP). Its objective was to achieve greater financial inclusion in one of the least banked regions in the world. By the end of 2013, PFIP I had reached 687,000 additional individuals and/or small and microenterprises in the Pacific Island Countries (PIC) who had gained access to one or more appropriate financial services. As such, the programme had achieved its outcome, however, it acknowledged that the quality and range of financial products and services introduced needed to be improved to drive up active usage, and more importantly to achieve the benefits envisioned for low-income users. PFIP efforts had resulted in high numbers of sign-ups for mobile money or agent network offers, but usage levels had remained very low at 7.5% of subscribers.

Taking into consideration PFIP I's achievements, several gaps and opportunities were identified for PFIP II, the second phase of the Pacific Financial Inclusion Programme which was launched in July 2014 for an operating period of 5 years (2014-2019):

- Formulate additional national financial inclusion and literacy strategies and support their implementation;
- Strengthen supervisory capacities of regulators in areas such as other deposit-taking institutions (ODTIs), mobile money and branchless banking (MM/BB), and microinsurance;
- Deepen usage of the newly developed financial products and channels;
- Strengthen consumer protection and support measures which enable market conduct;
- Support robust financial inclusion data measurement systems for evidence based policy/business decisions;
- Strengthen agent networks for last mile delivery of financial services;
- Support cost-effective international remittance channels;
- Support stakeholder coordination, learning exchanges, knowledge generation and dissemination;
- Adopt a responsible finance framework suited to the Pacific;
- Institute a monitoring and evaluation framework and periodic impact evaluations of financial inclusion initiatives.

According to the PFIP II programme document the following learnings from PFIP I translated into adjustments for PFIP II:

- Strengthen PFIP's internal systems and capacities to adopt a more holistic approach to results measurement, utilizing practices in line with the DCED (Donor Coordination for Enterprise Development) Standards and measuring the development impact of projects;
- Deepen the impact of products and services with emphasis on building robust agent networks, broadening the range of financial products, catalysing strategic partnerships, developing risk management frameworks and client protection guidelines to create a relevant and secure mobile financial services eco-system;
- Broaden government partners beyond central banks to bring greater government resources (human and financial) to bear on larger obstacles to inclusive finance (i.e. Ministries of Education, National Planning, etc.).

2 Scope of review

Chapter 2 provides an overview of the objective of the assignment, the review methodology, as well as data collection. Information was collected through a desk review of documents, and in-person and skype interviews. Based on the Terms of Reference and the Inception Report, the review is based on the following six core dimensions: performance against programme objectives, programme strategy, impact, relevance, sustainability and future direction, as well as management effectiveness.

2.1 Objectives of the assignment

The objective of this evidence-based external mid-term review of the Pacific Financial Inclusion Programme II is to evaluate two main dimensions:

- **Assessment of performance against programme objectives.** An evidence-based review of whether PFIP II is delivering output targets, achieving outcomes, and ultimately the programme objective.
- **Assessment of programme implementation and underlying strategic assumptions**. A review of strategic assumptions and hypothesis validating the theory of change as well as contributions of workstreams to the implementation of the programme objective.

2.2 Data collection and review period

The consultant used a variety of data collection methodologies for this review to cross-check and triangulate information:

Desk review. Documents to be studied and assessed were provided by the PFIP team. Documents include the programme document, the results management framework and diverse monitoring tools, workplans, grant agreements and project appraisal documents, as well as knowledge products. Further documents have been provided by the team during and after the mission, such as the revised PFIP results framework and Investment Committee meeting minutes documenting strategic adjustment to programme management (cf. Annex 4 for an overview of documentation).

In-person and skype interviews. Qualitative data was gathered by means of semi-structured interviews based on interview guidelines with selected stakeholders in Fiji, Samoa, Solomon Islands and Papua New Guinea. Stakeholders were divided in five types of stakeholders and interviews adjusted to their specific engagement with the programme (cf. Annex 3). Consultations also took place with the PFIP team. The consultant conducted interviews with over 60 individuals from more than 30 organisations. Interviews took place between November 7 and November 24, 2016 in Fiji, Samoa, Solomon Islands and Papua New Guinea (cf. Annex 2).

Meetings took in general between 1 and 1.5 hours and were divided in two parts: a back-ward looking first part, where partners were asked to share their assessment of collaboration with PFIP, as well as results achieved (or not) and underlying reasons. In the second part, the consultant asked forward-looking questions to assess how partners are capitalizing on the collaboration with PFIP and whether there is potential for further innovations, or for scaling up activities with or without further PFIP support. For some of the actors where in-person meetings were not possible, Skype-conversation were set up either during or after the in-country mission.

Review period. Although this mid-term review is explicitly assessing the performance of the second phase of PFIP II which has started in July 2014, it will take into account so-called “legacy grants” from the first phase of PFIP I when these are still being monitored and followed-up by the current programme team. This is based on a decision by the Investment Committee in September 2014 to carry open grants into the new programme phase. Specifically, this is the case for Digicel, KlickEx and BSP partner projects.

2.3 Core review dimensions

The programme will be reviewed along the following dimensions:

Strategic readjustment of programme strategy and implementation approach: This dimension looks at the efforts made by PFIP management and the Investment Committee in strategically adjusting the programme document into a manageable programme. It also assesses the results management framework developed and the set of indicators distilled from programme document.

Performance against programme objectives: This dimension assesses the effectiveness of PFIP. It measures the extent to which the programme's objectives have been or will be achieved by comparing the target and actual situation using the indicators and the results management framework defined by Programme management and approved by the Investment Committee in late 2014. The assessment includes the current situation at the time of the evaluation mission, as well as a predictive assessment of achievements at the end of the programme.

Programme implementation: This dimension looks in more detail at the four and assesses their performance, i.e. whether they have contributed to the programme objective. The basis for this assessment are the different topics defined in the Programme Document and sharpened during Programme management and IC consultations and where clearly defined and tracked by the team the relevant outcome and some of the output indicators.

Impact: This dimension assesses the underlying hypothesis of the programme generating impact. Further, it looks at the extent to which it can be anticipated that the programme contributes and will contribute to achieving overarching long-term development objectives. It also assesses whether the project helps to achieve broad impact beyond its direct and immediate objective and why it does or does not.

Relevance: Relevance assesses PFIP's compliance and alignment with the different stakeholders' relevant strategies and policies, such as partner country governments, programme funders, financial service providers and clients.

Sustainability and future direction: Sustainability assesses the probability that PFIP's positive results continue beyond the end of the programme. It also looks at whether the programme considers possible risk factors that might influence the long-term sustainability of results. This dimension includes an overview of PFIP's available funding with a view on continuing implementation until the end of the current project phase.

Management effectiveness: The dimension management effectiveness assesses the programme's overall project management including topics such as staffing, reporting, communication, as well as data collection and monitoring. Finally, it addresses complementarity and coordination with other donors and development partners.

3 Assessment of strategic readjustment of programme strategy and implementation approach

PFIP Management Notes

PFIP's projects with financial service providers have evolved into focused efforts to create customer value. This is foremost a response to the primary shortcoming with the first-generation efforts of most providers in the region. Low usage rates are a reflection of poor customer value. And our assessment of the first-generation implementation reveal a general and glaring lack of attention to making services useful to the daily financial lives of low income customers. In short, most first generation efforts created the technology to solve the service distribution problem, but stopped short at designing products and creating a user experience that is compelling to the unbanked population.

Other markets have passed through the same cycle and developed techniques for creating more viable customer value with focused service design efforts. PFIP is now employing these approaches in all projects with service providers. In sum, projects are structured around short term design initiatives that are resourced to design, test and validate services that work for people and are commercially scalable. Scale up follows validation.

This approach is well aligned with the corporate dynamics of the service delivery partners. As most of them have not generated a viable business model from their first-generation efforts, investors now require robust validation of viability before making a second-generation investment. The new project approach validates the business model in a test pilot prior to scale up. Equally important, this approach focuses efforts directly on the customer. This produces more visibility and results related to the impact of the service on the customers, and creates tools for addressing the needs of specific customer segments, women in particular.

PFIP workstreams and implementation approach have been continuously sharpened and fine-tuned since the start of the programme, especially in late 2014 and early 2016. It focuses on shortcomings of the first programme phase by putting the development of financial products and services that provide high value to the client on a sustainable basis into the centre of activities. PFIP's results framework was developed in 2014 and fine-tuned into an indicator hierarchy in 2016. A set of six objective-level indicators was consolidated which concentrates on workstream 2. This is consistent with the redefined implementation strategy.

3.1 Adjustment of workstreams and implementation approach

PFIP's Programme Document is extensive on PFIP I's achievements and learnings. It also summarizes well the focus for PFIP II based on learnings and gaps and opportunities identified during the first phase of the programme. However, the document is technically not very coherent. PFIP's strategy for the second phase as laid down in the programme document recognizes the shortcomings of the first phase in terms of developing products that deliver high client value on a sustainable basis. Therefore, it focuses on clients' usage of financial services, as opposed to outreach which was the focus of the first phase. However, the programme document fails in providing an adequate results management framework. Also, based on discussions with stakeholders on the ground as well as with Investment Committee members, the necessity arose to sharpen and focus activities under each workstream. A revised results management framework as well as adjustments to workstreams have been approved by the Investment Committee in late 2014 (cf. Investment Committee meeting minutes from November 2014). Further fine-tuning to the implementation approach is documented in the 2016/17 work plan which has also been approved by the IC.

The latest revisions from early 2016 are based on learnings from PFIP I where clients signed up for products but then refrained from using them. Therefore, the programme developed an approach to assure products are as client-centric and tailored to their needs as possible. The workplan and budget 2016-2017 document summarizes this sharpened strategic focus based on four assumptions: 1) product and service innovation will drive adoption, 2) regulation follows the market, 3) information needs to be an input to innovation, 4) financial competency comes from doing more than learning.

Activities under each workstream have been redefined. Redefinition of activities have been partly documented in the results framework hierarchy document (as of Q3 2016).

- **Workstream 1:** This workstream as per the programme document delineated five topic areas of intervention: national financial inclusion and financial literacy strategy; strengthening regulatory and supervisory capacities of central banks; greater integration of financial inclusion in national development agenda; financial inclusion data measurement standards and systems; and interoperability. PFIP has not developed a workstream related to interoperability due to an agreement with the World Bank Payment Systems Development Group which has the necessary technical expertise, and is currently engaged with governments on the underlying reforms necessary to facilitate national-level interoperability. The remaining activities were concentrated around two main topics: 1) enabling policy and regulatory environment and 2) government-to-people (G2P) payments.
- **Workstream 2:** Topic areas originally defined under this workstream include: incubating innovative financial services delivery model; product and channel deepening; strengthening and deepening community based financial services delivery model; and financial services for the marginalized – women, youth. The revised results management framework defines the outcomes for this workstream as “Financial service needs of low-income consumers met & FSPs are sustainable”. It does not divide activities into the categories mentioned by the programme document, but summarizes them under “access and outreach”. However, according to the evaluator’s judgement, no activities or target groups have been left out. This workstream has become the centrepiece of PFIP’s implementation approach (see below).
- **Workstream 3:** The focus for this workstream has not been changed and continues to focus on enhanced sector understanding. It includes knowledge generation (studies, research and assessments) as well as dissemination (communication efforts by the programme and trainings and workshops).
- **Workstream 4:** Activities defined under this workstream in the programme document include support to extension of financial education to other PICs, innovative financial literacy delivery models, and work on consumer protection and market conduct. PFIP is planning to exit financial education activities with Ministries of Education. In the future, PFIP plans to focus on financial literacy initiatives embedded with product design initiatives focusing on specific target customers for these products. This approach will allow customers to use and apply learned knowledge immediately and thus results should be able to be seen more directly. The outcome for this workstream remains the same: “competent and empowered consumers”.

As mentioned, the latest fine-tuning to the implementation approach puts a strategic priority on workstream 2 (Financial innovation) by supporting providers to develop high-value products and services for clients. Activities under workstreams 1, 3 and 4 are re-defined as support activities for financial innovation that help creating an enabling environment or ecosystem for financial services to flourish (cf. Figure 1 from the 2016-2017 workplan).

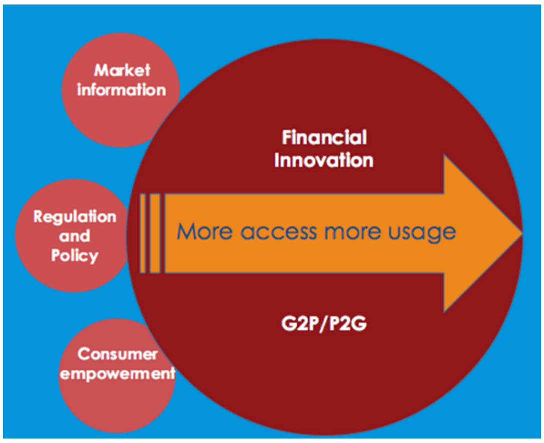

Figure 1: Graphic depiction of PFIP II strategic readjustment

Within workstream 2, substantial weight is given to a new implementation approach in terms of product development, the so-called "innovation lab approach". In collaboration with financial service providers, product innovation will go through three stages with defined outputs and milestones at the end of each stage which condition a project to move to the next stage. The three stages are: learning, testing and scaling. The first stage comprises research projects to learn about client needs and demands. The second phase (testing) aims at testing hypothesis to validate basic assumptions about customer demand, operational feasibility and profitability. During the third phase (scaling) validated solutions will be implemented.

The approach which is currently being implemented in a first round of collaborations with several service providers envisages to quickly develop financial service prototypes based on research about client needs, test them with a limited number of clients, capture clients' feedback and integrate it into the product before testing again and eventually scaling a product that has gone through rounds of customer feedback loops.

At the same time, this new approach will include specific target segments (women, youth, rural populations) within the design approach. Also, financial literacy and education efforts for clients will be included in the design of the appropriate customer journey for a product and will thus be geared to the specific understanding and usage of the new product. The latest workplan also suggests to put more emphasis on metrics regarding customer adoption and business case analysis.

This strategic readjustment is judged a very sensible and well-thought approach focussing explicitly on what PFIP II seeks to do, i.e. fostering usage of financial services. Also, this approach which might on average take about 18 months to get from research to a product to be launched, is expected to be more effective since there is a greater chance that clients pick up new products and that these effectively generate impact on clients' lives. However, since this new approach has only been implemented for the past approximately six months, concrete results are yet to be seen. Also, some design initiatives can and will fail and PFIP as well as its funding and private sector partners have to be prepared for this.

3.2 Adjustment of programme objective and indicators

PFIP's objective[2] as defined in the programme document is quite vague and leaves room for interpretation. At the same time, the programme document defines indicators for PFIP II in three different parts throughout the document: some are listed in the results and resource framework, some in the monitoring framework, and a subset or summary of main

[2] PFIP's original objective as defined in the Programme Document reads: "The overall aim of the programme is to respond to current and emerging challenges in the inclusive finance space in the Pacific in order to play a catalytic role in expanding access to financial services for rural and low-income women, men, youth and microentrepreneurs."

indicators is listed in the executive summary. In total, it includes about 40 indicators, some of which aim at roughly the same objective, are however phrased (slightly) differently. Many indicators are not consistent and some are even contradicting. Indicators are also not clearly attributed to the different levels of the results model, i.e. divided into outcome indicators and output indicators.

Based on this analysis and the refocused implementation approach, PFIP management revised and updated the results framework in late 2014 and early 2016. The latest update includes a more straight-forward programme objective: "*Expand access to financial services to the low-income population*". PFIP also carried out an exercise to put together an inventory of indicators from the programme document. It defined in 2014 three different tiers of indicators depending on whether they were mentioned in the programme document or not. In 2016 indicators were further streamlined into an indicator hierarchy (cf. Annex 5). The main programme targets have been consolidated into a set of six indicators at the objective level:

Objective Indicators
1) Total number of clients
2) Total number of clients – women
3) Total number of clients – savers
4) Total number of clients – women, savers
5) Average savings balance
6) Activity levels

Table 1: Objective-level indicators for PFIP II

According to international practice, the quality of indicators, i.e. their formulation, is analysed based on the SMART-criteria, i.e. whether indicators are specific, measurable, achievable, relevant and time-bound.

- **Specific:** Five out of six PFIP II indicators are specific. Indicator 6 (activity levels) is not specific since it does not indicate if activity levels refer to activity within 30 or 90 days. All indicators have defined target values. Baseline values are implicitly understood by being achievements or end of programme values from PFIP I (the baseline value for indicator 6 is also not clearly defined).
- **Measurable:** All indicators are measurable. Aggregation of some of the numbers for different partners does make numbers less understandable, may however be convenient for monitoring purposes, though not for programme management or steering. Data collection overall is a challenge.
- **Achievable:** All indicators are achievable, and some have even been over overachieved half-way through the programme.
- **Relevant:** All indicators are relevant. However, based on the programme document and its explicit focus on client value and usage for PFIP II, it could have been expected to have more objective-level indicators that go beyond access numbers. Further indicators on usage and client value could have been added to the list. Additionally, PFIP's focus on commercially scalable financial services is not represented in the list of indicators.
- **Time-Bound:** Indicators are bound by the time-frame of the programme.

Overall, the set of indicators has been simplified and concentrates on achievements related to workstream 2 which is consistent with the redefinition of workstreams and their respective hierarchy and importance (see below). Indicators cover access and usage of financial products and services which is the ultimate goal of PFIP and relates well to its programme objective. Indicators measuring development or revisions of National Financial Inclusion Strategies, financial education core curricula implementation and financial literacy strategy implementation have been reclassified as output indicators.

Nevertheless, compared to the initial set of indicators from the programme document, a few aspects are no longer included in indicator definition, such as:

- The explicit mention of “low-income” people for the outreach indicator (indicators 1 and 2);
- The reference to “previously unbanked” people for the indicators on savings (indicators 3 and 4); and
- The specific reference to “branchless banking and mobile banking solutions” for the usage indicator (indicator 6) which is only mentioned in the target value, but not in the core of the indicator.

Not mentioning these attributes specifically in indicator formulation does not mean, they are not taken into consideration anymore. On the contrary, PFIP management confirms that all activities the programme implements focus on low-income population. Currently, these are however not consistently measured or monitored by the team, respectively by al project partners.

The team has not consistently defined indicators at the outcome level for all four workstreams yet. There is a complete set of output indicators for each workstream.

4 Performance against programme objective

Chapter 4 assesses PFIP's performance against its objectives. Overall, PFIP has already achieved or even over achieved five out of six indicators at the objective level. Four out of the six indicators have not only been over achieved in terms of where the project is in its time frame, but they have been over achieved in relation to targets defined for the end of the programme. Especially outreach and usage of financial services developed with the support of PFIP have substantially increased and improved. The only indicator which still shows some margin for improvement is the indicator which relates to overall number of women clients. The following chapters provide first an overview of achievement levels for all indicators and subsequently a detailed analysis of each of the indicators.

4.1 Overview of objective-level indicators

An overview of objective-level indicators and their level of achievement at the end of Q3 2016 is presented below in Table 1. Green arrows indicate indicator achievement at time of measurement (Q3 2016), yellow arrows indicate good progress and potential to achieve the indicator at the end of the programme phase.

Overall, PFIP has made excellent progress towards achieving its objective indicators. Out of the six indicators tracked based on available monitoring data, five indicators have to date been over-achieved. One indicator (2) is on its way of being achieved. A detailed analysis of individual indicators follow in the next chapter.

Objective-level Indicator	Target value	Level of achievement (9/2016)	
1) Total number of clients	500,000	433,761	
2) Total number of clients – women	50%	41%	
3) Total number of clients – savers	150,000	159,565	
4) Total number of clients – women, savers	50% of total savers	55%	
5) Average savings balance	10 USD	150 USD	
6) Activity levels	15 % active usage MM/BB	44%	

Table 2: Overview of indicator achievement

4.2 Individual assessment of objective-level indicators

Indicator 1 "total number of clients" has a defined target of 500,000 clients to be reached by the end of the programme. At the end of Q3 2016, this indicator shows an achievement level of 433,761 clients reached by PFIP. This represents almost 87% of achievement half-way into the programme duration. Client outreach has increased steadily since the start of the programme as shows Figure 2 below.

Number of clients reached since programme start

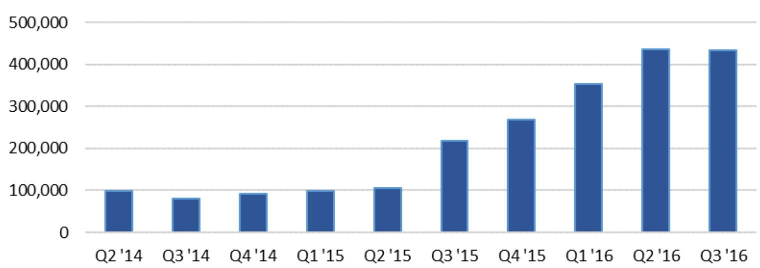

Figure 2: Number of clients reached

The following chart (cf. Figure 3) shows the contribution different partners make to outreach numbers. The portfolio is comprised of seven different partners offering a variety of products, such as mobile banking, agent banking, village savings and loan associations, savings and loans products and mobile insurance. A large number of customers are attributable to BIMA's insurance products (61%), as well as to Digicel (26%). The other partners contribute about 13% altogether to outreach numbers. Furthermore, PFIP is currently developing a number of new products with new partners, such as solar loans with MiBank in PNG and mobile payment services for members of the coconut value chain in Solomon Islands.

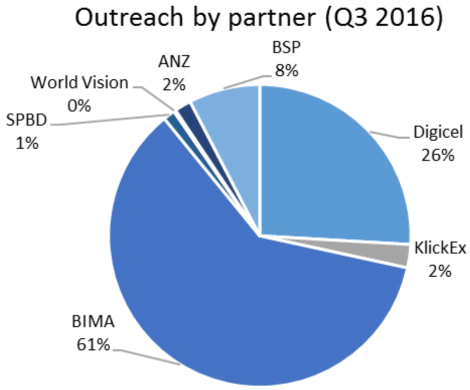

Figure 3: Outreach by partner

Additionally, taking into account the cumulative number of PFIP I and PFIP II to date, the programmes has reached to date a total of 1,121,381 clients across the Pacific representing about 12% of the total population of the Pacific Islands in which it operates.

Indicator 2 "total number of clients – women" is reported by the team at 41% (respectively 177,603) of total clients. These figures show that the team is on its way of achieving the target of 50% of total clients being women (cf. Figures 4 and 5). The number reported is based on an extrapolation of women clients for some partners, since currently not all partners can disaggregate their clients' data by gender.

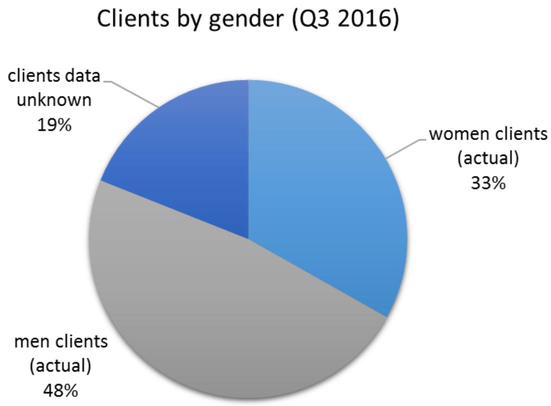

Figure 4: Clients by gender

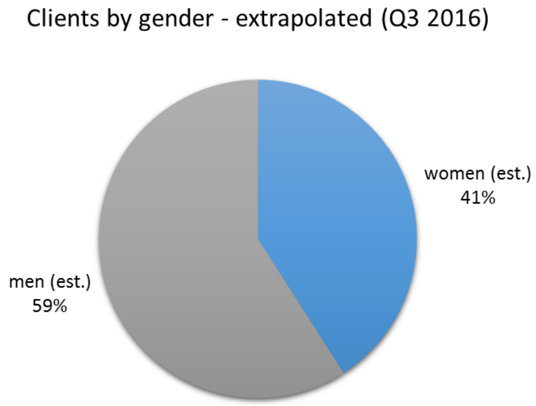

Figure 5: Clients by gender (extrapolated)

To progress on this indicator, the PFIP team suggests two actions. On the one side, it will focus more explicitly on designing financial services specifically serving the needs of women in the Pacific through its up-scaled design initiatives. Against this background, the team is developing a new gender strategy to be finalized in June 2017. On the other side, the team is also working with its partners on improving data quality reported by project. This should lead to more robust numbers for this indicator. However overall, the evaluator is of the opinion that Indicator 2 – given the specific conditions regarding gender in the Pacific region – shows a significant achievement and will most probably be achieved at the end of the programme.

Indicator 3 measures "total number of client - savers" and sets the target at programme end at 150,000. PFIP reports in Q3 2016 159,565 clients with savings products, an achievement of 106% half-way through the programme. This number includes clients from BSP, Digicel, ANZ, WV and SPBD (cf. Figure 6). Since the indicator target has already been over-achieved and projects will continue to add clients, as well as new projects will be added to PFIP's portfolio, it is most probably that this indicator will show significant over-achievement by the end of the programme.

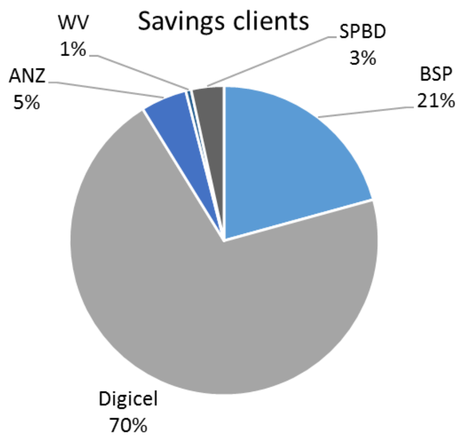

Figure 6: Savings clients

Indicator 4 focuses on "total number of clients – women, savers" with a target of 50% of total savers being women. PFIP monitoring data shows an over-achievement of this indicator with 55% of savings clients being women. Figure 7 below depicts the contribution of different project partners to this indicator.[3]

[3] Numbers for all project partners besides Digicel are reported in a gender-disaggregated way. Numbers for Digicel have been extrapolated.

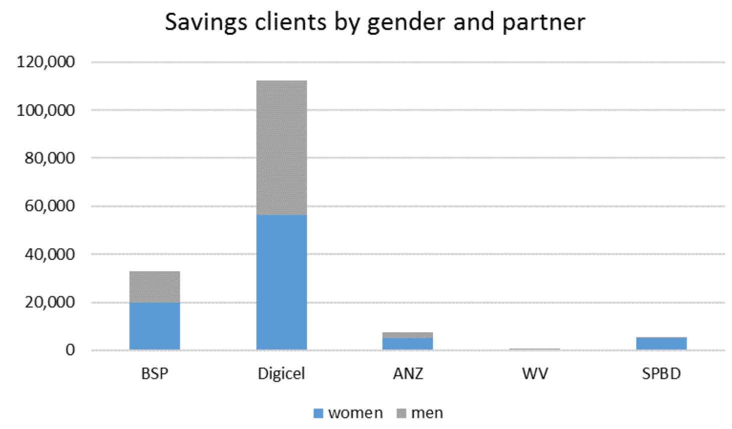

Figure 7: Savings clients by gender and partner

Indicator 5 tracks "average savings balances" with a target value of 10 USD. This indicator has been over achieved on average and at the same time for each individual partner project involving savings (cf. Table 3). The average balance is quite substantially above the target value since the 10 USD target was defined during programme design as a target for mobile wallets where it is usually more of a challenge to get people to store substantial funds over a period of time. Over-achieving this target with mobile wallet products (ANZ, BSP) shows that clients have trust in the system. Average balances end up being manifold higher than the target value since PFIP supported a number of projects proposing savings products outside mobile wallets.

Savings accounts (average balances)	USD
Bank South Pacific (BSP)	239
Digicel	NA
Australia and New Zealand Banking Group (ANZ)	24
South Pacific Business Development (SPBD)	88
World Vision (WV)	66
Average balance	104
Weighted average balance	150

Table 3: Savings account balances

For comparison, GSMA reports for 2015 a share of 46% of mobile accounts that have a positive balance and a median amount held on these accounts of 4.70 USD with seven out of 38 individual providers reaching a balance of 10 USD.[4]

Indicator 6 measures "activity level" with a target of 15% activity of branchless banking/mobile money clients. At the end of PFIP I, activity level for PFIP-supported projects was reported at 7.5% and has based on PFIP monitoring data by Q3 2016 increased to a weighted average of 43.8% (30 days) and 59.8% (90 days).[5] The 30-day activity level shows an increase by 484% as compared to PFIP I data and a considerable over achievement of 192% compared to the target value for programme end. The 90-day activity level shows an increase by 697% compared to PFIP I data and an overachievement of 299% compared to the target value for programme end. As a comparison, in 2015 globally 32.6% of mobile money accounts were active on a 90-day basis.[6] High activity rates (especially if measured by the 30-day metric), are a sign of the high value clients attribute to a certain product.

[4] Cf. GSMA, 2015 State of the Industry Report Mobile Money at http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf.

[5] The indicator definition does not specify if it relates to 30-day or 90-day usage, neither does the baseline value.

[6] Cf. GSMA, 2015 State of the Industry Report Mobile Money at http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf.

For more in-depth analysis it is recommendable to look at activity rates broken down by project partners offering different services, including mobile money, branchless banking, VSLA savings, as well as insurance products:

Q3 2016	KlickEx Samoa	KlickEx Fiji	KlickEx Tonga	BSP	BIMA	Digicel Samoa	Digical Vanuatu	Digicel Tonga	Digicel Fiji	SPBD	World Vision	ANZ
# of unique customers transacting in 30 days (including baseline)	4,442	603	5,768	39,395	272,762	1,356	187	2,735	767	-	533	6,581
Total # of unique clients (including baseline)	4,442	603	5,768	75,694	371,854	70,907	18,809	55,139	104,413	7,085	971	48,690
Activity rate (30 days)	100.0%	100.0%	100.0%	52.0%	73.4%	1.9%	1.0%	5.0%	0.7%	0.0%	54.9%	13.5%
# of unique customers transacting in 90 days (including baseline)	4,442	603	5,768	46,280	374,103	2,369	279	4,705	1,391	0	438	16,902
Total # of unique clients (including baseline)	4,442	603	5,768	75,694	371,854	70,907	18,809	55,139	104,413	7,085	971	48,690
Activity rate (90 days)	100.0%	100.0%	100.0%	61.1%	100.6%	3.3%	1.5%	8.5%	1.3%	0.0%	45.1%	34.7%

Simple average (30 days)	41.9%
Weighted average (30 days)	43.8%
Simple average (90 days)	46.4%
Weighted average (90 days)	59.8%

Table 4: Usage rates of different providers

Digicel usage rates continue to be very low whereas BSP's branchless banking usage rate is very high. KlickEx usage rate are defined as total number of unique clients (senders and receivers) and therefore are at 100%. Usage rates for BIMA and World Vision are considerably high as well, however, these services are different from mobile money or branchless banking services and can therefore hardly be compared. Especially for insurance products, activity rates do not necessarily reflect client value. Internationally accepted measures to assess and benchmark client value of insurance products are claims ratios and renewal rates.[7]

[7] Refer to the Financial and Social Key Performance Indicators Handbook developed under the umbrella of the Microinsurance Network (www.microfact.org/microinsurance-tools/).

5 Assessment of programme implementation

Chapter 5 assesses the programme's four individual workstreams. These workstreams together contribute to the overall objective of the programme, i.e. to expand access to financial services. While workstream 2 is the central workstream focusing on outreach and usage, the other three workstreams provide essential support. They contribute to the creation of an enabling environment to increase financial inclusion. Workstream 1 (enabling policy and regulation) covers the macro level, engaging with central banks, insurance regulators and other authorities to support a conducive policy environment. Workstream 3 (market information and knowledge) supports the generation of knowledge and market information for public and private partners. It also increases the available knowledge base and capacity by engaging in training of partners. Finally, workstream 4 focuses on the client level by supporting government authorities and lately more and more private partners in developing and implementing financial literacy initiatives and by supporting government ministries in revising consumer protection regulations. PFIP is therefore supporting all levels of the financial system which play together in fostering increasing financial inclusion for low-income populations.

5.1 Workstream 1: Enabling policy and regulation

PFIP Management Notes

Pacific Island countries have elevated financial inclusion to the first order of policy priorities, and this is due in large part to PFIP's diligent support to an expanding policy dialogue process and direct capacity building support to regulators. Most importantly, regulators have adopted an enabling approach to new products and channels as a strategy for promoting financial inclusion through financial innovation. PFIP has supported specific policy actions have directly enabled some of the key new financial innovations in the region. The region's regulators are now recognized by their international peers in AFI as some of the most innovative and committed regulators in the world to financial inclusion.

PFIP has assisted all of the countries in developing their national financial inclusion strategies and task forces. We are convinced that this work has contributed to the rapid mainstreaming of financial inclusion as a national policy objective, and accelerated conversations with other public sector entities to play their respective roles. We believe that first generation efforts have created momentum that will carry the task forces and strategies for years to come. Therefore, future PFIP support will focus on specific policy actions that contribute directly to A2F, notably government-to-person payments.

Pacific Island regulators all collect a uniform set of core financial inclusion data they defined together. This creates a solid basis for time series and cross-country comparisons that will be useful as PFIP supports the next generation of more granular data collection.

Workstream 1 has made good progress in enabling policy and regulation in partner countries through the development of National Financial Inclusion Strategies (NFIS) and National Financial Inclusion Task Forces (NFIT). Furthermore, PFIP has played an important role for financial inclusion to become a priority topic in its partner countries with some having introduced financial inclusion units and even dedicated budget lines. Central banks overall are open to innovation and support new product initiatives.

Workstream 1 as per the programme document focuses on supporting "*an enabling policy and regulatory environment backed by a robust financial inclusion strategy that facilitates expansion of appropriate, innovative and secure financial products and delivery channels for low-income Pacific Islanders, particularly women and youth*." Workstream 1 focuses on two main topics, 1) creating an enabling policy and regulatory environment for financial service providers and 2) working with governments on promoting G2P payments through digital channels.

PFIP did not define quantitatively measurable outcome indicators for the first part of this workstream, but measures its success via responding to a question: “Are FSPs able to innovate with mass market services?”. An indicator responding to this question can be found in the set of indicators defined for workstream 2: the total number of newly introduced products which is reported at 10 products.

An outcome indicator for the second set of activities was defined (“% of G2P payments through digital channel”). This indicator is however not yet tracked and monitored by the team since implementation activities have started only recently.

PFIP defined a set of output indicators for workstream 1 (cf. Table 5). Indicators in bold are those taken from the programme document, whereas the additional indicators were defined by the programme team to be able to more accurately monitor developments and progress.

Workstream	Indicator	Targets (2019)	Q3 2016 (monitoring data PFIP)	Comments PFIP	Comments evaluator
Enabling Policy and Regulation	Budgetary allocation of government	n/a	3 PICs: 1.3m FJD Fiji; 8.2m kina PNG; 1m SBD SOI	as of Dec 2015	
	# of PICs which are reaching their plans targets	n/a	3 (FJ, SOI, PNG)	as of Dec 2015	
	# of policies implemented	n/a	2 (0 Samoa, PNG; 1 FIJ, 1 SOI)	as of Dec 2015	
	# of policies implemented - consumer protection	n/a	0	as of Dec 2015	
	# of government ministries in NFIT	n/a	10 (1 Fiji, 5 PNG, 4 SOI)	as of Dec 2015	
	# of other organizations in NFIT	n/a	n/a	Not collected	
	# of countries with PIWG indicators	n/a	3 (FJ, PNG, SAM)	Now PIRI indicators, taken from AFI Data Portal	
	# of PICs with NFITs	n/a	4 (FJ, PNG, SOI, SAM)	Note- apparently Vanuatu has one, but not active (does not meet)	
	# of PICs with FI Strategies	4 additional PICs	5 (SOI, VAN, PNG, SAM & FIJ)	Samoa & PNG developed but not yet launched	
	# of PICs with FL Strategies	3 additional PICs	5 (SOI, VAN, PNG, SAM & FIJ)	FL Strategies combined with NFIS. Samoa & PNG developed but not yet launched	Specific Fin Lit strategies have not been developed, targets included in NFIS
	# of PICs reporting on Money Pacific Goals	n/a	6	as of Dec 2015	
	# of PICs signatory to Maya Commitments	n/a	6	taken from AFI Data Portal	

Table 5: Output level indicators for workstream 1

Creating an enabling policy and regulatory environment for financial service providers. Regulators in Fiji, Solomon Islands and PNG have been deeply involved in updating their National Financial Inclusion Strategies (NFIS). Samoa and Tonga (the latter expected for 2017) have developed NFIS for the first time. These strategies were in three countries (Fiji, Samoa, Solomon Islands) based on demand-side surveys (DSS). DSS for Vanuatu and Tonga are finalized and currently prepared for printing. The output indicator on NFIS is therefore fully achieved with two new strategies developed and three strategies updated. Consequently, five of the six PFIP intervention countries (except for Vanuatu) have up-to-date NFIS.

With the consolidated support of PFIP I and II, six countries have put in place multi-sector National Financial Inclusion Task Forces (NFIT). These task forces have substantially increased awareness at the national level and have provided a platform for bringing country-level stakeholders together to exchange and coordinate. NFITs have taken responsibility for implementing the NFIS in their respective countries. PFIP and central banks have collaborated closely with AFI and its PIRI group in setting up NFIT and elaborating NFIS, especially with regards to regional learning and sharing. During consultation meetings, central banks have lauded PFIP’s support to their financial inclusion initiatives from early on (referring also back to PFIP I) which has helped them understand the topic of financial inclusion and its importance for the economic development of their countries.

Fiji has developed a 2013-2015 Financial Literacy Strategy based on the *Financial Competency of Low-income Households in Fiji* report from 2012. Financial literacy is mentioned in the updated NFIS; however, an updated specific financial literacy strategy was not developed. In other NFIS financial literacy is mentioned as a (key) area and targets are defined, however, a strategic approach on how to tackle the issue, including who will tackle it, with which approaches, a prioritization of target groups, etc., is not defined. Some NFIS mention that a strategy should be defined by a working group subsequently to approval of NFIS. According to the evaluator’s opinion, the output indicator in financial literacy strategies has not been achieved to date since although financial literacy has been integrated into NFIS, no specific financial literacy strategies have been developed in any of the countries. The PFIP team has chosen to include financial literacy into concrete partner projects in the future as opposed to supporting overall nation-wide strategies.

Furthermore*,* PFIP has supported central banks in building regulatory capacity by organizing regional workshops, such as on microinsurance regulation (in April 2016). Solomon Islands' central bank has been supported in reviewing the Insurance Act and various regulatory diagnostics were carried out (e.g. RIA in Fiji, DFS regulatory assessment in Solomon Islands). PFIP staff is highly appreciated by central banks and oftentimes provides informal advice. No initiatives or activities supporting specifically supervisory activities have been identified by the mid-term review consultant.

Regulators in Fiji, Samoa, PNG and Solomon Islands have shown very high commitment to the topic of financial inclusion. Fiji, Samoa and Solomon Islands have even attributed human and financial resources to it. All three central banks have small teams (3-4 staff) and dedicated budget lines (as per PFIP monitoring, Fiji had a dedicated budget of 1.3 million FJD in 2015, Solomon Islands respectively of 1 million SBD). In 2013, PNG founded the Centre for Financial Inclusion (CEFI) which takes over the role NFITs take in other countries. The Bank of Papua New Guinea (BPNG) has detached human resources to CEFI, however, CEFI does not yet have its own budget line. Moreover, three PICs have accepted PIRI indicators and six report to the Money Pacific Goals. Six countries are as well signatories to AFI's Maya Declaration.

Whereas NFIT and NFIS undoubtedly have contributed to increasing awareness among stakeholders, it is unclear if and to what degree actual increase in financial inclusion numbers is attributable to them. The only PIC that received a formal Regulatory Impact Assessment (RIA) is Fiji. The assessment shows that most specific policies designed and implemented to foster financial inclusion were either not designed to conduct an evidence-based impact assessment (policy statements for banks on local advisory boards) or had limited impact (microfinance policy). According to the RIA report, the impact of the banking agent guideline cannot be measured based on data, however, seems to be positive as three banks have implemented agent networks and there seems to be a correlation with the increased number of deposit accounts. Although without clear and measurable objectives, the Reserve Bank of Fiji's (RBF) letters of approval to mobile network operators mark an important achievement since they allowed two operators to sign up over 400,000 people to mobile money accounts. Additionally, certain key provisions have not been enforced by the RBF.

At the stage of development where Pacific Island countries find themselves currently, regulatory initiatives if implemented prematurely might do more harm to market development than provide support. As such, central banks in the region have to be given credit for abstaining from intervening too early.

Promoting G2P payments through digital channels. One area, where governments can play an active role in promoting financial inclusion is the promotion of government to people (G2P) payments through digital channels. This topic has been taken up by PFIP recently by developing indicators for diagnostics studies. A first diagnostic has been completed in Solomon Islands and suggests ideas such as engagement with the SINPF and the customs department for "quick wins". In Fiji, PFIP works with the Ministry of Finance to promote digital G2P payments. PNG has already committed to the Better Than Cash Alliance (BTCA), and Fiji and Solomon Islands are about to sign up.

Overall, private sector partners interviewed during the mid-term review unanimously judged central banks in their respective countries as very open for innovation and supportive with regards to new product initiatives. This openness towards innovations in financial services and products is certainly to a large degree attributable to PFIP's continuous support and advice to central banks.

5.2 Workstream 2: Financial innovation

PFIP Management Notes

Workstream 2 includes the core activities that contribute directly to PFIP's A2F programme objective. PFIP spends 83% of total workstream budget on workstream 2 activities.

PFIP partners have achieved significant results in enrolling new customers and, with one exception, maintaining robust usage rates.

PFIP funding to "single-purpose" service providers has resulted in the highest usage rates and commercially sustainable business models. This includes providers of microinsurance policies, savings groups, money transfer services, and microcredit. The banks have achieved fairly respectable usage rates in their basic current accounts, whereas the mobile money providers have only cultivated small groups of enthusiastic users around very specific use cases. However, neither the banks nor the mobile money operators have cultivated a customer value proposition that is commercially viable.

We maintain our belief that the commercially oriented providers will play the key role in expanding financial inclusion. BIMA, for example, is responsible for 61% of new clients with a 75% active rate, due to its ability to rapidly scale its initial microinsurance pilot projects. BIMA is now far outperforming the smaller traditional microfinance providers. We believe that the microfinance and savings group models will only reach significant numbers of customers when they adopt digital distribution channels.

Overall, we see the most promising results in those providers that innovate with new products and channels to meet specific customer needs. This results in high usage rates and in robust business models. PFIP has recently developed an approach for assisting all partner providers achieve these results with intensive, customer-centric, service design initiatives. This will also enable PFIP to support projects that focus on the needs of specific customer segments, women in particular.

Workstream 2 focuses on financial innovation and has made good progress on outreach and usage as analysed in more detail in Chapter 4. for sustainability or commercial viability of products PFIP defined indicators but is still working with partners to collect respective date. Anecdotal evidence collected during the mid-term review shows that for most products there is still work to be done in terms of making them commercially viable for providers and thus a sustainable offer for clients. PFIP has taken up this challenge.

Workstream 2 as per the programme document focuses on "*Deepening financial access through product/channel innovations that meet the financial service needs of low-income Pacific Islanders, including women and youth, and at the same time result in sustainability of financial services delivery*." Workstream 2 focuses mainly on meeting financial service needs of low-income consumers and the sustainability of financial service providers. PFIP defined outcome indicators based on access and usage for this workstream (overlapping with indicators at the objective level).

Also, PFIP defined a set of output indicators for workstream 2 (cf. Table 6). Indicators in bold are those taken from the programme document, whereas the additional indicators were defined by the programme team to be able to more accurately monitor developments and progress. Six of the indicators below are actually defined as objective indicators and should not figure at the same time at the output level. These indicators are discussed in detail in Chapter 4 where performance against indicators is assessed and won't be discussed in this chapter anymore.

Workstream	Indicator	Targets (2019)	Q3 2016 (monitoring data PFIP)	Comments PFIP	Comments evaluator
Financial Innovation	Costs to end user *(sustainability)*	n/a	n/a	Unable to collect from FSPs	
	Cost to company per client *(sustainability)*	n/a	n/a	Unable to collect from FSPs	
	Revenue per client *(sustainability)*	n/a	n/a	Unable to collect from FSPs	
	Points of service	n/a	1,210		
	Activity levels	15% (MM/BB)	42%: Activity within 30 days 57% Activity within 90 days		See comments in chapter 4 since defined as objective indicator.
	Total # of clients (measured until two years after grant)	500,000	433,761		See comments in chapter 4 since defined as objective indicator.
	# of clients - transformational	n/a	n/a	Unable to collect from FSPs	
	# of clients - rural	n/a	156,684 (36%)	Extrapolated figure	
	# of clients - women	50% of total clients	177,603 (41%)	Extrapolated figure	See comments in chapter 4 since defined as objective indicator.
	# of clients - savings	150,000	159,565	BSP, Digicel, ANZ, WV, SPBD	See comments in chapter 4 since defined as objective indicator.
	# of clients - savings, women	50% of total savings clients	93,804 (59%)	BSP, Digicel, ANZ, WV, SPBD - extrapolated figure for Digicel (large 'data unknown' portion)	See comments in chapter 4 since defined as objective indicator.
	Avg. savings balance	USD 10	USD 150	Weighted avg across BSP, ANZ, SPBD, WV (Digicel unable to provide)	See comments in chapter 4 since defined as objective indicator.
	# of savings clubs members	n/a	971		
	Total # of products	n/a	10		

Table 6: Output level indicators for workstream 2

PFIP defined a number of indicators aiming at establishing whether developed products and services are sustainable. However, it reports that currently it is not able to collect the respective data from FSPs. New "innovation lab approaches" will according to PFIP assure that data collection, including data on sustainability of services, will be collected right from the start of a project. Nevertheless, anecdotally, from discussions with financial service providers, especially those from the first generation of grants ("legacy grants" from PFIP I), it does not seem that financial service providers have been able to develop commercially viable business lines. BSP management, for example, is quite clear about not seeing their agency banking as a commercially viable product within their business lines, but rather as a contribution to the country within the framework of CSR. For the past two years, they have been losing agents (from 70 down to 40) due to problems with POS devices. BIMA is according to consultations "more or less profitable" after two years in PNG. However, claims ratios for BIMA are (based on PFIP monitoring data) still very erratic[8] and on average on the lower side compared to what would internationally be considered a claims ratio providing good customer value. Also, BIMA is fighting with a high level of customer fraud which negatively impacts its P&L. Another example is SPBD where management complained about extremely high operational costs when moving out of Solomon Island's capital Honiara due to the challenging geography the island country presents. So, the jury is still out for BIMA's commercial viability, the self-sustainability of SPBD's expansion to rural areas and some of the other new products. PFIP is well aware of these challenges and has taken various steps to work together with FSPs on improving sustainability of products. As such, the new "innovation lab approach" includes sustainability from the beginning into products development. Only if products are commercially viable in the long run and integrated into mainstream business lines of FSPs, will they be offered beyond PFIP's involvement and funding.

In terms of outreach, the programme defines a few more indicators additionally to those monitored at the objective level: number of service points, number of savings clubs' members and total number of products developed. PFIP partners provide together a total of 1,210 service points to their customers. This number has increased by about 71% from around 700 service points at the beginning of PFIP II. It is composed of a number of different types of service points, such as POS, agents, branches and ATMs (cf. Figure 8). There are no consistent numbers or benchmarks available to easily compare these numbers to other regions of the world.

[8] According to PFIP monitoring data, claims ratios (defined as total claims paid/total premium) for BIMA in PNG have been 16% in July, 61% in August and 28% in September 2016.

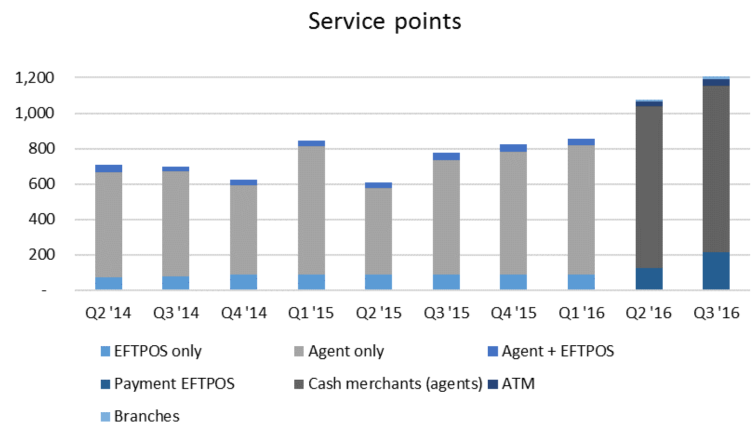

Figure 8: Service points

PFIP currently collaborates with seven financial service providers developing ten products (cf. Figure 9). Projects include innovative delivery models, such as mobile insurance, mobile money services and banking agents. Partner projects include community-based financial services, such as training and setting up village savings and loan associations in Solomon Islands (with currently 971 members in 46 savings groups). Two further projects focus on providing solar energy to urban and rural clients of microfinance institutions (SPBD in Solomon Islands and MiBank in PNG).

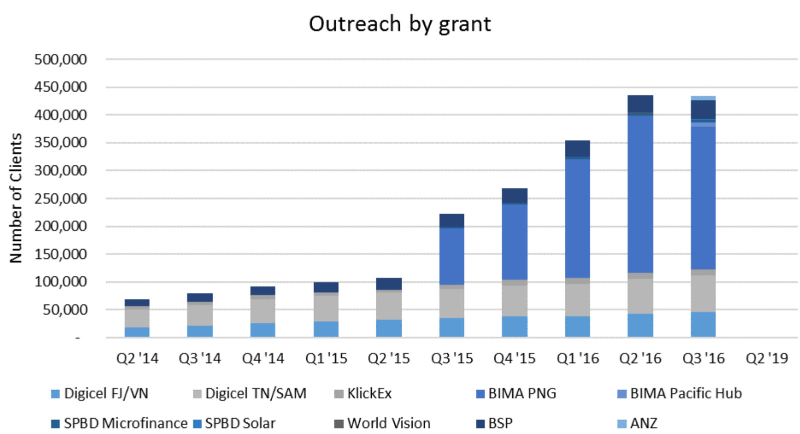

Figure 9: Outreach by grant

Outreach data at the objective level includes outreach to women specifically. Output indicators for workstream 2 include also "transformational" clients, as well as rural clients. Currently data on transformational clients, i.e. clients that have been unbanked before, is not being collected consistently due to project partners' inability to collect this data. However, for two partners (BSP and BIMA) the data was collected (cf. Table 7). Whereas for BSP all clients have were banked before, BIMA reached considerable numbers of clients who have either not had any experience with financial products at all or have not had an insurance product before.

	total clients	first time banked	first time to product
BSP	33,056	-	-
BIMA PNG	256,392	185,927	218,430
BIMA Fiji	6,991	-	6,991

Table 7: Clients formerly unbanked

Data on outreach to rural areas is being collected by a large number of partners. PFIP extrapolates data from clients whose geographic data is unknown. Numbers suggest that rural outreach increases steadily, though more slowly than outreach to urban areas; 36% to 64% in Q3 2016 (cf. Figures 10 and 11).

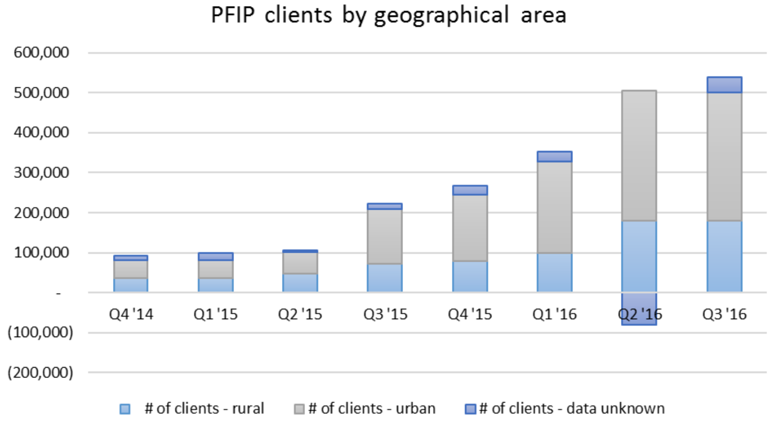

Figure 10: Clients by geographical area

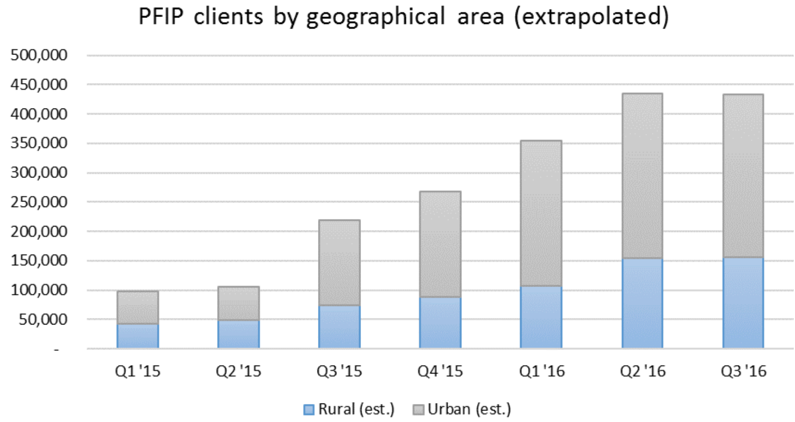

Figure 11: Clients by geographical area (extrapolated)

5.3 Workstream 3: Market information and knowledge

PFIP Management Notes

PFIP efforts in workstream 3 fall into four general categories: market studies that support the general policy dialogue around financial inclusion, topic specific research to assist regulators and policy makers, assessments designed to assist service providers with service development, and general communications activities. The relationship between the studies and specific outcomes is admittedly indirect and difficult to measure. However, we do believe that publishing market information elevates PFIP status as a strong technical partner and that this enables PFIP to play a more assertive technical role in the design and monitoring of projects.

PFIP has progressed on workstream 3 (market information and knowledge) by initiating and funding several demand and supply side studies, as well as more specific research supporting directly a specific public or private partner. Furthermore, PFIP has organized or co-organized a number of workshops and thus given the opportunity to learn to

many project partners. The programme has also stepped up its communication efforts and is actively contributing on social media.

Workstream 3 as per the programme document focuses on "*enhancing sector understanding on products, channels, business models suited to the needs of low-income Pacific islanders through demand, supply and impact evaluation studies"* and includes knowledge generation and dissemination. The results framework for PFIP summarizes the outcomes aimed at briefly as "enhanced sector understanding".

PFIP defined an outcome indicator for this workstream which reads "# of knowledge products used in an initiative". PFIP reports 14 knowledge products used in an initiative (5 DSS reports, 3 DFS reports, 1 RIA, 1 FSSA, 1 report on micro pensions, 1 insurance research and 1 financial education scoping reports for Samoa and Solomon Islands, respectively). PFIP also defined a set of output indicators for workstream 3 (cf. Table 8).

Workstream	Indicator	Targets (2019)	Q3 2016 (monitoring data PFIP)
Access to Market Information & Knowledge	# of articles/forums in which PFIP is sited	n/a	174
	# of workshops/trainings	n/a	440
	# of workshop participants	n/a	4,271
	# of women workshop participants	n/a	2,660
	# of scholarships	n/a	56
	Website unique visitors per quarter	n/a	9,899 (average), Q3: 17,472
	# of KM Products tailored to meet stakeholder needs	n/a	PFIP 2: 13

Table 8: Output level indicators for workstream 3

PFIP produced 14 knowledge management products tailored to meet stakeholders needs by Q3 2016 (output indicator). As such, PFIP has supported central bank partners in carrying out demand side surveys (DSS) in three countries with two further countries underway. These have been very well received by partners (especially the NFITs) and have been intensively used as inputs for the development of national financial inclusion strategies. DSS are however only partly known by private sector partners and are according to partners not used in their daily work. A more specific assessment has for example been carried out for the Reserve Bank of Fiji through a regulatory impact assessment. Financial service providers when developing new products do in general not rely on third party data, but carry out their own research geared towards their specific target groups or products. For financial service providers collaborating with PFIP under the innovation lab approach, specific and tailored research has been included in the first project phase (e.g. research carried out with the Fiji National Provident Fund (FNPF) and the Solomon Islands National Provident Fund (SINPF)).

To step up knowledge dissemination, PFIP engaged a communications specialist in 2016 after having filled the position with short-term experts in the past. Since then, communication efforts have visibly been consolidated and have overall increased. PFIP's webpage has been completely revamped in Q2 2016 with easier access to information about individual initiatives and knowledge products. The number of website views has since increased to an average of 9,899 views per quarter. In Q3 2016 alone it had jumped to 17,472 views as a result of the web page re-launch. PFIP has been cited 174 times in articles or forums since 2015. Additionally, PFIP is active on social media, with more than 430 followers on Twitter actively tweeting about initiatives and more than 2,600 "likes" on Facebook. PFIP publishes approximately one press release per month.

Feedback from donor representatives on PFIP communication efforts is mixed. Whereas recent efforts in improving communications are widely recognized, some representatives suggested more target-group tailored communications to help them communicate with their constituencies at home. Others would like to see more testimonial stories. In general, donors desire a higher visibility of PFIP and their own contribution to the programme.

4,038 participants from partners have attended one of the 440 PFIP organized workshops, 62% of whom are women. All PFIP partners appreciated the possibility to participate in workshops and trainings organized or co-funded by the programme. Specifically, those 56 having received a scholarship to participate in global microfinance trainings (e.g. trainings on digital finance by the Helix Institute or international conferences) have been extremely positive about their participation. However, as for most trainings, immediate results from training participation are hard to see and is not being monitored by the team. Especially if a training participant remains the only person from an organisation having participated and, although coming back home with a host of ideas, faces challenges in convincing management to follow suit or is just overwhelmed by day-to-day work again.

PFIP has been working with partners in improving their data quality. In PNG, a Data Management Workshop was held aiming at improving the quality of data reported to BPNG by financial service providers.

5.4 Workstream 4: Financial competency

PFIP Management Notes

PFIP has supported all of the countries in the development of financial literacy policies, as well as a range of approaches to financial education. By all output indicators, PFIP has been very successful with workstream 4 activities.

At the same time, we derive some important lessons from our attempts to measure the impact of these efforts, specifically their contribution to *financial competency, behavioral change,* and ultimately *usage of financial services.* In short, we encounter very significant challenges associated with broad financial education efforts. For example, the integration of financial education in the K-12 curriculum in Fiji was a notable achievement. However, PFIP can easily observe the negative impact of factors internal to the education system, and PFIP has no instrument for measuring any of the aforementioned outcomes within the timeframe of the programme. Similarly, the effectiveness of financial literacy initiatives are difficult to measure, *unless they are integrated into a financial service delivery model*.

For all of these reasons, PFIP will focus on initiatives that build financial competency by integrating customer learning directly into the service delivery process.

Replication of successful initiative in terms of introducing financial education in schools' core curricula (workstream 4) have started in three further countries with less involvement by PFIP. Two of these countries (Solomon Islands and PNG) are progressing whereas Samoa shows less interest mostly due to political changes within the respective authority. PFIP has developed and implemented several financial literacy initiatives together with project partners and will focus even more strongly on this approach in the future. Consumer protection activities have started in Fiji by supporting the revision of the Consumer Credit Act.

Workstream 4 as per the programme document focuses on *"strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve their livelihoods."* Activities under this workstream included originally support to extension of financial education to other PICs, innovative financial literacy delivery models, and work on consumer protection and market conduct. The results framework for PFIP summarizes the outcomes aimed at briefly as "competent and empowered consumers".

PFIP did not define outcome indicators for this workstream. Nevertheless, PFIP defined a set of output indicators for workstream 4 (cf. Table 9). Indicators in bold are those taken from the programme document, whereas the additional indicators were defined by the programme team in order to be able to more accurately monitor developments and progress.

Workstream	Indicator	Targets (2019)	Q3 2016 (monitoring data PFIP)	Comments PFIP
Financial Competency	**# of countries which have FinEd curriculum**	3 additional PICs	1 (FJ)	as of Dec 2015
	# of students involved in financial education	n/a	199,350 (2015 only)	as of Dec 2015
	# of girls	n/a	97,681 (2015 only)	as of Dec 2015
	# of financial literacy - product linkage programs	n/a	4 (ANZ, BIMA, SPBDx2)	
	Government budgetary allocation	n/a	2 PICs: FJ 38,000 (FJD); PNG 6.2m kina	as of Dec 2015

Table 9: Output level indicators for workstream 4

During its first phase, PFIP engaged deeply in Fiji to introduce financial education in primary and secondary schools' core curricula. In 2015, the financial education programme in Fiji trained almost 3,500 teachers reaching approx. 200,000 students. After PFIP I's huge success in Fiji, the team supported similar efforts in PNG, Solomon Islands and Samoa. Solomon Islands has developed the curriculum and learning outcomes which have been approved by the Ministry of Education. In PNG, the Ministry of Education is drafting the curriculum and resources and will be piloting the project next year. The project in Samoa has not advanced significantly mostly due to staff changes in partner institutions after elections. According to consultations in Samoa, the new CEO of the Ministry of Education, Sports and Culture's Curriculum Development Division is of the opinion that a new curriculum is not necessary because the current curriculum includes everything needed to teach pupils financial education.

Replicating the success achieved in Fiji would also require having a similar extent of resources at one's disposal. The Fijian project had received additional funding by DFAT of approximately 2.5 million USD and has been implemented over a lifespan of more than five years. Additionally, as pointed out before, the work is highly dependent on the collaboration with the respective Ministry of Education, a non-traditional actor in the financial sector with conflicting priorities in terms of new topics to be integrated into core curricula. Also, changes due to political shifts after elections are realities projects often have to deal with. Mostly the best solution is to step back until project partners voice a specific demand again. A further challenge with financial education initiatives at schools is that the impact of an initiative can only be seen in the long-term, probably 10 to 15 years down the line when children enter adulthood, start managing their personal and family finances and are able to access and use financial products and services. PFIP is planning exit strategies from engagements with Ministries of Education in the countries involved in due to the above-mentioned challenges and restrictions, specifically budget and timing.

PFIP has implemented four product-linked financial literacy initiatives. These have been implemented together with project partners when launching and selling financial services. For example, World Vision trains their groups in financial literacy before they start saving. ANZ's third party network manager trains agents as well as clients in financial literacy when they expand their services to a new area. On a broader level, PFIP has supported the Fijian NFIT in developing and launching an insurance awareness campaign which turned out to be very successful with approximately 2,000 followers on Facebook and video testimonials with up to 22,000 individual views. The team is tracking sign-up numbers together with insurance project partner BIMA to assess whether the campaign has measurable impact on people's interest in and uptake of insurance.

In the future, PFIP will focus on financial literacy initiatives embedded with actual product design initiatives and focusing on specific target customers for these products. This approach will allow customers to use and apply learned knowledge immediately and thus results should be able to be seen more directly.

Additionally, PFIP has started extensive work to support the Ministry of Industry, Trade and Tourism (MITT) in Fiji to draft a new Consumer Credit Act.

6 Impact

PFIP Management Notes

PFIP is developing an innovative tool for assessing the impact of financial services on customers. The approach merits explanation here. The PFIP was resourced and structured to increase access to finance. The justification for the programme is anchored in the assumption that A2F increases the livelihood of poor people, and that assumption is supported by a significant body of qualitative and quantitative research. Since that research requires extensive resources and timeframes, PFIP, like most financial inclusion programmes, did not aspire to measure impact with industry-standard methods. The PFIP results framework uses usage indicators to measure customer adoption as a proxy for the kind of impact that has been validated through the aforementioned methods internationally.

PFIP is developing a tool to assess where customers are in their journey towards impactful access to finance. This tool will draw from international research to identify the use cases that mark a typical customer journey towards adoption of financial services, and use assessment methods to measure the role of PFIP funded programmes on moving customers towards more impactful use cases. We feel this approach will provide actionable assessment of PFIP projects, and serve as a useful tool to other financial innovation programmes that face similar measurement challenges.

Anecdotal evidence from some of the supported projects shows good results. Since PFIP will not be able to scientifically measure impact of all its initiatives, usage rates can be used as a good and cost-efficient proxy for impact. PFIP has not put down its envisaged long-term results chain explicitly in writing. Both, the results management framework and the Theory of Change stop at the immediate objectives of the programme, without making the link to how access to financial services can ultimately contribute to improving people's livelihoods through access to and usage of tailored financial services.

Financial inclusion is not a goal in itself. Financial inclusion is a means to reach goals such as more self-determination and (financial) independence for women, more opportunities for youth to enter the labour market as well as more possibilities for micro entrepreneurs and small farmers to invest in their enterprises. These are ways to increase people's available financial means and thus improve their livelihoods, an overarching goal of most development programmes. Improvement in livelihoods can show through a variety of things, such as better education for more of a family's children, better housing conditions, or improved nutrition. However, it is important to take into consideration that impact on the client livelihood is nothing that can be generated within the lifetime of a typical project. Especially activities at the policy level, such as the integration of financial education into core curricula or typical regulatory changes, take a lot of time, oftentimes years, to trickle down to the client level.

Usage in the context of financial services can be considered a useful proxy to impact. If clients frequently use financial services, there is a realistic chance that these services are useful to them and contribute positively to their livelihoods. If they were not beneficial to them, clients would not use these products. Increasing access and specifically usage for PFIP-developed products therefore shows that clients see value in the use of products and associate them with an improvement in their living conditions. Also, anecdotal evidence from PFIP-supported initiatives shows positive impact. For example, clients participating in savings groups in rural Solomon Islands are reported to have increased school attendance in their villages with more parents being able to pay school fees due to the savings mechanism now available to them. Similar anecdotal evidence has been reported for SPBD clients in Solomon Islands. Reports about how they perceive financial education lessons by students published in Fijian newspapers show early behavioural changes in students' lives.

However, PFIP's results management framework and its Theory of Change does not clearly spell out these links, i.e. how the programme contributes to long-term development objectives through its work on increasing access to financial services. The model is missing a clear link to overarching development goals and impact; a link that depicts how access to financial services contributes to social and economic development and how far realistically PFIP can assume responsibility in assuring this impact. It stops at the immediate objective level of the programme. There is a large body of research on the impact of access to financial services on clients' wellbeing which forms the foundation for the fundamental hypotheses about the positive impact of financial inclusion on livelihoods for most programmes.

PFIP does not engage in quantitative impact measurement as is equally the case for most financial inclusion programmes world-wide since robust impact measurement is highly resource and cost-intensive and as pointed out impact at the household well-being level can realistically only be measured to a certain extent within a five-year programme. Globally, the majority of financial inclusion programmes build on available research to establish a results chain from access to usage of financial services and to improvement in livelihoods.

Based on discussions with its funders and requests regarding more emphasis on impact measurement, PFIP is about to conceptualize an assignment aiming at depicting the archetypal stages of a customer journey and linking these to available research and ultimately to empowerment and changes of livelihoods. The ultimate objective of this research is to develop a tool to assess where customers are in this journey towards access to finance. This tool will use assessment methods to measure the role of PFIP funded projects.

7 Relevance

PFIP is highly relevant to most of its funders' visions and strategies. Policy makers and regulators in partner countries laude PFIP's support since financial inclusion is of high relevance to their national and regional development agendas. Activities are mostly aligned with financial service providers' strategies; however, the private sector may resist to move too quickly with new products to new markets (i.e. rural areas) which can conflict with some funders' short-term objectives. Implementation readjustments will assure increased relevance for clients.

Relevance for PFIP funders. PFIP is supported by three funders, the Department of Foreign Affairs and Trade (DFAT) of Australia, the Ministry of Foreign Affairs and Trade (MFAT) of New Zealand, and the European Union (EU).

PFIP is aligned with the Australian government's vision for development and its overarching policy on poverty reduction which is based on two pillars, human development including health and education, as well as private sector development. The October 2015 Strategy for Australia's aid investments in private sector development puts emphasis on collaboration with the private sector, leveraging the private sector as an *"engine of economic growth, particularly in developing economies"*. DFAT's strategy explicitly mentions private companies as providers of *"an ever-increasing share of essential services and products that directly reduce poverty, such as access to finance"*.

New Zealand's MFAT joined PFIP in 2014 for its second phase providing funding for three years as part of its private sector development programme. MFAT's funding was channelled towards smaller Pacific Island countries which were not covered by PFIP's other funders, especially Samoa and Tonga. Since then MFAT has gone through a strategic review and developed a new strategic plan 2015-2019 which defines 12 investment priorities. Financial inclusion does not easily fit into any of the new categories which makes ongoing funding for PFIP unclear.

As for the EU, the contribution to PFIP has been conceptualized as component 2 of the Rural Economic Development Programme Phase 2 (RED 2) focusing on PNG only. The specific objective according to the European Union Contribution Agreement is to *"increase financial inclusion for the low-income segment in the Highlands Region and to foster improved relations between farmers, farmers' groups, and traders/processers/transporters through better financing access."* Specifically, activities defined under the mentioned agreement are support to rural micro finance institutions through a grant making facility, including the development of micro insurance and micro leasing, mobile and branchless banking, financial literacy and education and community engagement and local capacity building. All activities focus on vulnerable segments of the population, including women, youth and low-income earners. PFIP is aligned with these targets and activities and reports overall good progress on all activity levels. However, a recent RED 2 mid-term review concludes that PFIP beneficiaries are not entirely in line with RED 2 target groups for not entirely focussing on PNG's highlands where other RED2 programme components are active.

Relevance for policy makers in the region. PFIP II's objective is aligned with the regional objectives as well as the national strong commitment to and priority of financial inclusion. The topic has been taken up at the highest level in PIC central banks and in most cases resources have been allocated for development and implementation of NFIS. Most topic areas which are considered relevant and are defined as core objectives by PIC governments, especially digital financial services with a focus on usage, improving the quality of financial services overall, financial education, consumer protection and data, are covered by PFIP activities. As mentioned earlier, central banks have been very positive about PFIP's support to their financial inclusion initiatives and mentioned that they have helped them understand the topic of financial inclusion and its importance for the economic development of their countries.

On a regional level, South Pacific central bank governors endorsed the Money Pacific Goals at the Forum Economic Ministers Meeting (FEMM) in 2009 recognising the high levels of financial exclusion in the region, and the impact this has on financial stability and growth.

The regional goals to be achieved by 2020 include:

- All children to receive financial education through core curricula

- All adults to have access to financial education
- Simple and transparent consumer protection to be put in place
- Halve the number of Pacific Islanders without access to basic financial services

All PFIP countries are members of the Alliance for Financial Inclusion (AFI). The AFI regional platform, The Pacific Islands Regional Initiative (PIRI) was created in 2014 at the AFI Global Policy Forum (GPF) in Trinidad and Tobago and officially launched in May 2015 in Timor Leste. All seven members of the Pacific Islands have made commitments to the Maya Declaration. With PFIP's support and guidance, PIRI has defined four regional priority areas: small and medium enterprises (SME), inclusive insurance, consumer protection and data.

At the individual country level, the relevance of financial inclusion has been confirmed by the countries' policy makers developing or revising their National Financial Inclusion Strategies. Individual country priorities overlap to a large degree.

Fiji's overall national goals emphasize increasing the adult population's access to formal financial services, with a specific target on women and youth. Another overall goal according to its NFIS 2016-2020 is the establishment of a policy framework for SME to grow SME contribution to GDP. Fiji's emphasis on SME was also strongly emphasized by the Central Bank governor during the consultation meetings. Further priority policy areas include digital financial services (focus on usage and G2P), financial education (including entrepreneurial training into tertiary education), green finance (community response to climate change) and data measurement (for SME and data disaggregation by age, gender and ethnicity).

Samoa's NFIS 2017-2020 has five overarching goals: increasing and improving access to formal financial services for adults including at least 50% women and 50% rural population, increase access to formal savings accounts, increase usage of financial services and ensure at least 10% activity rate for DFS (90 days), improve the quality of financial services and provide financial education to all children, as well as financial literacy among adults.

The Solomon Islands' NFIS2 defines six objectives each of which includes several key areas: reach and quality of digital finance channels, financial service delivery to the MSME sector, focus on women, youth and rural adults, micro insurance and resilience in households and communities, financial empowerment and consumer protection as well as stakeholder coordination and data monitoring.

PNG's new NFIS strategy 2016-2020 lists the following strategic objectives: digital financial services, inclusive insurance, financial literacy and financial education, financial consumer protection, SME finance, data collection and dissemination, resources sector engagement and government engagement.

A topic that is prevalent in several PIC's NFIS is access to finance for (M)SME which currently is not covered by PFIP. Green finance is mentioned by the Fijian NFIS and seems to merit specific attention based on the geographic conditions of PICs. A target group currently not specifically covered by PFIP (although in its programme document) mentioned by several NFIS and during consultation meetings are youth.

Alignment with objectives of financial service providers. PFIP's focus is on developing commercially viable financial services since only then these services will be sustainable in the future beyond the intervention of the programme. This is in alignment with service providers' objectives. However, during consultations several financial service providers mentioned that for them as for any business that is developing a new product, the most sustainable way is to start with a new product in a market that is known to the company. Once first experiences have been made, their usual strategy would be to move slowly towards new markets. Based on international experience, this also reflects the way financial services will and have been sustainably delivered to rural areas. Experience has also shown that service providers which move with new products into new markets too quickly and without gathering enough experience, often are not successful and will consequently move back out from the new market to protect the rest of their business.

However, this strategic approach of moving with new products first to known markets and only in a second step to new markets (i.e. rural areas) which is meant to assure sustainability and scalability of services beyond the availability of public funds, can contradict some funders' development objectives. For some funders reaching a new market with a new product (i.e. new financial service for a new rural market) can be the short-term objective.

Relevance to customers. This point addresses whether the financial services and products developed by PFIP and partners are client centric, i.e. if they provide a solution to customers' core problems. The relevance of financial services to clients has in the past been an issue for PFIP I evidenced for example by very low usage rates (around 2%) of digital financial services developed with PFIP I-support. However, PFIP II has learned from this challenge and has been designed integrating solutions to this challenge. Usage rates as discussed in Chapter 4 have also shown that uptake by clients has increased substantially thus proving products' relevance to customers.

Recently, PFIP has introduced some more strategic and operational changes and readjustments giving a stronger weight to workstream 2 (financial innovation) as well as redesigning the collaboration approach with financial service providers. The "innovation lab approach" focuses on a three-step-approach including testing, learning and scaling (cf. Chapter 3).

8 Sustainability and future direction

PFIP Management Notes

From PFIP's perspective, the sustainability of financial inclusion hinges on the commercial viability of service models in the market, and the funding of a support organization like PFIP that catalyses innovations. The Pacific Island markets are early stage and despite many significant private investments in alternative delivery channels, none of the major providers have developed a mass market service that is commercially scalable enough to reach the entire population. Some of the smaller niche players have achieved sustainability. And we see great potential in some of the existing models, as well as commercial interest in a mass market model. However, our experience indicates that market players are unlikely to muster the skills or the investment to innovate the solution without the support of an organization like PFIP.

The sustainability of PFIP is linked to its funding. The original funders are aware that programme resources will be exhausted in 2017. Additional funding is required for PFIP to continue its current workplan through to the planned end of the programme in 2019.

PFIP has reached substantial sustainability of its interventions at the policy level by supporting the set-up of national task forces taking over the implementation of the National Financial Inclusion Strategies (NFIS). Sustainability has not yet been reached with any of the financial services developed with PFIP support by service providers. Additional funding is needed to assure project implementation until programme end and above all sustainability and follow-up.

Sustainability at the policy level. At the macro level, PFIP was instrumental in building capacity and supporting central banks in setting up National Financial Inclusion Task Forces (NFIT), platforms including a variety of stakeholders involved in financial inclusion. These platforms are chaired by the respective central banks and assure continued exchange on the topic, as well as the implementation of the countries' NFIS. Most central banks have dedicated human and financial resources (dedicated budget lines) allocated to financial inclusion which will assure continuity of the work beyond PFIP involvement. Some stakeholders, however, questioned how much further facilitation by PFIP is necessary to assure that NFIT activities continue to perform sustainably. At the regional level, all PFIP partner PICs are members of PIRI and actively involved. They have all publicly made commitments to the Maya Declaration which assures and reinforces their commitment at the global level.

As for the activities on financial education, especially with the Ministries of Education in Fiji and Samoa, exit strategies are currently being developed. Especially for Fiji, this is happening quite late in the process.

Sustainability at the level of financial service providers. As discussed in Chapter 5, at the level of financial service providers, at this stage no organisation supported by PFIP has been able to develop a sustainable and commercially scalable business model. For some of the larger commercial entities, such as ANZ or BSP, the engagement and their own investments seem to be rather classified as corporate social responsibility, than have the intention to be developed into a business model. This leaves products and services at a great risk of being discontinued once budgets need to be cut or PFIP moves out.

PFIP's involvement with private sector partners is usually short-term and focussed. Emphasis on the commercial viability of a product contributes to assure sustainability of financial products developed in collaboration with PFIP since the probability that partners continue to offer and potentially scale a product on their own if it is financially sustainable is much higher. PFIP has taken up this challenge through its focussed "innovation lab approach" which will include validation of the business case, i.e. the commercial viability and scalability of a product, into the development from the start.

In general, PFIP has access to and strong relationships with top level decision makers in in most public and private partner organisations which assures management buy-in and thus is a strong indicator for future sustainability.

Financial resources. PFIP programme funding is assured for fiscal year 2016-17 and half-way through fiscal year 2017-18. However, available programme funding will not cover the entire 2017-18 work plan and none of the 2018-19 work plan. To be able to implement the work plan as planned and above all to be able to assure sustainability and follow-up of projects, PFIP needs 13.6 million USD in additional funding (5.2 million for FY 2017-18 and 8.4 million for FY 2018-19).

9 Management effectiveness

Data collection efforts have been stepped up by PFIP in the recent past with a number of indicators collected for each workstream. Data quality is in some cases still an issue and PFIP continues to work with project partners on this. Monitoring instruments could be improved by developing one single tool for periodic collection of indicators. The team has not been fully staffed due to external and internal recruiting issues. PFIP leverages about 1 USD for each USD contributed by its funders and has managed to establish multiple collaborations with other projects.

Data collection and monitoring. PFIP collects a large number of indicators, however, it does not use one single document where collected data points are tracked periodically and by indicator level. This would make it easy for the team, funders and evaluations as well to assess development of indicators over time.

Data collection from financial service providers has been stepped up with the collection of an increasing amount of numbers beyond simple outreach data, including transaction and usage data, a focus of PFIP II. Data collection efforts are strongly focused on workstream 2 which reflects its increasing importance. PFIP is still working with FSPs to collect data on business models or commercial viability of products.

Collecting data from partners is reportedly difficult since partners are weak in collecting data in general and specifically for some of the data PFIP needs, especially gender disaggregated data, age data (to assess whether the target group youth is being served) or geographical data of clients. PFIP is aware of these challenges and has introduced data collection into the innovation lab approach it has started to implement in collaboration with partners.

Donor reporting and project proposals. PFIP does not report on all objective-level indicators in a concise manner in its quarterly or biannual reports or in its annual workplans. This should from an evaluation's point of view be included.

Reporting to donors as well as project proposals have been judged satisfactory by funders overall, including showing considerable improvement over time. It has to be taken into consideration that different donors have different reporting standards and requirements which will make it a challenge for a programme to satisfy all involved parties entirely with one report. Some recommendations regarding reporting improvements are suggested in Chapter 10.

Geographic approach. PFIP's regional focus is highly valued by public and private partners. As for private partners, it allows them to scale and replicate their products in other countries of the region. Such an approach is especially helpful for countries which are potentially too small to attract providers on their own (e.g. BIMA's regional expansion). On the public level, approaches, such as the NFIT and NFIS, can be shared for learning as well as replication purposes.

Human resources. PFIP is currently staffed with a team of 12 and has two open positions for country-level financial inclusion specialists in Solomon Islands as well as in PNG. PFIP's current programme manager has only come on board less than 12 months ago. Before, the team had been going through a tragic loss of its former programme manager and had been managed ad-interim. The teams' organisation is based on a matrix structure whereby country specialists are managing client relationships and can count on topic experts (e. g. for microinsurance, financial education, etc.). In the programme document three additional key positions for PFIP were defined, an M&E specialist, a microinsurance specialist and a gender specialist who will assist PFIP and partners with project and product design, delivery, monitoring and evaluation to facilitate gender mainstreaming. The M&E and the microinsurance specialists have been hired, whereas the team currently does not include a gender specialist (has however had 50% staff time of a gender specialist for two years).

The country representative in PNG has left about 18 months ago, but has still not been replaced due to the two subsequent final candidates not being able to sign the contract and long and tedious UN-internal hiring procedures. Partners and stakeholders in PNG, including funders, are dissatisfied about this situation. However, programme management confirms that hiring has advanced and a new staff will be able to start in PNG in early 2017. The Solomon Islands country representative has left in August 2016 to join the team in Fiji as deputy programme manager. He has not been replaced yet, however, recruitment is ongoing and should be finalized for a new staff member to start in Q1 2017. Stakeholders are impatient for the new person to join and pick up coordination efforts successfully started by the former country representative.

PFIP's overall support to partners as well as individual staff's engagement with partners has been valued very highly by the large majority of partners.

Leveraging of private sector funds. PFIP's principle is to leverage funds of project partners to assure buy-in and commitment of partners (matching grant element). Partner contribution for PFIP overall is at 48%, with private sector partners contributing on average 55% of project funds and public sector partners approximately 36% of funds. Overall, leveraging of partner funds can be considered satisfactory and is considered satisfactory by most funders (different opinions of funder representatives might derive from different country contexts). However, funders see a need for understanding better the specific contexts in which partners are contributing different levels of co-funding.

Under the new implementation approach (innovation lab), the programme's idea is to scale co-funding depending on the project stage, i.e. during learn and test phases – when project success is still uncertain – PFIP might contribute a larger funding level, whereas during scaling phases when hypothesis have been validated, partners should be contributing a larger share of funds.

Coordination and collaboration with other partners. Partners have without exception been very positive about their collaboration with the PFIP programme. PFIP has been acknowledged as a coordination point for donors by public partners consolidating funds by various funders. Feedback shows that PFIP applies a collaborative approach which leaves partners in the driver seat and thus generates important ownership. Partners acknowledge the flexibility of PFIP funding and the programme's agility in defining projects. Coaching by PFIP experts during project design and implementation has been highly valued by private and public partners alike.

PFIP cooperates successfully with other initiatives at the global and regional level, such as the Alliance for Financial Inclusion (AFI) and its regional South-Pacific coordination group PIRI. PFIP partners have been sponsored to participate in MicroSave's Agent Network Accelerator Programme and in the Boulder Microfinance Training Programme in Turin, Italy. An envisaged partnership with the UN Women's programme "Safe Cities for Women and Girls Programme" in PNG (collaboration with financial service providers in offering bank accounts and payment services to women, especially market women) has not been realized.

At the global level, PFIP collaborates with the UNCDF-funded Better Than Cash Alliance (BTCA). Other potential collaborations with UNCDF-funded programmes (such as Youth Start, MM4P or CleanStart) have not been realized. Overall, collaboration with other development partners active in the region, such as the Asian Development Bank, has not gone beyond exchanges.

10 Recommendations

This chapter summarizes suggestions developed during the mid-term review specifically regarding the Theory of Change, the results management framework and indicators. It is suggested to revise these instruments based on the revised programme strategy and implementation approach. This chapter also includes suggestions for improving issues, such as staff management, and donor reporting.

Revise Theory of Change and results management framework. It would be helpful for PFIP to revise its monitoring instruments to more explicitly stipulate how access to financial services contributes to improving livelihoods of Pacific Islanders (cf. Chapter 6). At the same time, it is important to clearly spell out at what level of the impact chain PFIP's direct responsibility ends and where context factors generate a so-called attribution gap. This means that from a certain level, PFIP's influence diminishes and further hypotheses of positive impact on the lives of Pacific Islanders are based on a general body of knowledge and research by the international financial inclusion community. This does of course not keep a programme like PFIP from probing into impact analysis on a limited scale as is planned.

Figure 12 below depicts a revised version of the Theory of Change or results model for PFIP II.[9] Starting from the bottom and working towards the objective at the outcome level, outputs from the four workstreams are depicted, already including the strategic shift towards focusing on financial innovation (workstream 2). Through the work on the four workstreams, PFIP will contribute to the outcome. Outputs from the workstreams will enable more Pacific Islanders to have access to sustainable and needs-based financial products. All four workstreams contribute in the following way to generating the outcome:

- Workstream 1 works with central banks, regulators and other ministries to improve the regulatory environment and make it more conducive for new and innovative financial products and alternative delivery channels and, at the same time, to assure consumers are reasonably protected.[10]
- Workstream 2 focuses on developing tailor-made and high-value financial services and products that are commercially viable and thus sustainable beyond PFIP involvement.
- Workstream 3 contributes data and information about demand and supply sides of the financial systems in PICs. This data feeds into the other three workstreams and informs regulatory initiatives as well as financial literacy activities. Additionally, specific data can support the development of financial products.
- Workstream 4 supports the demand side (clients) in improving their understanding and ability to use financial services and as such complements the other workstreams.

There are of course overlaps between different workstreams, especially workstreams 3 and 4 which will flow into development initiatives of workstream 2.

[9] The notions «results model» and «theory of change» are used interchangeably for the purpose of this report.

[10] Consumer protection activities have been integrated into workstream 1 (policy and regulation) which seems more consistent than including them in workstream 4 since the main partners on this work are regulators and other public authorities.

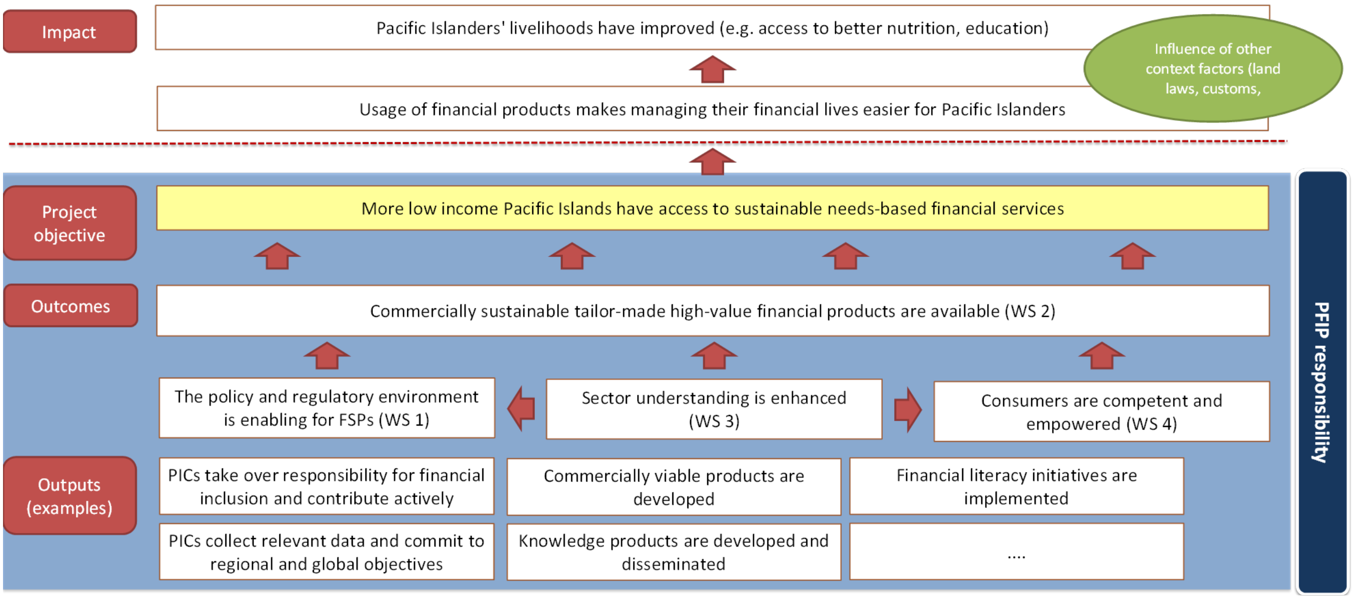

Figure 12: Suggested revised results model

It is at the outcome level where PFIP's system border ends (see blueish part of Figure 12), i.e. from where PFIP cannot assume entire responsibility anymore. Beyond the system border, several other context factors which are beyond the influence of PFIP impact the probability of whether the desired impact will actually be achieved. Between outcome and impact level, there is in some cases also a significant time lag, i.e. between using financial services and concretely seeing the benefits of improved livelihoods, which often is too long to be shown during a five-year programme.

However, the hypothesis for access and usage of financial services contributing to an improvement in the management of poor people's financial lives has been proven by various impact studies. Tailor-made savings, credit, insurance and payment options help people smooth their income and be better prepared for financial shocks. Eventually, access and usage of financial products contributes to increasing income, either through savings, loans or through more convenient and less costly payment services. Thus, clients are able to invest more in their (micro) businesses and ultimately in their livelihoods providing, for example, better and/or more regular education and nutrition to their family members.

Revise and update set of indicators on all levels. A manageable and measurable set of indicators should be defined for all workstreams at the outcome level. Having indicators that are quantitatively measurable and have a target value helps in monitoring and evaluating progress. For workstream 1, for example, a relevant outcome indicator could be the number of regulatory initiatives taken by authorities and their impact on financial inclusion. Tracking periods for indicators should be revised and indicators tracked in one single document showing periodic progress against established targets. To be able to track relevant indicators, data collection efforts and data quality must be continuously improved in collaboration with partners.

The set of indicators should also be updated to make sure they put a more explicit emphasis on the three main foci for PFIP II, commercial sustainability, client value and usage. Some (output) indicators do not seem to be relevant anymore regarding PFIP's revised strategy and objective and might need to be revised or taken off the indicators' list in the future (e.g. # of countries with financial education in core curriculum, # of students involved in financial education, # of PICSs with financial literacy strategies).

Additional indicators along the following lines are suggested:

- An indicator for a certain number of financial products or services developed with PFIP support that generate positive cash flows after a certain period of time after launch.
- An indicator on claims rates and renewal rates for (micro) insurance products launched with PFIP support.

- Usage rates by type of product, differentiating between mobile money, branchless banking and – if it makes sense - other products.
- An indicator monitoring changes in institutions based on participation in trainings. This could also be an indicator that measures re-training of colleagues after someone participated in a PFIP-sponsored training to make sure the knowledge acquired is passed on within the institution. In any case, the indicator should go further than counting numbers of participants or workshops organized.

Document programme adjustments. For further adjustments to programme strategy, implementation approach, indicators and monitoring instruments (TOC, indicators, etc.), it is highly recommended to thoroughly document these changes and their rationale, including dates (added within documents) and respective approvals. Besides presenting a useful instrument, for example when new staff or donor representatives come on board, it will also help to set the framework for the final evaluation of PFIP II in 2019.

Donor reporting and project proposals. Some potential for improvement was mentioned by donor representatives during consultation meetings:

- Improve on reporting of gender disaggregated data and include gender information not only on clients, but also for example on female banking agents;
- Improve reporting on geographical location of clients, i.e. urban versus rural clients;
- In project proposals, be explicit about context and reasons for partner co-funding versus PFIP contribution;
- Be explicit about both, the business case for the financial service provider, as well as the developmental impact for clients in project proposals.

Grant management. In some cases, partners mentioned that grants involving several partners should be developed and implemented in a collaborative approach between all partners to be able to assess all risk factors and get all partners equally engaged in the project. One example mentioned was the solar loan project with MiBank in PNG in which case the main partner Empawa that provides the technical equipment as well as the loan financing, has not been involved in project design with PFIP. Another example is the collaboration between ANZ and Premier Group, its third-party agent management partner, which is actually implementing most if not all of the ground work. In these cases, where project grants are disbursed to one partner, a Memorandum of Understanding with all involved parties could be signed to assure proper understanding and commitment by all parties.

Staff efficiency. In terms of staff efficiency, programme management should think about developing functional expertise at the level of country representatives which has already been the case with the Samoan country representative. Also, the new “innovation lab” approach will require more and deeper technical involvement by PFIP staff. Additionally, it is important to fill open country representative positions as soon as possible and review hiring a gender specialist as pointed out in the programme document.

Topics. Assess whether topics newly integrated into National Financial Inclusion Strategies (NFIS) and relevant to PIC governments, such as SMEs, green finance, and access to finance for youth, should be taken up by PFIP in the future.

Annex 1: Terms of reference

TERMS OF REFERENCE

Consultancy Title	Mid-Term Internal Programme Review
Project Name:	Pacific Financial Inclusion Programme (PFIP)
PFIP countries of operation	Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga and Vanuatu
Executing Agency	UNCDF & UNDP
Application deadline	16 September 2016
Type of Contract	Individual Contractor
Languages required:	English
Duration of Contract:	44 working days

1.0 BACKGROUND

These terms of reference (TOR) define the scope of a mid-term review of the second phase of the Pacific Financial Inclusion Programme (PFIP). PFIP operates from the UNDP Pacific Office in Suva, Fiji and has offices in Papua New Guinea, Samoa and Solomon Islands.

PFIP II was launched in July 2014 with the objective of expanding financial services and education to 500,000 Pacific Islanders in a 5-year period. PFIP works towards this objective through four workstreams, which comprise a strategy for catalysing commercially scalable financial service implementations.

- The *Policy and Regulation* workstream provides support to regulators and policy makers to create an enabling regulatory environment for mass market financial services, and leverage government payments to accelerate the adoption of formal financial channels.
- The *Financial Innovation* workstream funds financial service providers to innovate with new channels and services designed for mass market customers.
- The *Market Information* workstream funds research and publication of demand and supply side data to support decision making in all of the workstreams, and to produce knowledge products related to financial inclusion.
- The *Financial Competency* workstream funds activities related to consumer protection and financial education.

The purpose of the mid-term review is to provide programme management, executing agencies and funders with an external assessment of programme performance. The exercise is expected to provide the aforementioned stakeholders with an evidence-based analysis that will support decisions about the strategic priorities for the remainder of PFIP II, considerations around additional funding for the programme as well as an early assessment of the need for continuation of the programme beyond its current phase.

2.0 DUTIES AND RESPONSIBILITIES

Scope of Work

The review will address the following core dimensions of the PFIP:

2.1 Performance against programme objective

The foundation of the review will be an evidence-based analysis of programme performance in implementing the workstreams, delivering output targets, and achieving the programme objective. This is both an assessment of programme implementation, and the underlying strategic assumptions that the workstream outputs do in fact contribute in a measurable way to the ultimate programme objective.

The sections below provide guiding questions for each of the workstreams the consultant will be expected to address. The programme document will provide additional detail and performance expectations for each workstream. For all of the workstreams, the consultant is expected to make a core evidence-based assessment that answers the following questions that are primarily embedded in and derived from the PFIP Theory of Change:

- Do project activities deliver the expected outputs?
- Do outputs deliver the expected outcomes?
- Do the outcomes contribute to the overall project objective?
- Are the outputs and outcomes defined to be measurable?
- Are the outputs and outcomes well measured by the programme?
- Are the results aligned with programme document expectations?
- Are there any significant indications of problems with implementation efficiency?
- Are there significant factors outside of PFIP's control that undermine performance?

<u>Workstream 1: Enabling Policy and Regulation</u>

- Did PFIP activities contribute to concrete improvements in policies and regulations supporting financial inclusion?
- Have the policy decisions had an enabling impact on the expansion of financial services?

<u>Workstream 2: Financial Innovation</u>

- Have PFIP activities supported initiatives that expanded delivery of financial services to marginalized populations?
- Are the services commercially scalable?
- What does the usage data reveal about customer adoption rates?
- Which forms of PFIP support have been most or least successful in driving innovation in financial channels and services?

<u>Workstream 3: Market Information and Knowledge</u>

- Did PFIP knowledge products contribute to:
  - PFIP activities?
  - Partner initiatives?
  - PFIP advocacy, communications and public awareness?

<u>Workstream 4: Financial Competency</u>

- What is the relative effectiveness of PFIP's different approaches to consumer education in terms of:
  - improvement of consumer financial literacy,
  - ability of consumers to employ newly gained knowledge to change financial behaviour, and,

- ability of consumers to access financial services?

- What is the relative effectiveness of PFIP's different approaches to supporting consumer protection initiatives?

2.2 Programme Relevance

- What is the evidence that programme objectives and activities are aligned with the key stakeholders:
  - Customers: are PFIP-supported initiatives client-centric?
  - Service providers: Is PFIP support aligned with the business objectives of the providers?
  - Policy Makers: has PFIP been able to build a broad community of practice committed to financial inclusion and has PFIP support enabled policy makers achieve financial inclusion objectives?
  - PFIP Funders: are PFIP objectives aligned with funders' policies and objectives
  - Are learnings from success, failures and experiences across countries shared internally and with stakeholders?

2.3 Programme Management

- Is the PFIP Results Management Framework (RMF) adequate to measure programme performance?
- Have partners complied with reporting requirements, and are those requirements adequate to support the PFIP RMF?
- Has the PFIP communication strategy been effective in supporting programme objectives across all workstreams and meeting funder's objectives?
- In what areas has PFIP implementation or strategy evolved since the programme document? And what are the factors that drove this evolution?

2.4 Impact

- What are the assumptions embedded in the programme design regarding the impact of financial inclusion?
- What instruments and approaches are in placed to measure impact?
- What are the impact results to date?
- How effective has the programme been in leveraging private sector commitment and resources?

2.5 Resources:

- Does PFIP have adequate resources (financial, human and institutional) to achieve its objectives and targets?
- What other resources are needed to fulfil its objectives and to produce the intended impacts?
- Are there any identified programming gaps that require additional resources?
- Are there opportunities for donor/partner non-financial support (eg: advocacy, policy dialogue) to assist PFIP achieve its objectives more effectively?

2.6 Sustainability & Future Direction:

- Has adequate capacity and resources been developed for the PFIP work in various countries to be sustained by national actors?
- What areas of the programme would be impacted if donor funding was either reduced or discontinued?
- What would be the added value of an extension of PFIP beyond 2019?

Review Methodology:

The Programme review will be led by an independent consultant with expertise in both financial inclusion service innovation as well as management of multi workstream programmes that support financial inclusion. The consultant will be supported by PFIP management and technical staff as necessary. It is envisaged that PFIP's Results Management Adviser and/or staff responsible for performance data management will play an active role in the programme review. Key specialists from member organizations of its Investment Committee will also be invited to participate in the programme review.

The team will conduct missions to Fiji, Samoa, Solomon Islands and Papua New Guinea, the four countries that currently represent PFIP's current support facility grants and, together, holds the highest number of unbanked people in the region.

Key stakeholders for consultation include:

1. Central banks of Fiji, Samoa, SOI and PNG and respective NFITs
2. Implementing partners and grantees
3. Donors and Investment Committee members at HQ and country levels
4. Other donor funded programmes or development partners active in the Pacific Donor Access to Finance Group – including IFC, World Bank, AFI and ADB
5. UNDP (Pacific Office in Suva, Apia and Port Moresby) and UNCDF representatives

The Programme Review Consultant will be tasked with:

- Designing the workplan and investigation methodology for conducting the programme review, within the parameters herein, and to plan the mission in conjunction with PFIP
- Undertaking all pre-mission preparatory work including literature review
- Providing leadership to other seconded team members to ensure optimal use of human resources
- Preparing and presenting the draft report and findings to PFIP and IC Members, to gather feedback
- Finalizing the programme review report.

Steps of the review and provisional agenda:

ACTIVITIES	NUMBER OF DAYS
Desk Review and inception report **(home)** • Review of documentation, initial contact with key stakeholders, and preparation of inception report.	5 days
Finalization of workplan and methodology with PFIP Team ● Discussion of inception report and finalization	2 days
Field visits to Fiji, PN, Samoa and SOI ● Undertake country visits for Interviews with key stakeholders ● Presentation of initial findings to PFIP (in Suva)	25 days
Preparation of draft and final report **(home)** ● Preparation of draft report for feedback ● Finalizing the report after PFIP comments.	12 days
Total	44 days
Timelines	
● PFIP and IC Members to provide feedback to the Consultant	10 days after submission
● Final version of the report to be submitted to PFIP for distribution to IC Members	10 days after the receipt of the comments

Expected Outputs
The consultant will submit, in electronic format, the following elements:
- An inception report that outlines the investigation methodology and workplan.
- Presentation of initial findings at end of field visits.
- A draft report will be submitted no later than 21 days after the end of the mission.
- A final report

Reference Documents
Key documents to be reviewed include the following:
a. PFIP 2 Project Document
b. Annual Work Plans
c. Project Reports
d. UNCDF Programme Review procedures
e. PFIP Results Measurement Framework
f. PFIP Theory of Change
g. Relevant knowledge products
h. Grant agreements

Resources Provided
PFIP will draw up and confirm a schedule of meetings with relevant interviewees/stakeholders in the respective countries. The consultant is expected to make his/her own arrangements for access to a computer/laptop as well as internet services, office space, stationery etc.

Supervision/Reporting
The consultant will report to the PFIP Manager or his designated assignee. He/she will be required to provide a short weekly update of the progress of work through email. Draft report and final reports are as per expected outputs as detailed above

3.0 COMPETENCIES

- Strong interpersonal and communication skills;
- Strong analytical, reporting and writing abilities skills;
- Openness to change and ability to receive/integrate feedback;
- Ability to plan, organize, implement and report on work;
- Ability to work under pressure and tight deadlines;
- Proficiency in the use of office IT applications and internet in conducting research;
- Outstanding communication, project management and organizational skills;
- Excellent presentation and facilitation skills.
- Demonstrates integrity and ethical standards;
- Positive, constructive attitude to work;
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.

4.0 REQUIRED SKILLS AND EXPERIENCE

Educational Qualifications:
- Master’s degree in finance, economics, management, humanities and/or related discipline

Experience & skills
- Minimum of 10 years of technical work in financial inclusion with focus in emerging economies

- Prior experience in evaluation or planning of multi workstream programmes related to financial inclusion.
- Strong expertise in digital financial services and other innovative delivery channels and products for low income clients
- Strong understanding of the impact of financial services on disadvantaged client segments – including low income people, women, rural villagers and producers, micro entrepreneurs
- Have current knowledge of the state of the financial inclusion sector globally – including challenges and opportunities the sector is facing
- Understanding of human-centric approaches and methodologies for assessing the potential impacts of financial services to disadvantaged client segments
- Capacity to act as team leader and perform project management, quality control, and senior liaison functions for successfully conducting the programme review

Language requirements

- Fluency of English language is required;

Price Proposal and Schedule of Payments

Consultant must send a financial proposal based on **Lump Sum Amount**. The total amount quoted shall include all professional fees and other non-travel related expenses. For travel expenses it will be as under:

The UNDP shall pay travel expenses which include:

- Most economic and direct airfare (not to exceed UNDP calculated rates)
- UNDP DSA rates for hotel, airport transport and food applicable to the duty station in the four countries where travel is to be undertaken (Fiji, Samoa, Solomon Islands and PNG)
- Local taxis

Evaluation Method and Criteria

Individual consultants will be evaluated based on the following methodology:

Cumulative analysis

The award of the contract shall be made to the individual consultant whose offer has been evaluated and determined as a) responsive/compliant/acceptable; and b) having received the highest score out of set of weighted technical criteria (70%). and financial criteria (30%). Financial score shall be computed as a ratio of the proposal being evaluated and the lowest priced proposal received by UNDP for the assignment.

Technical Criteria for Evaluation (Maximum 70 points)

- Criteria 1 – Qualifications: Minimum Master's degree in finance, commerce, management, humanities and/or related discipline (5 points)
- Criteria 2 - Minimum of 10 years of technical work in financial inclusion with focus in emerging economies (10 points)
- Prior experience in evaluation or planning of multi workstream programmes related to financial inclusion (20 points)
- Strong expertise in digital financial services and other innovative delivery channels and products for low income clients (20 points)
- Strong understanding of the impact of financial services on disadvantaged client segments – including low income people, women, rural villagers and producers, micro entrepreneurs (5 points)
- Understanding of human-centric approaches and methodologies for assessing the potential

impacts of financial services to disadvantaged client segments (5 points)
- Capacity to act as team leader and perform project management, quality control, and senior liaison functions for successfully conducting the programme review (5 points)

Only candidates obtaining a minimum of 49 points (70% of the total technical points) would be considered for the Financial Evaluation.

Documentation required
Interested individual consultants must submit the following documents/information to demonstrate their qualifications.
- **Letter of Confirmation of Interest and Availability** using the template provided in Annex II.
- **Personal CV or P11**, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references.
- **Technical proposal**, including a) a brief description of why the individual considers him/herself as the most suitable for the assignment;
- **Financial proposal**, as per template provided in Annex II.

Incomplete proposals may not be considered. The templates are available on the procurement section of UNDP Pacific Office in Fiji website: www.fj.undp.org. **Successful bidder may opt to either sign an Individual Consultancy contract (IC) individually or a Reimbursement Loan Agreement (RLA) through their company.**

Annexes
- Annex I - Individual IC General Terms and Conditions
- Annex II – Offeror's Letter to UNDP Confirming Interest and Availability for the Individual IC, including Financial Proposal Template

For any clarification regarding this assignment and/or submission of proposals please write to Mr. Ronald Kumar on procurement.fj@undp.org. Proposals should be addressed to the Procurement Unit, UNDP Pacific Office in Fiji, Kadavu House, Suva.

Annex 2: Stakeholder consultation schedule

Country	Date	Time	Organisation	Name	Position
Fiji	Mon 7th Nov	2.30pm - 3.30pm	BIMA	Mr. Simon Schwall	Project Manager – Pacific
		4.00pm - 5.30pm	PFIP	Mr. Jeff Liew Mr. Krishnan Narasimhan Ms. Esther Bates Mr. Praneel Pritesh	PFIP team
	Tues 8th Nov	8.00am - 8.45am	PFIP	Mr. Praneel Pritesh	Financial Inclusion Specialist- Fiji
		9:00am - 10:00am	Ministry of Education	Mrs. Kelera Taloga	Deputy Secretary Professional
		10.30am - 11.30am	Reserve Bank of Fiji (RBF)	Mr. Barry Whiteside	Governor RBF
		12.00pm - 1.00pm	Fiji National Provident Fund	Mr. Tevita Nagataleka	Acting GM PRIME
		1.15pm -2.15pm	PFIP	Mr. Krishnan Narasimhan	Deputy Programme Manager
		2.30pm - 3.30pm	DFAT bilateral Fiji	Mr. Thompson Yuen	Program Manager Private Sector Development and Economic Growth
		4.00pm - 5.00pm	HFC Bank	Mr. Ross Munn Mr. Raj Sharma Akash Anand	CEO GM Risk and Compliance Project Officer
		5.30pm - 6.30pm	PFIP	Esther Bates	Consultant
	Wed 9th Nov	8.30am - 9.30am	Ministry of Education	Hon. Dr. Mahendra Reddy (Mr)	Education Minister
		10.30am -11.30am	Ministry of Industry, Trade & Tourism	Ms. Seema Sharma Mr. Hillary M. J. Kumwenda Mr. Sekove Tamanitoakula Mr. Nitesh Chand	Director Trade Trade Policy Advisor Chief Economist Principal Economic Planning Officer
		1.00pm - 2.00pm	PFIP	Krishnan Narasimhan	Deputy Programme Manager
		2.30pm - 3.30pm	Vodafone	Mr. Shailendra Prasad	Head of mCommerce & Corporate Affairs
		4.00pm - 5.00pm	PFIP	Mr. Jeff Liew	Former PFIP Regional Financial Capacity Advisor
Samoa	Thur 10th Nov	2.00pm - 3.00pm	PFIP	Mr. Amit Kumar	Financial Inclusion Specialist- Samoa
		3.30pm - 4.00pm	Ministry of Education, Sports, and Culture	Dr. Karoine Afamasaga-Fuata'i (Ms)	Chief Executive Officer
	Fri 11th Nov	10:00am – 10:30am	Central Bank of Samoa	Mr. Benjamin Pereira	Assistant Governor
		10:30am – 12:00pm		Ms. Lanna Lome-Ieremia & FSD team	Financial Systems Development department
		2:00pm – 3:00pm	UNDP and UNRC	Ms. Lizbeth Cullity; Ms. Georgina Bonin	UNDP RR and UNRC; Head of GPRU (Governance & Poverty Reduction Unit)
		3.30pm - 4.30pm	Ministry of Education, Sports, and Culture	Ms. Valma Galuvao	ACEO, Curriculum Development division

Solomon Islands	Sun 13th Nov	5.00pm - 6.00pm	Premiere Group of Companies Ltd (agency management for ANZ)	Ms. Julie Haro	Managing Director
	Mon 14th Nov	9.00am - 10.00am	Central Bank of Solomon Islands	Mr. Denton H. Rarawa Ms. Norma Qurusu	Governor Analyst NFIU
		10.30am - 11.30am	Bank of the South Pacific	Mr. David Anderson	Country Manager
		2.00pm - 3.00pm	Solomon Islands National Provident Fund	Mr. Aluta Kakadi	Manager Operations
		3.30pm - 4.30pm	SPBD Microfinance	Mr. Mohammed Zinnur Rahman Mr. Ronald Vikash Kumar	General Manager Head of Finance and Operations
	Tues 15th Nov	9.00am - 10.00am	DFAT Solomon Islands	Ms. Ella Kauhue	Program Manager
		10.30am - 11.30am	Asian Development Bank	Ms. Katherine Passmore	Private Sector Development Coordinator
		12.00pm-1.00pm	World Vision	Mr Janes Ginting Ms. Mindy Roduner Mr. Colin Dyer	Country Director Grants Portfolio Manager Economic Development Advisor
		2.00pm - 3.00pm	ANZ Bank/PGCL	Mr. Augustine Wateani Ms. Julie Haro Ms. Elizabeth Sodu	Project Manager Managing Director Director
		3.30pm - 4.30pm	UNDP	Ms. Azusa Kubota	UNDP Country Manager
		6.00pm - 7.00 pm	DFAT Solomon Islands	Ms. Sarah Leary	Second Secretary - Economics and Trade
Papua New Guinea	Wed 16th Nov	2.00pm - 3.00pm	Capital Insurance	Mr. Phillip Tolley	Managing Director
		6.00pm - 7.30pm	PFIP	Ms. Abigail Chang	Financial Education Technical Specialist
	Thurs 17th Nov	8.30am - 9.30am	DFAT Regional	Ms. Marina Illingworth Mr. Ray ... Mr. Ma'ake Komailevuka Mr. Matthew Lapworth	Senior Program Manager, Regional Partnerships & Aid Effectiveness Program Manager, Growth Counsellor- Regional
		11.00am - 12.00pm	EU	Mr. Carlos Battaglini	Attaché / Environmental & Agriculture Programme Manager
		1.00pm - 2.00pm	Mibank	Mr. Tony Westaway	Managing Director
	Fri 18th Nov	9.00am - 10.00am	BIMA	Mr. Jon Vance Mr. Prakash Ranjan	Country Manager Senior General Manager
		11.00am-12.00pm	Bank of PNG/ Centre for Excellence in Financial Inclusion (CEFI)	Ellison Pidik Saliye Ranasinghe	Assistant Governor BPNG CEO of CEFI
		7.00pm - 8.30pm	PFIP	Michael Carr	Inclusive Insurance Specialist
Australia	Sun 20th Nov	9.00am - 5.00pm	PFIP	Mark Flaming	Manager
		2.00pm - 3.00pm	PFIP	Erica Lee	Communications Associate
		8.30am - 9.30am	PFIP	Liz Larson	Results Measurement Advisor
Regional	24th Nov	2:30pm (Berlin time)	MFAT NZ	Judy Wan Min Kee	Regional Head of Programmes

Annex 3: Interview guidelines per stakeholder group

PFIP team members

Ideally, there will be time to discuss with PFIP team members at the beginning and the end of the mission to clarify questions and cross-check or validate information received by different interviewees.

- Programme design
  - Is the programme aligned with overarching goals of PIC's financial inclusion policies/strategies (and to what degree)?
  - Have PFIP activities supported initiatives that expanded delivery of financial services to marginalized populations?
  - The programme objective talks about specific target groups, including youth. However, youth do not seem to have been attributed an indicator or being tracked?
- Programme implementation
  - How has implementation support changed over time?
  - Which forms of PFIP support have been most or least successful in your opinion? Why?
  - In your opinion, how efficient is the Investment Committee?
  - What is the biggest obstacle you see in programme implementation?
  - What are the factors that facilitate programme implementation (success factors)?
- PFIP's impact
  - Do you overall think that PFIP has contributed to advancing financial inclusion?
  - Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function?
  - Do PFIP knowledge products support partner project implementation?
- Collaboration with other development partners
  - Did PFIP collaborate with other donors active in the region? Why (not)?
  - Was this collaboration useful in your opinion? Should it be continued?
- Outlook and recommendations
  - How do you think PFIP should continue? Should it change its strategy for the remaining term?
  - Do you think PFIP has adequate exit strategies from projects/partners?
  - Do you think there is a need for PFIP beyond its current term?

PFIP funders

The following questions will be guidelines for discussions with PFIP funders, the Australian Department of Foreign Affairs and Trade (DFAT) in Fiji and Solomon Islands, the New Zealand Ministry of Foreign Affairs and Trade (MFAT), the United Nations Development Programme (UNDP) in Samoa and Solomon Islands, and the European Union (EU) in Papua New Guinea.

- Collaboration with PFIP
  - How would you describe the collaboration with PFIP?
  - How did this collaboration develop over time?
  - Which elements of the collaboration did you specifically appreciate?
  - Do you have any recommendations on how to improve collaboration?
- PFIP's impact
  - In your opinion, has PFIP contributed to advancing financial inclusion in the PICs?
  - Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function? Do you use them in your work?
  - Do PFIP knowledge products support partner project implementation?
- PFIP's relevance

- Do PFIP objectives align with your organisation's objectives/policies/strategy?
- Have PFIP activities in your opinion supported initiatives that expanded delivery of financial services to marginalized populations?
- Outlook and recommendations
  - Do you see a need for PFIP to change its strategy for the remaining term? If yes, why? How?
  - Do you see a need for PFIP to continue beyond the current term?
  - By when, in your opinion, will PFIP have fulfilled its role?
  - Which recommendations do you have for PFIP to change/improve?

Central Banks

These questions will guide conversations with the Reserve Bank of Fiji (RBF), the Central Bank of Samoa (CBS), the Central Bank of Solomon Islands (CBSI) and the Bank of Papua New Guinea.

- Support received
  - What type of support did you receive from PFIP?
  - Did the results correspond with your expectations? Why (not)?
  - Which factors did support or hamper the project?
  - What were concrete improvements that you reached with PFIP support?
- PFIP's impact
  - Did PFIP activities contribute to changes in policies and regulations supporting financial inclusion? Which? If not, why?
  - Did PFIP support enable you to achieve your financial inclusion objectives?
  - Has PFIP supported initiatives that expanded access to finance to marginalized populations?
  - Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function? Do you use them in your daily work?
  - Do PFIP knowledge products support project implementation?
  - Did (will) the project carry on after PFIP funding? If yes, how? If not, why?
- PFIP relevance
  - Does PFIP and its objective align with your country's and the region's current and planned overarching policies and strategies (Maya Declaration commitments ,2020 Money Pacific Goals, etc.)? Why or why not?
  - If not, what would need to be changed?
  - Has PFIP been able to build a broad community of practice committed to financial inclusion?
  - Are you a member of the Pacific Islands Regional Initiative (PIRI)?
  - Are the objectives of PFIP and PIRI (AFI) aligned?
- Collaboration with PFIP
  - How would you describe the collaboration with PFIP?
  - How did this collaboration develop over time?
  - Which elements of the collaboration did you specifically appreciate? Why (not)?
  - Do you have any recommendations on how to improve collaboration?
- Outlook and recommendations
  - Do you think you will need further PFIP support after your current project is coming to an end? Why?
  - In which areas would you need support?
  - By when, in your opinion, will PFIP have fulfilled its role?
  - Which recommendations do you have for PFIP to change/improve?

Financial service providers

Service providers include private-sector companies which collaborate with PFIP. These include financial institutions like commercial banks, superannuation funds, mobile network operators (MNO), microfinance institutions, NGOs and insurance companies.

- Support received

- When did you start thinking about the low-income population as customers for you? What was PFIP's role in this process? Would you have gone for the project without PFIP support?
- What type of support did you receive from PFIP (funding, technical advice, etc.)?
- Did the support meet your expectations? Why (not)?

▸ Results
- Did the results correspond with your expectations? Why or why not?
- Which factors did support or hamper achievement of results?

▸ PFIP's impact
- In your opinion has PFIP contributed to advancing financial inclusion?
- Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function? Do you use them in your daily work?
- Do PFIP knowledge products support project implementation?

▸ Sustainability
- Did (will) the project carry on after PFIP funding? If yes, how? If not, why?
- Are the services you developed with PFIP support financially sustainable?
- Are the services commercially scalable?
- What does the usage data reveal about customer adoption rates?
- Which forms of PFIP support have been most or least successful in driving innovation in financial channels and services?

▸ Collaboration with PFIP
- How would you describe the collaboration with PFIP?
- How did this collaboration develop over time?
- Which elements of the collaboration did you specifically appreciate?
- Do you have any recommendations on how to improve collaboration?

▸ Other questions:
- Besides supporting service providers, PFIP supports the enabling environment via support to Central Banks. Are you aware of any concrete changes in policies and regulations supporting financial inclusion? Which?

▸ Outlook and recommendations
- Do you think you will need further PFIP support after your current project is coming to an end? Why?
- In which areas would you need support?
- Which recommendations do you have for PFIP to change/improve?

Ministries of Education and Ministry of Trade

The Financial Education in the school curriculum programmes have involved work with the Ministries of Education of Fiji, Papua New Guinea, Solomon Islands and Samoa and this work is in different stages.

▸ Support received and impact
- What type of support did you receive from PFIP?
- Did the results correspond with your expectations? Why or why not?
- Which factors did support or hamper the Financial Education activity?
- Will the Financial Education activity carry on after PFIP funding? If yes, how? If not, why?
- What were concrete improvements that you reached with PFIP support?
- Did PFIP activities contribute to changes in policies at the Ministry and wider stakeholder level?
- How do you judge PFIP's support through this activity to national financial competency and capability in terms of the improvement of consumer financial literacy?
- How do you judge PFIP's support to Financial Education in schools in terms of ability to gain new skills and knowledge?
- How do you judge PFIP's support to Financial Education in schools in terms of ability to employ newly gained skills and knowledge to change financial behaviour?

- How do you judge PFIP's support to Financial Education in schools in terms of ability of consumers to access financial services?

- PFIP's impact
  - In your opinion, has PFIP contributed to advancing financial inclusion in the PICs?
  - Do you think that PFIP awareness activities including knowledge products such as videos, newspaper articles, press releases and social media activities contribute to raising public awareness? Do they have an advocacy function? Are they relevant to you in your daily work?
  - Do PFIP financial education teacher and student/school resources and other relevant publications such as knowledge products support project implementation?
- Collaboration with PFIP
  - How would you describe the collaboration with PFIP?
  - How did this collaboration develop over time?
  - Which elements of the collaboration did you specifically appreciate? Why?
  - Do you have any recommendations on how to improve collaboration?
- Outlook and recommendations
  - Do you think you will need further PFIP support after their involvement in the current activity comes to an end? Why?
  - In which areas would you need support?
  - Which recommendations do you have for PFIP to change/improve?

Development partners/other donors

- Did you actively collaboration with PFIP?
- If yes,
  - How would you describe the collaboration with PFIP?
  - How did this collaboration develop over time?
  - Which elements of the collaboration did you specifically appreciate? Why?
  - Do you have any recommendations on how to improve collaboration?
- Impact of PFIP
  - In your opinion has PFIP contributed to advancing financial inclusion?
  - Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function? Do you use them in your (daily) work?
  - Do PFIP knowledge products support partner projects' implementation?
- Outlook and recommendations
  - Which recommendations do you have for PFIP to change/improve?
  - Do you see space for collaboration in the future?
  - If yes, in which fields?

Annex 4: Reference documents

PFIP programme documents

- Concept Note (2014-2018), Pacific Financial Inclusion Programme Document
- Results Framework Hierarchy and several other monitoring documents
- 2014-2015, 2015-2016 and 2016-2017 Workplan and Budget documents
- Theory of Change
- Investment Committee Meeting notes from September 2014, November 2014 and March 2015
- Quarterly and biannual progress reports
- Several grant agreements with partners and respective project appraisal documents
- Several knowledge products, such as demand and supply studies, regulatory impact assessment for Fiji, project reports, communication pieces
- Bankable Frontier Associates (BFA), July 2016, Fiji Financial Inclusion Regulatory Impact Assessment

Partner documents

- Bank of Papua New Guinea, Second National Financial Inclusion Strategy 2016-2020, Draft Version
- Central Bank of Solomon Islands, Solomon Islands National Financial Inclusion Strategy II (NFIS2), 2016-2020, available at: http://www.pfip.org/wp-content/uploads/2016/08/NFIS-Solomon-Islands_publication.pdf
- Department of Foreign Affairs and Trade, Australia, Strategy for Australia's aid investments in private sector development, October 2015, available at: http://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-investments-in-private-sector-development.pdf
- Mid Term Review of the Rural Economic Development Programme – RED2, powerpoint
- Ministry of Foreign Affairs and Trade, New Zealand, Strategic plan 2015-2019, available at: https://www.mfat.govt.nz/assets/_securedfiles/Aid-Prog-docs/ASEAN/New-Zealand-Aid-Programme-Strategic-Plan-2015-19.pdf
- National Financial Inclusion Task Force Samoa, National Financial Inclusion Strategy for Samoa 2017-2020, Draft version
- Reserve Bank of Fiji, National Financial Inclusion Task Force Fiji, National Strategic Financial Inclusion Plan 2016-2020, available at: http://www.nfitfiji.com/wp-content/uploads/2016-2020-Fiji-FI-Strategy-Aug26.pdf

Annex 5: Results Framework Hierarchy

PFIP Results Framework Hierarchy

Outputs		Objective

Workstream 1: Enabling Policy and Regulation

Output Indicators	
	Budgetary allocation of government
	# of PICs which are reaching their plans targets
	# of policies implemented
	# of policies implemented - consumer protection
	# of government ministries in NFIT
	# of other organizations in NFIT
	# of countries with PIWG indicators
	# of PICs with NFITs
	# of PICs with FI Strategies
	# of PICs with FL Strategies
	# of PICs reporting on Money Pacific Goals
	# of PICs signatory to Maya Commitments

Enabling policy & regulatory environment for FSPs

Indicative Outcome Indicators	
	Can FSPs implement products/channels?
	% G2P payments through digital channels

Workstream 2: Financial Innovation

Output Indicators	
	Costs to end user *(sustainability)*
	Cost to company per client *(sustainability)*
	Revenue per client *(sustainability)*
	Points of service
	Activity levels
	Total # of clients (measured until two years after grant)
	# of clients - transformational
	# of clients - rural
	# of clients - women
	# of clients - savings
	# of clients - savings, women
	Avg. savings balance
	# of savings clubs members
	Total # of products

Financial service needs of low-income consumers met & FSPs are sustainable

Indicative Outcome Indicators	
	Access & usage (See *Objective indicators*)
	Macro level FI indicators – access, quality and coverage

Workstream 3: Access to Market Information & Knowledge

Output Indicators	
	# of articles/forums in which PFIP is sited
	# of workshops/trainings
	# of workshop participants
	# of women workshop participants
	# of scholarships
	Website unique visitors per quarter
	# of KM Products tailored to meet stakeholder needs

Enhanced sector understanding

Indicative Outcome Indicators	
	# Knowledge products used in an initiative

Workstream 4: Financial Competency

Output Indicators	
	# of countries which have FinEd curriculum
	# of students involved in financial education
	# of girls
	# of financial literacy - product linkage programs
	Government budgetary allocation

Competent and empowered consumers

Indicative Outcome Indicators	
	What is the link between competency & adoption of financial services?

Objective

Expand access to financial services to the low income population

Objective Indicators	
	Total number of clients (Target: 500,000)
	Total number of clients - women (Target: 50% of total clients)
	Total number of clients - savers (Target: 150,000)
	Total number of clients - women, savers (Target: 50% of total savers)
	Average Savings Balance (Target: 10 USD)
	Activity Levels (Target: 15% Active Usage MM/BB)