

MRM System for a Financial Inclusion Program:

The Case of UNCDF's
SHIFT ASEAN Program

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About UNCDF



Works in 47 least developed countries



Last-mile finance models that unlock public and private resources for poverty reduction and economic development



Access to financial services leads to increased income and employment and reduced poverty

Only 33% of people in ***Cambodia, Lao PDR, Myanmar and Viet Nam*** use formal financial services

About UNCDF SHIFT ASEAN



- Market development programme, focused on transitioning low-income women and entrepreneurs from informal to formal financial services in ASEAN
- To date **1.8 million people** have gained access to financial services through SHIFT's work.
- Spent only \$1.3 per customer to bring low-income clients into the formal financial system.



Approach to Financial Inclusion



Structural transformations are triggered by forces within the economy and by forces that transcend national boundaries.

Micro level – household:

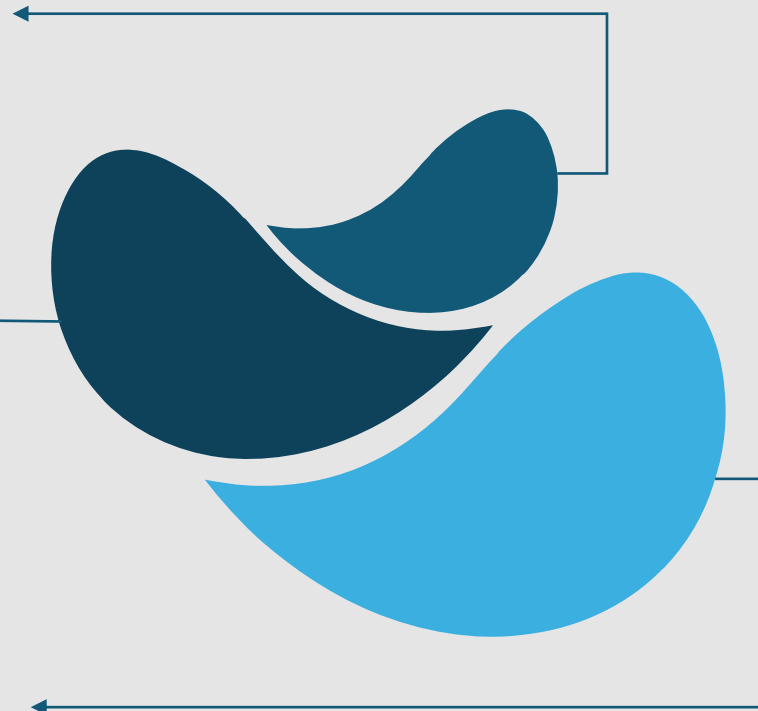
- Income Diversification
- Agriculture vs Non-Agriculture
- Specialization

Meso Level – National Economy

- Labor demand and supply
- Government Failures
- Market Failures

Macro Level – Global Trends

- Digitization and connectivity
- Factor mobility
- Greater integration of markets



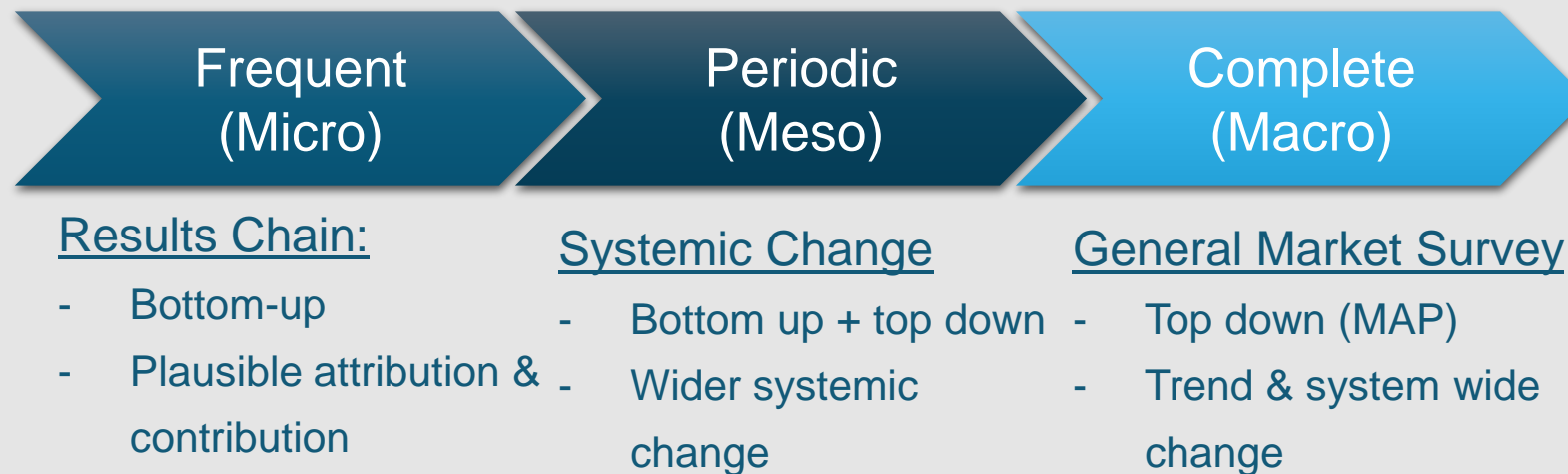
Designed and structured based on the assessment of structural transformations in CLMV economies.

This assessment defined the market gaps and ***real economy sectors*** in which SHIFT focuses its efforts.

SHIFT MRM Principles



- Results chain based adaptive monitoring system
- In line with CGAP Guidelines and draws on DCED standard
- Use system to:
 - ✓ Improve (management steering and increase efficiency)
 - ✓ Prove (donor accountability and reporting)
 - ✓ Influence (external wider stakeholders)
- Combine bottom up measurement and monitoring (Result Chain based) with top down analysis (MAP/Refresher MAP, Systemic change)



MRM Considerations and Priorities



Cost:

- M&E cost < 4.5% of total budget (DFID, WB)
- Monitoring over 20 interventions (Fund Facility PBA and others)
- Rigorous impact assessments are costly (RCT, DID)
- Local & International HR resource/expertise limited and costly



Quality

- Improve/ Adaptive Management (Steering)
- Plausible Attribution & Contribution
- Prove/ Accountability
- Influence broader stakeholders



Time:

- Short project period
- Frequent reporting cycles; semi annual
- Multiple interventions
- Multiple type of interventions (Policy, Fund Facility, data etc.)

Results Chain Based: Bottom-up Measurement



Intervention Level: Bottom Up

- Each intervention has an IP file with Results Chain and MRM Plan
- Monitoring is regular
- Quarterly updates
- Assessments conducted either after end of activities or 1 year later
- Results per intervention aggregated to report against results framework
- RCs are developed & updated by implementation team
- MRM team takes lead in assessments

Intervention results chain based monitoring allows SHIFT to draw clear lines of plausible attribution when relevant.

Indicators developed under SHIFT's IP capture both institutional and project level indicators, allowing SHIFT to assess progress and potential institutional level impacts due to the intervention.

Systemic Change: Bottom-up and Top Down



Systemic Change: Bottom up & Top Down

- Info on Intervention's contribution towards a particular systemic change is collected (Bottom up)
- Systemic change is revisited usually on a six monthly basis (top down)
- Systemic change assessment will be carried out once in every two years
- Implementation team collating information
- MRM team leads the systemic change assessment

- Systemic change focuses on both the attribution and on contribution narrative.
- For specific quadrant of systemic change framework (AAER) there may be attribution especially where the programme directly triggered the change
- 'Adopt' and 'Adapt' is always likely to be attribution whereas, autonomous 'expand' and 'respond' are likely to be contribution

Sustainability	ADAPT	RESPOND
	XYZ Company creates a new technology company based on model	Different types of company use technology (API) for their service
Scale	ADOPT	EXPAND
	XYZ Company tries business model	Another bank offers similar service

Portfolio Level: Top Down



Portfolio Level: Top Down

- Formulate programme level key indicators to be tracked (may come from Financial inclusion roadmap)
- Based on secondary info, MRM data (MAP) and limited primary study ascertain baseline & trend
- Programme level indicators should be in place once the theory of change (ToC) is finalized/updated
- General market analysis of key global indicators should be carried out either in mid-term or end term.

Top down measurement is unique to the CGAP approach. It captures trends and system wide changes which add to the programmes contribution narrative.

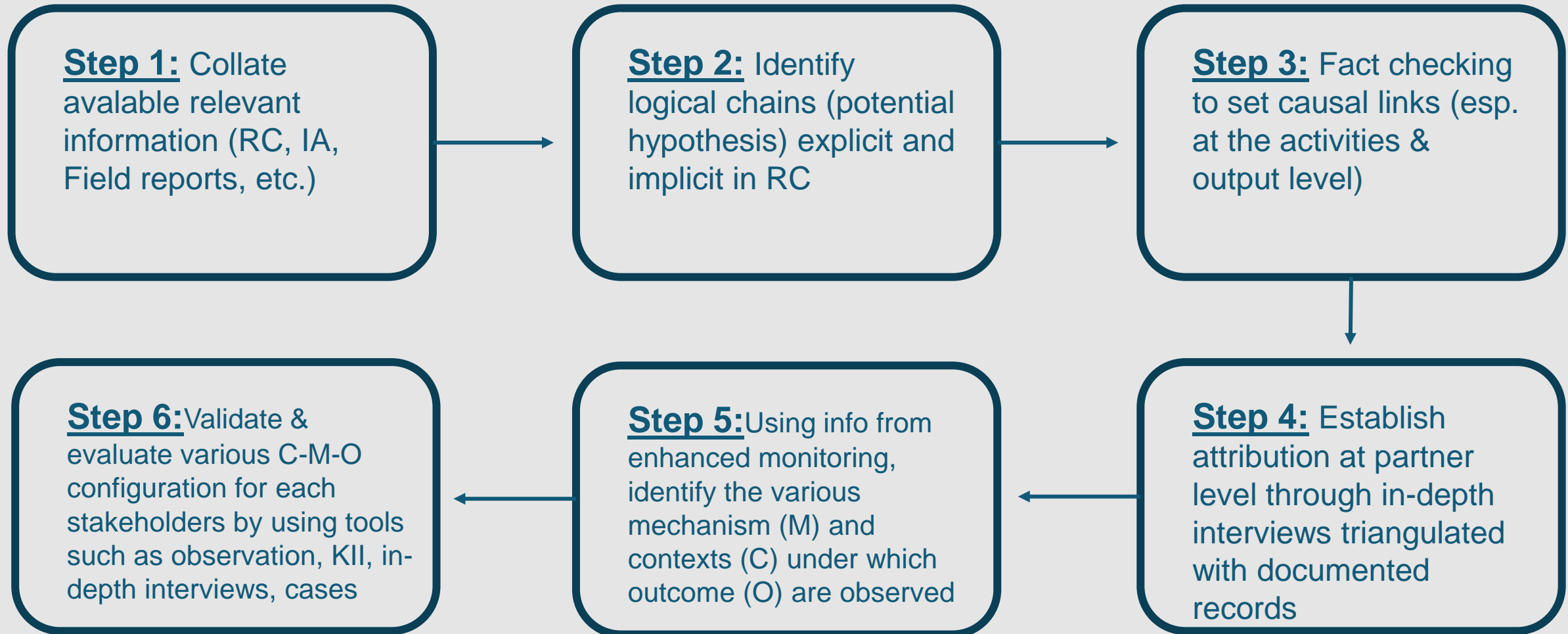
With SHIFT this is undertaken through a General Market Analysis, using UNCDF's MAP assessment (supply and demand side financial inclusion market assessment- at baseline and refresher) and big-data analysis.

Unique Attributes: Enhanced Monitoring



- Monitoring beyond predefined indicators at output and outcome level; keeping an open mind, what is driving the results; regular review & reflection
- Operationalizing it requires:
 - Monitoring is an ongoing process and is a joint responsibility of implementation & MRM team.
 - Monitoring should be conducted during the activities as well just after activities end with a focus on capturing early signs of impact
 - Collect info/case study on different mechanism and context through which targeted beneficiaries and partner are changing behavior (outcome/impact)
 - Monitoring visits should include assessments of specific link/hypothesis in the results chain
 - Visits should include capturing unintended impact (positive or negative);
 - Review meetings between implementation and MRM team should be held after each field visits to update results chain
 - It is expensive to have impact evaluation for all portfolio of interventions; enhanced monitoring inform decisions about when to undertake impact evaluation, if at all.

Intervention Level: Evaluation



CGAP & UNCDF



- Throughout 2016 UNCDF SHIFT and CGAP partnered to pilot CGAP's Self Assessment Toolkit and Measuring Market Development Handbook's recommendations.
- Self-Assessment Tool was used in the development of SHIFT's MRM system and supported SHIFT in benchmarking and identifying gaps and areas for improvement across 13 building blocks
 - SAT scale for **relevance** is A = highly relevant; B = moderately relevant; C = not relevant
 - SAT scale for **fitness** is 3 = fully fit (no action needed on frameworks, processes, tools, or capacity); 2 = moderately fit (some action needed); 1 = unfit (considerable work needed).
- Important aspects impacting SHIFT included:
 - Defining systemic change commonly across the programme
 - Establishing review sessions of MRM findings for programme direction
 - Assumptions behind the progression narratives were made explicit i.e. by detailing out SHIFT's structural transformations approach – clarified focus and programme direction
 - Enhanced monitoring of indicators on outcomes which are unplanned and/or unexpected
 - Top down assessments included in MRM system

CGAP & DCED



Similarities

- Focus on process and not specific method
- Promotes good research practice
- Entails elements : results chain, logframe/results framework and indicators
- Strongly suggests enhanced monitoring
- Emphasizing sustainability and the importance of qualitative indicators

Differences

- DCED is geared towards PSD in general while CGAP focuses on financial inclusion
- DCED *describes the desired state*, where as CGAP describes the journey, toward a market systems-oriented measurement framework
- DCED centered around independent audit while CGAP is about practice (Self Assessment); *CGAP suggests externally led impact evaluation*
- DCED focuses on plausible attribution, while CGAP focuses on contribution
- DCED mostly promotes bottom up evaluation; whereas CGAP suggests top down and theory based evaluation

Thank you!



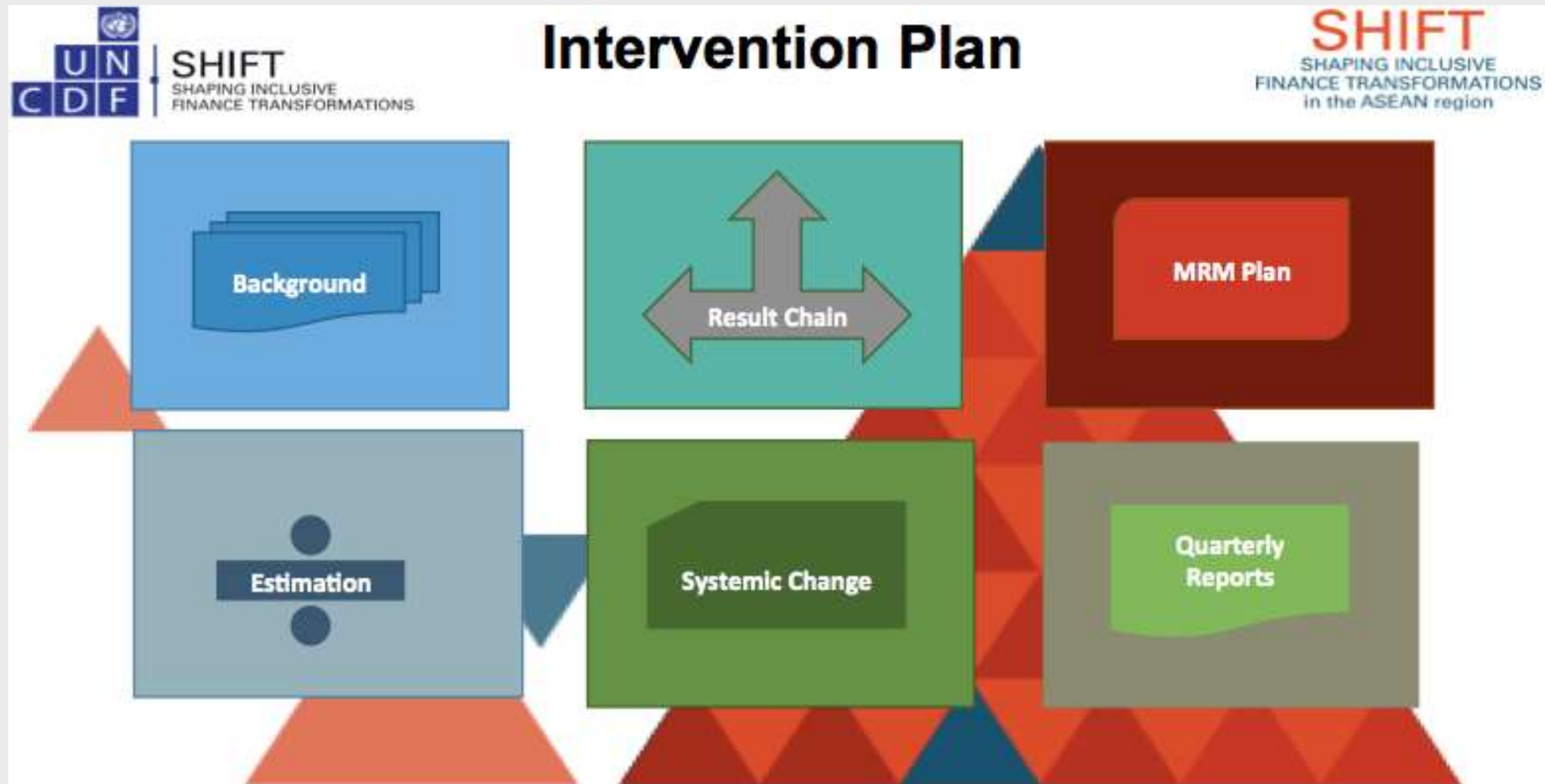
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Annexes

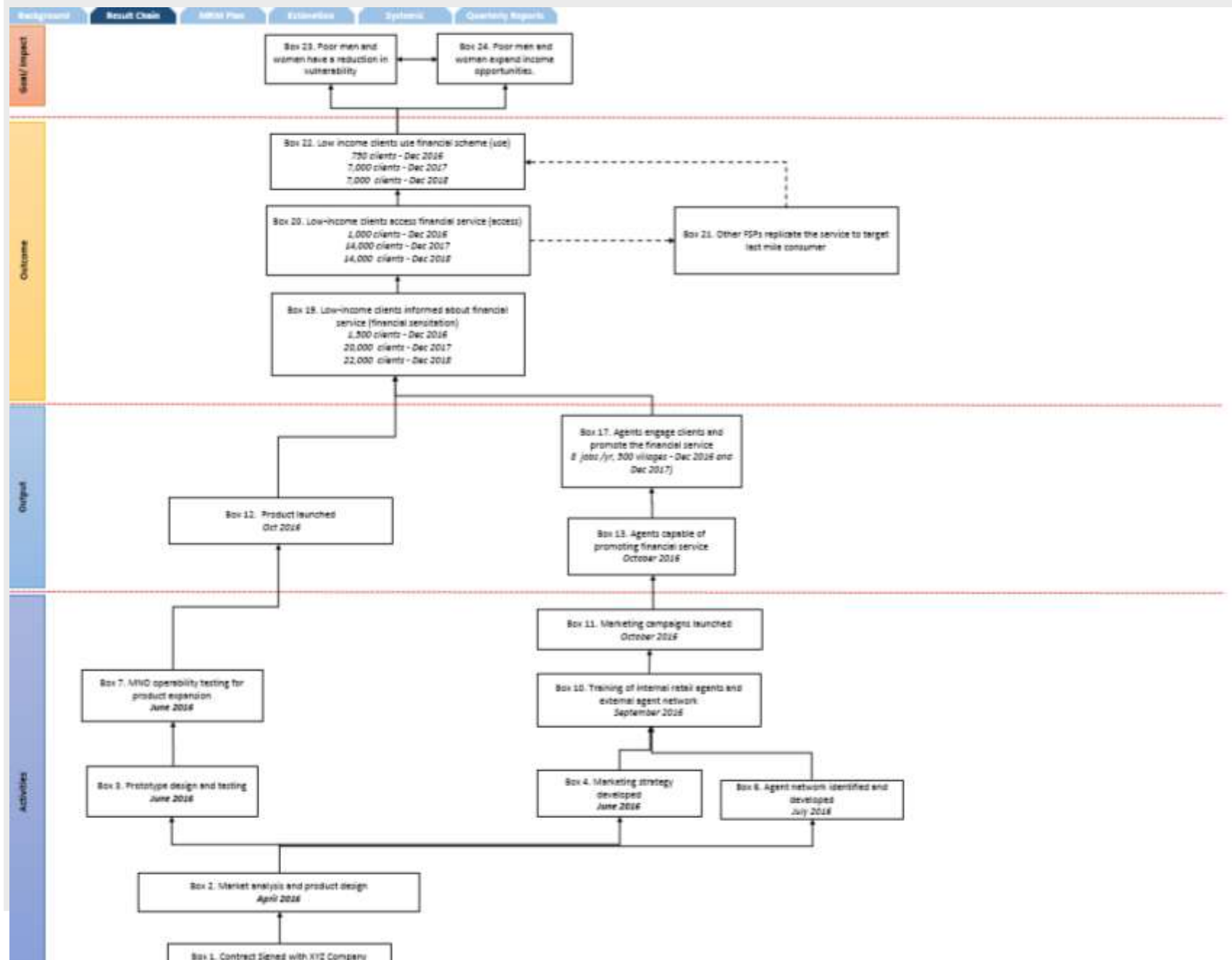
MRM Dashboard - Sample



MRM Dashboard: Background

Background					Intervention Plan		Evaluation		Systemic Change		Monitoring	
Intervention Details												
Pillar	Pillar 1 Food Facility				Fund Window							
Intervention Title	XYZ Company											
Intervention Location	Vietnam											
District(s)												
Responsible Intervention Manager												
Actors and innovations												
Target beneficiary group(s)	Vietnamese women under 50 years old living in peri-urban areas, with low- and middle-income.											
Private Sector Partner(s)	None											
NGO Partner												
Finance Partner												
Other Partners												
Innovative business service												
Key Dates												
Activity starting date	Friday, January 01, 2016											
Activity closing date	Saturday, December 30, 2017											
Monitoring closing date	Sunday, December 30, 2018											
Cross Cutting Themes												
Women Economic Empowerment Relevance	Availability	Yes										
	Degree:	High										
	Remarks:	The target beneficiary group is over 90% women with 13,500 women beneficiaries. Additionally, the intervention is focused on job creation with 23 new jobs to be created, focusing on women's employment.										
Climate Change Relevance	Availability	No										
	Degree:	High										
	Remarks:											
Displacement	Availability	No										
	Degree:	Medium										
	Remarks:											
Background Story												
(i) The Constraints:												
(ii) Plan to address the problem (Intervention Idea):												
(iii) Expected result(s):												
(iv) Reference studies(s):												
Risks:												
Log sheet												
Date	Relevant Worksheet(s)	Change(s) made in the IP	Rationale for the change(s)	Who made the change(s)?								
Thursday, March 31, 2016	All	All	First Draft									
Monday, May 30, 2016	All	All	Revised and populated doc									
Saturday, June 18, 2016	All	All	Second Draft									
Monday, July 04, 2016	Quarterly Reports	All	Q1 assessment									

Results Chain



MRM Plan

Round	Result Chain	MRM Plan	Estimation	Systemic	Quarterly Reports						
		Box	Result Chain (Change that we want to see)	Indicators (How the change is measureable; magnitude of change)-Quantitative	Indicators (How the change is measureable; motivation and incentives)-Qualitative	How? (Method/Mean of verification)	Baseline Status	Who? (Team Responsible)	When? (Timeliness to assess change)	Documentation with date	
	Poverty Reduction/ Vulnerability Reduction										
	Usage outreach	22	Low income clients use financial scheme (use)	No. clients using financial scheme	What is the impact (positive or negative) of using the service; Why are they using the financial service and if not	FGD, KII	0	MRM and FBS	Dec 16; Dec 17 and Dec 18		
	Access outreach	21	Other FSPs replicate the service to target last mile consumer	No of FSPs replicating model and targeting last mile clients; No clients targeted	How were they influenced by XYZ company; What approach are they taking (any modifications); Why the specific client segment (what is the incentives)	Key informant interview (KII)	0	MRM and FBS	Dec 17 and Dec 18		
		20	Low-income clients access financial service (access)	No of clients	Why are they using or not using the service; What is their incentive and motivation (For use or not use)	Survey interview; quarterly reports; sales data	0	MRM and FBS	Dec 16; Dec 17 and Dec 18		
	Financial sensitisation	19	Low-income clients informed about financial service (financial Agents engage clients and promote the financial service)	No clientsr informed	Level of understanding about the service; customer perception	Survey interview; internal company records	0	MRM and FBS	Dec 16; Dec 17 and Dec 18		
	Output	17	Agents engage clients and promote the financial service	No agent network channels created	Capacity quality of service delivered; Agent motivation for promoting or not promoting	Interview with XYZ company management, agents; quarterly reports, internal documents	0	FBS Intervention Manager and MRM	Dec 16 and Dec 17		
		13	Agents capable of promoting financial service	No of agents knowledgeable and capable of promoting the service	Agent knowledge level and ability to continue with the programme	Interview with agents	0	FBS Intervention Manager and MRM	Jan-17		
		12	Product launched	No of services launched	Product quality	quarterly reports; internal docs; observation	0	FBS Intervention Manager and MRM	Oct-16		
	Activity	11	Marketing campaigns launched	No of marketing materials; no of potential clients reached	Content of marketing materials; client perspective of product based on marketing	Customer survey; company data		FBS Intervention Manager	Oct-16		
		10	Training of internal retail agents and external agents	No of trainings undertaken	Agent knowledge level and capability of promoting the service	Interview with agents; before/after survey; internal docs		FBS Intervention Manager	Oct-16		
		7	MNO operability testing for product expansion	No. of MNOs engaged; No. of tests undertaken		MNO interviews and company data		FBS Intervention Manager	Jul-16		
		6	Agent network identified and developed	No of agents identified		CVs and TORs		FBS Intervention Manager	Jul-16		
		4	Marketing strategy developed	No. of marketing strategy docs	Content of marketing plan	Review marketing strategy		FBS Intervention Manager	Jul-16		
		3	Prototype design and testing	No. of prototypes produced		Photos, client survey or interviews; company data		FBS Intervention Manager	Jul-16		
		2	Market analysis and product design	No. of reports produced	Design strategy and market targets identified	Review of reports and strategy		FBS Intervention Manager	May-16	Presentation on strategy	
		1	Contract Signed with XYZ company	No. of Contract		Review of Contract		FBS Intervention Manager	Dec-15	Financing Agreement	

Estimations

Background		Result Chain	MOMA Plan	Estimation	Systemic Change	Quarterly					
						2016		2017		2018	
Box #	Key Quantitative Indicator(s)	Unit	Calculations/Assumptions/ Source / Explanations for Projections	Projection	Actual	Projection	Actual	Projection	Actual	Source for Actuals	
12	# of services launched	products	Grant agreement - Disbursement 3. Section	1							
	# of promotional campaign locations	village	Annex 2 - RFP; Output 6: assuming they reach 100 in first year as they operate for last 2 months; we assume they visit 250 (50% of 500) in 3rd year	100		500		250			
	# of agents	staff	Annex 2 - RFP; Output 7: assuming 33% female	15		15					
17	# of jobs created	staff	Annex 2 - RFP; Output 2: 50% of which are women	8		8					
19	# of low-income clients informed about financial service	clients	Annex 2 - RFP; Output 6: Assuming 15 per village in year 1; 40 per village in year 2; 40 per village in year and 20 from revisit to previous villages (year 1 and year 2)	1500		20000		22000			
20	# of low-income clients access financial service (Access)	clients	Grant agreement - Disbursement 3. Section 3.1: year 3 we assume that the company is able to maintain sales volume (this is conservative as we are not assuming expansion)	1000		14000		14000			
22	# of low-income clients use financial scheme (use)	clients	Assumption: 75% use in (Year1) based on FEA; 50% in year 2; 50% in year 3.	750		7000		7000			
KEY INDICATORS				PROJECTIONS - INCREMENTAL						PROJECTIONS CUMMULATIVE	Comments
				2016		2017		2018			
				Jan-Jun'16	Jul-Dec'16	Jan-Jun'17	Jul-Dec'17	Jan-Jun'18	Jul-Dec'18		
			Number of Agents		25	11.5	11.5			46	Page 2
			Number of Female Agents		9	4.3	4.5			18	
			Number of Services		1					1	
		Sensitize	Number of clients informed (Financial Sensitization)		1500	8000	12000	11000	11000	43,500	2017 expecting first half take up will be slower so we assume 40% and we expect it to effect usage and access in the same proportion. The second half will be 60%. For gender disaggregated data we are
		Access	Number of clients having access to the financial service (Access Outreach)		1000	5600	8400	11000	7000	33,000	
			Number of female clients having access (Access Outreach - Gender Disaggregated)		650	3640	5460	7150	4550	21,450	
		Use	Number of clients using financial service (Usage Outreach)		750	2800	4200	3500	3500	14,750	
			Number of female clients using financial service (Usage Outreach)		487.5	1820	2780	2275	2275	9,588	
			Number of Enterprises using financial service (Usage Outreach- Enterprise Disaggregated)		225	840	1260	1050	1050	4,425	We assume 65% are women for both enterprise and customers; and 30% are enterprises
			Number of Women-Owned Enterprises using financial service (Usage Outreach- Enterprise Gender Disaggregated)		146.25	546	819	682.5	682.5	2,876	

Systemic Change

ADAPT		RESPOND	
Partner has invested further in the initial business model or changed the model to suit their needs (Similar to CGAP Systemic change leading indicator "Adaptability")	Information source/ Date	Other players/ stakeholders have made changes in their business due to the actions of the partners (Similar to CGAP Systemic change lagging indicator "Diversity" and includes elements of "Sustainability", although this aspect shows more 'Resilience')	Information source/ Date
ADOPT		EXPAND	
Partner takes up business model and shows concrete plans to continue it in the future (Similar to CGAP Systemic change leading indicator "Mindset Change")	Information source/ Date	Similar or competing stakeholders are seen to crowd in the business model or parts of it (Similar to CGAP Systemic change lagging indicator "Scale" but focuses on companies/service providers rather than target beneficiaries)	Information source/ Date

Reporting

	<u>Nr of products sold by type of product</u>			
	Section 1 requires data on the nr of products broken down by product type and distribution channel. Please provide up to a maximum of 4 product types that you want to report on.			
	Type of products	Please define up to maximum 4 key products that you wish to report on		
	product 1	SHS 100W		
	product 2	SHS 60W		
	product 3			
	Product 4			
Sec 1.	<u>Total Products sold</u>	<u>Unit</u>	<u>Baseline</u>	Q3
1.1	Number of products sold through cash sales	units	8	7
	of which nr of SHS 100W sold through cash sales	units	8	6
	of which nr of SHS 60W sold through cash sales	units	0	1
	of which nr of product 3 sold through cash sales	units	-	-
	of which nr of Product 4 sold through cash sales	units	-	-
1.2	Number of products sold with a loan provided by an FI	units	45	23
	of which nr of SHS 100W sold through MFIs	units	43	23
	of which nr of SHS 60W sold through MFIs	units	2	0
	of which nr of product 3 sold through MFIs	units	-	-
	of which nr of Product 4 sold through MFIs	units	-	-
1.3	Number of products sold with Financial Product (embedded or otherwise)	units	30	21
	of which nr of SHS 100W sold through Financial schemes	units	29	21
	of which nr of SHS 60W sold through Financial schemes	units	1	0
	of which nr of product 3 sold through Financial schemes	units	-	-
	of which nr of Product 4 sold through Financial schemes	units	-	-

Stylized Example – Structural Transformation

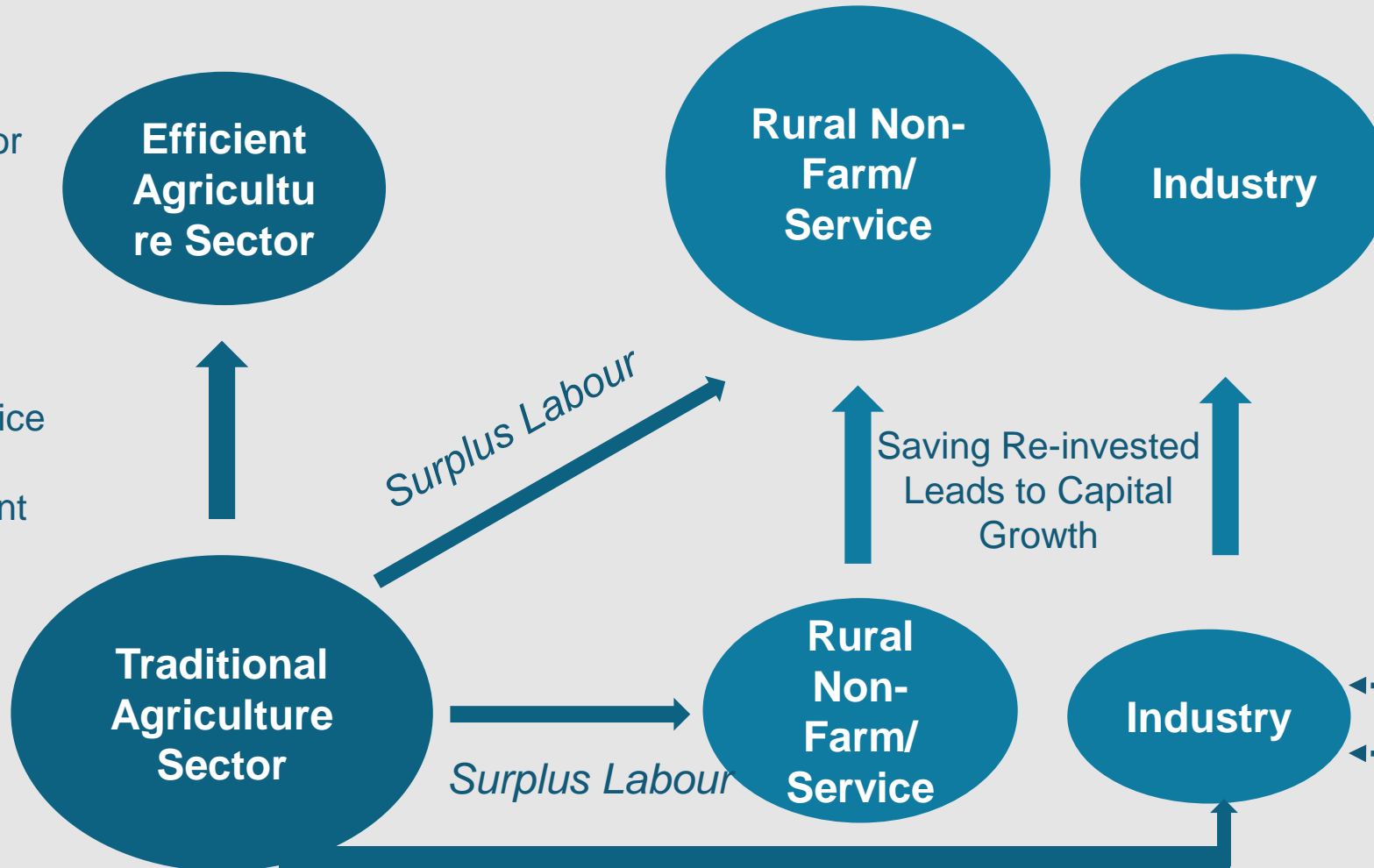


Agriculture

> GDP Contribution diminishes
> Major Source of Employment > Pro-Poor

Rural Wage increases
Efficient Farming Practice
Commercial Farming
Saving >> Reinvestment

Low Savings — — —>
Low income — — —>
Low Investment — — —>
Under-employment



Rural Non-Farm, Service and Industry

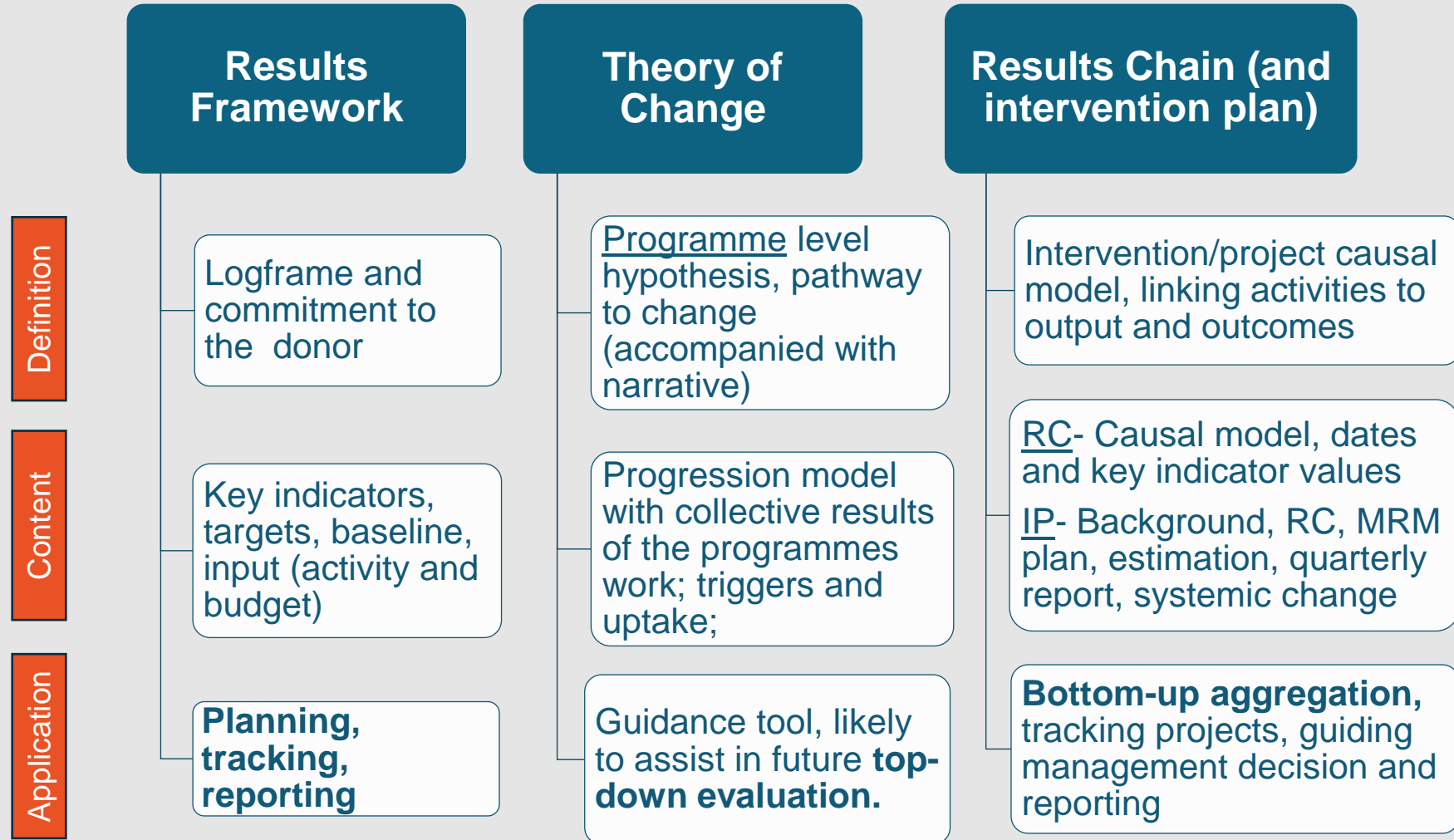
> GDP Contribution ↑↑
> Employment Share ↑↑

> Low skill required
> Productive Employment
> Export Oriented

- Urban-Rural Wage Differential
- Likelihood of getting an employment

SHIFT's MRM Framework:

Results Framework, Theory of Change and Results Chains

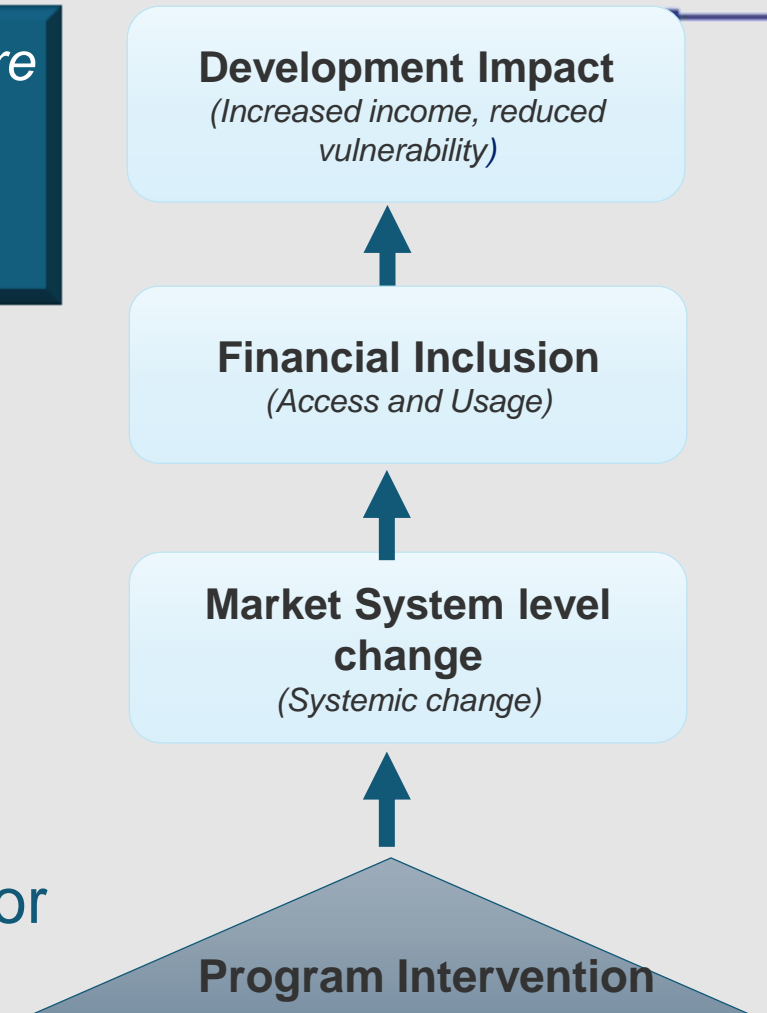


SHIFT's Definition of System Change



Definition: Systemic change is a fundamental shift in the structure of a market system- which addresses its underlying causes for under performance-that leads to sustainable change, inclusive markets and impact at scale

- Focuses on the underlying causes of the market system failure i.e. in its supporting functions and rules.
- Systemic change is a service market (outcome) level change which addresses key constraints in the relevant market systems
- Results in improved access to financial products and services
- Leading to improved financial inclusion and reducing poor people's vulnerability and increasing income



Generic Results Chain

