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FINANCIAL INCLUSION DATA (FID) WORKING GROUP

FINANCIAL INCLUSION STRATEGY (FIS) PEER LEARNING GROUP

NATIONAL FINANCIAL INCLUSION STRATEGY MONITORING AND EVALUATION TOOLKIT

TOOLKIT

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1. INTRODUCTION

The Alliance for Financial Inclusion (AFI) Financial Inclusion Strategy Peer Learning Group (FISPLG) issued Guideline Note No. 20 National Financial Inclusion Strategies (NFIS): A Toolkit in August 2016 to provide practical guidance to AFI members in formulating financial inclusion strategies. This Guideline Note underscores the need for a monitoring and evaluation (M&E) framework to track the progress of achievement of NFIS targets, provide real-time feedback on challenges encountered and recommend measures to improve NFIS implementation and design of future NFIS interventions.

ABOUT THIS TOOLKIT

This NFIS M&E toolkit provides practical guidance in systematically and efficiently monitoring and evaluating progress and results of NFIS interventions aimed at promoting financial inclusion. This toolkit draws from the experiences of FISPLG in formulating the NFIS and the FIDWG in defining key indicators that could be used for measuring progress and results of the implementation of NFIS. Apart from increasing awareness and interest on M&E, this toolkit aims to clarify what M&E entails in the context of formulation, implementation and measurement of progress, and results of NFIS.

WHO IS THIS TOOLKIT FOR?

This toolkit is primarily aimed at public sector policymakers, members of NFIS working groups and technical committees, and other key stakeholders who are directly involved in the development, implementation, review and updating of NFIS. Although the focus of this toolkit is on M&E of NFIS, the concepts and principles are also deemed useful to M&E practitioners working for programs and projects related to financial inclusion.

HOW TO USE THIS TOOLKIT?

This toolkit is not intended to be a detailed instructional manual on M&E. However, it can serve as a reference for clarifying key M&E concepts and their practical application in the NFIS context and as an instrument for learning about the experiences of AFI member countries in measuring progress and results of their NFIS.

M&E IN THE CONTEXT OF NFIS

Achieving greater financial inclusion requires a deliberate and coordinated approach to identify relevant obstacles and opportunities, leverage linkages across financial and non-financial policy areas, and align the efforts of a wide range of stakeholders.[1] A national financial inclusion strategy provides an effective instrument to help define a clear and coordinated path toward the development of a financial system that is accessible and responsive to the needs of the population especially the unbanked and the financially excluded.

But how do we know if the NFIS is delivering what it sets out to accomplish at the right time and the right place, if it is being implemented as it was envisioned, and/or if the intended outcomes are being achieved? Such questions are typically answered through monitoring and evaluation (M&E).[2]

WHAT IS MONITORING?

Monitoring is a continuous process of collecting, analyzing and reviewing information to compare how well an intervention[3] is being implemented against expected results. It is a continuous process of measuring progress toward explicit short-, intermediate-, and long-term results by tracking evidence of movement towards the achievement of specific, predetermined targets by the use of indicators. Monitoring aims at providing feedback on progress (or lack thereof) to implementation staff and decision-makers who can use the information in various ways to improve performance, including prioritizing allocated resources.

1 World Bank. 2018. Developing and Operationalizing a National Financial Inclusion Strategy Toolkit. Washington DC. Available at: https://openknowledge.worldbank.org/handle/10986/29953

2 For consistency, this toolkit uses the M&E definitions of OECD/DAC Glossary of Key Terms in Evaluation and Results Based Management, 2002

3 In this toolkit, intervention may refer to a project, program, policy or strategy.

WHAT IS EVALUATION?

Evaluation is an assessment of a planned, ongoing or completed intervention to determine its relevance, coherence, efficiency, effectiveness, impact and sustainability. The intention is to provide information that is credible and useful, enabling lessons learned to be incorporated into the decision-making process of the recipients. Evaluation takes a broader view of intervention, asking if progress toward the target or explicit results are caused by the intervention or if there is another explanation for the changes picked up by the monitoring system.

Taken together, monitoring and evaluation are distinct but complementary processes. Monitoring informs stakeholders of the progress and outcomes, and shows where corrective action is needed to adjust implementation plans. Evaluation assesses outcomes and impacts relative to expectations and explains variations from expected results. Although interdependent, monitoring and evaluation have distinct uses and features (see Table 1).

WHY IS M&E IMPORTANT IN NFIS?

The importance of M&E in managing development interventions is widely recognized. M&E helps improve management of outputs and outcomes while promoting the efficient allocation of resources in the direction where it will have the greatest impact. M&E can play a crucial role in keeping interventions on track, provide the basis for reassessing priorities and create an evidence base for planning current and future programs or strategies. In the context of NFIS, M&E is undertaken to achieve the following objectives:

- To know the progress of NFIS towards the achievement of its intended objectives and desired results;
- To provide NFIS policymakers and stakeholders with the information required for decision making such as in allocating scarce resources to interventions that will provide the greatest benefits;
- To determine if the strategy guiding the intervention is appropriate and adequate to the changes being sought through the intervention;
- To build greater transparency and accountability in the use of funds and other resources earmarked for the NFIS; and
- To provide a knowledge base about successful strategies or interventions which can prove useful in future NFIS planning and implementation.

M&E WITHIN THE NFIS LIFE CYCLE

The development and implementation of NFIS requires that policymakers and implementers have a reliable basis for making informed decisions, hence, the need to ensure that M&E systems and processes are embedded in each phase of the NFIS life cycle.

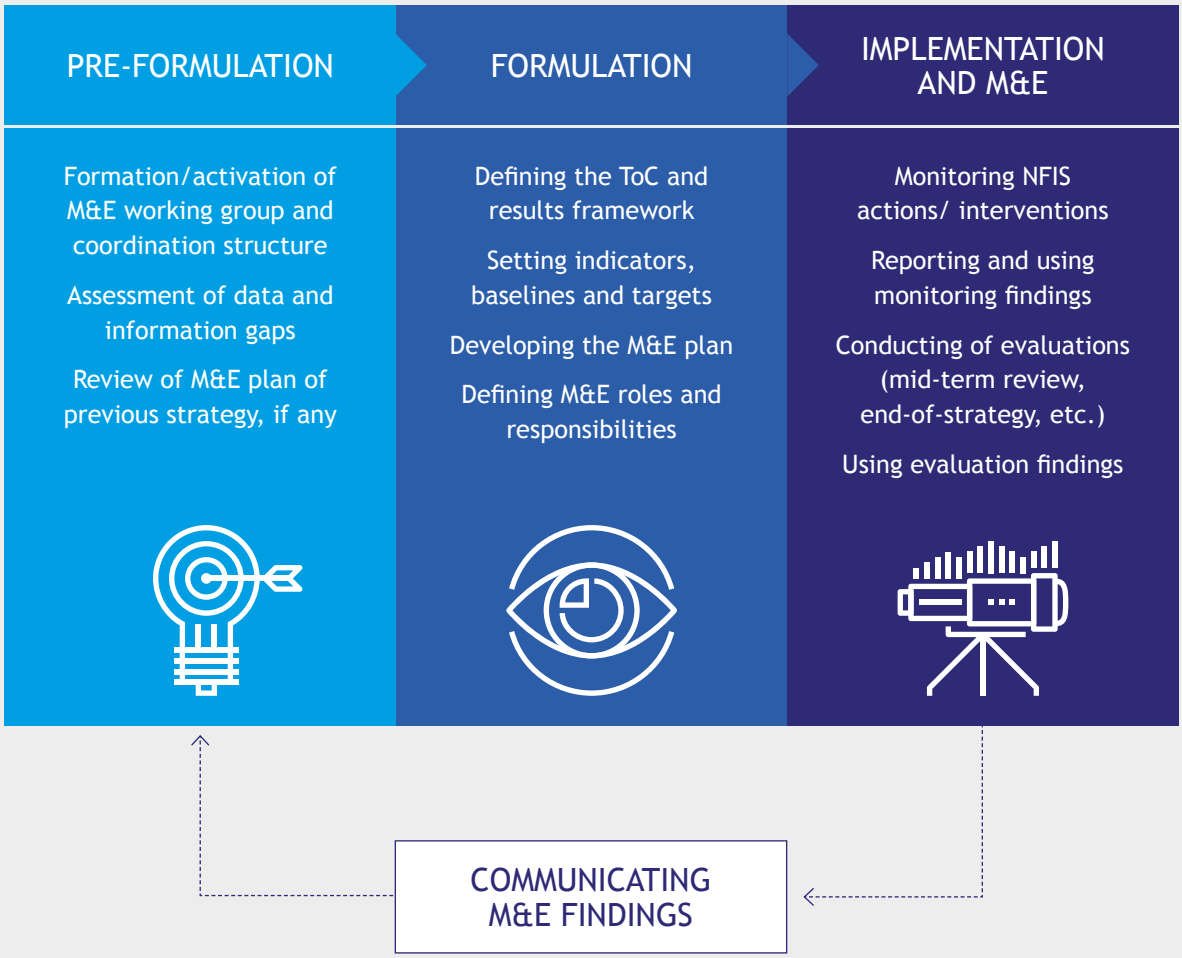
Box 1 illustrates the typical M&E functions that are being performed at every stage of the NFIS life cycle. Ideally, M&E activities should begin during the pre-formulation phase of NFIS with the formation of an M&E working group and coordination structure responsible for the development or review of the M&E plan of previous strategy (if available) and assessment of available data for defining indicator baselines and targets. Throughout the NFIS life cycle, key M&E activities are being undertaken while M&E findings are regularly being communicated to policymakers and stakeholders.

TABLE 1: COMPARISON OF MONITORING AND EVALUATION

DIMENSION	MONITORING	EVALUATION
FREQUENCY	Ongoing, continuous	Periodic, often done at mid-point and end of a program
FUNCTION	Tracking, oversight	Assessment
PURPOSE	Improve efficiency, provide information for re-programming to improve outcomes	Improve effectiveness, impact, future programming, strategy and policymaking
SCOPE	Inputs, outputs, processes and operational plans	Outcomes and impacts, high-level objectives
METHODS	Routine review of reports, administrative databases, field observations	Scientific, rigorous research design
RESPONSIBILITY	Internal, carried out by program management and staff	Internal or carried out jointly with external evaluators

Source: *The Global Fund. 2011. M&E Toolkit: HIV, Tuberculosis, Malaria and Health and Community Systems Strengthening*

BOX 1: M&E WITHIN THE NFIS LIFE CYCLE



Source: *Conceptualization from the AFI NFIS Toolkit by Rudini Tuazon Baoy , M&E consultant who supported the structure and technical components of the toolkit.*

KEY TERMS AND CONCEPTS IN M&E

M&E terms have precise meanings but their specific use and interpretation can vary in nuance from one organization to another. Table 2 provides some key terms and their generally accepted definitions.

TABLE 2: KEY TERMS USED IN M&E

TERM	DEFINITION
ACTIVITIES	The actions taken or the work performed as part of an intervention through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.
DEVELOPMENT INTERVENTION	An instrument for partner (donor and non-donor) support aimed to promote development. Examples are policy advice, projects, programs.
IMPACTS	Positive and negative, long-term results/benefits for identifiable population groups produced by an intervention directly or indirectly, intended or unintended.
INPUTS	The resources including people, money, expertise, technology and information used to perform the activities of the development intervention.
BASELINES	A set of factors or indicators used to describe the situation prior to a development intervention. Sometimes referred to as benchmarks, baselines act as a reference point against which progress can be assessed or comparisons made.
DATA COLLECTION TOOLS	Methodologies used to identify information sources and collect information during an evaluation. Examples include informal and formal surveys, direct and participatory observation, community interviews, focus groups, expert opinion, case studies, and literature search.
GOAL	The higher-order objective to which a development intervention is intended to contribute. Related term: development objective.
INDICATOR	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
INPUTS	The financial, human, and material resources used for the development intervention.
MILESTONES	Significant points in the lifetime of a program or strategy. A particular point in the project by which specified progress should have been made.
OUTCOMES	These are likely or achieved short-term and medium-term results of an intervention's outputs. Outcomes represent changes in conditions that occur between the completion of outputs and the achievement of impact. Related terms: result, impacts, effects.
OUTPUTS	These are the immediate results derived from the activities of the project. These outputs might be directly experienced by those being targeted by the intervention, e.g., training advice or indirectly through outputs like reports, etc.
RESULT	This refers to any point in the hierarchy of objectives met; output, outcome or impact (intended or unintended, positive or negative) of a development intervention. Related terms: outcome, effect, impacts.
RESULTS CHAIN	The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired objectives- beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts, and feedback. In some agencies, reach is part of the results chain. Related term: results framework.
RESULTS FRAMEWORK	The program logic that explains how the development objective is to be achieved, including causal relationships and underlying assumptions. Related terms: results chain, logical framework.
TARGETS	An explicit statement of the desired and measurable results expected for an indicator at a specified point in time. Targets are expressed in terms of quantity, quality and time.
THEORY OF CHANGE (TOC)	Theory of Change (ToC). A ToC is a description of the logical causal relationships between multiple levels of conditions or interim results needed to achieve a long-term objective[4].

Source: *OECD/DAC. 2002. Glossary of Key Terms in Evaluation and Results-Based Management.*

4 USAID. 2013. Technical Note: Developing Results Frameworks. Available at: https://www.usaid.gov/sites/default/files/documents/1865/_508_RF_Technical_Note_Final_2013_0722.pdf

2. SETTING THE STAGE FOR M&E

Effective M&E of NFIS interventions is founded on a well-defined strategic framework that clearly articulates the changes expected from the development and implementation of the NFIS and specifies indicators that allow implementing agencies and stakeholders to track progress towards the immediate and long-term objectives of the NFIS.

Intended as planning, monitoring and evaluation tools, the Theory of Change and the Results Framework are integral components of NFIS that should be defined and agreed upon by key stakeholders of a financial inclusion initiative during the strategy formulation phase.

THEORY OF CHANGE

Behind every strategy or initiative aimed at financial inclusion, such as the NFIS, is a Theory of Change (ToC). The ToC is usually presented in the form of a diagram that outlines pathways or steps to get from an initial set of conditions to the desired end-result (see example of ToC in Box 2).

A variety of M&E literature[5] cites the following benefits of articulating the ToC of a development intervention such as the NFIS.

> It helps identify elements of the strategy that are critical to success.

> It helps build a common understanding of the strategy and expectations among stakeholders.

> It helps identify measures for determining the progress and effects of interventions on which outcomes depend.

> It provides the foundation for monitoring and evaluation.

Developing the ToC for interventions addressing complex development issues – such as financial inclusion – is an iterative process. ToCs are often defined at the formulation phase of an intervention. To promote buy-in and learning, engaging key stakeholders with a clear understanding of the issues is highly recommended during the ToC formulation process. A ToC is not a rigid blueprint of change. It should be revisited and revised during the updating or re-formulation of the intervention strategy.

The main components to build a ToC are developed during the formulation phase and include the definition of the main target policy areas instrumental to address the NFIS goals; the identification of key policy enablers or critical factors that create a conducive environment for the achievement of financial inclusion objectives; the identification of key target groups (for example, women, youth, rural population), and the identification and agreement of strategic measures or activities to define an action plan or roadmap of policy implementation aligned to those financial inclusion goals[6].

Regardless of the format used, the ToC should be able to communicate the following elements:

> Logical sequence of the inputs that the intervention will use, the activities the inputs will support, the outputs generated by the activities, and the outcomes and impacts expected.

> Events or conditions that may affect the achievement of outcomes.

> Key assumptions that the intervention is making, regarding the conditions under which change is envisioned to occur.

5 For an example, see: L. Morra Imas and R. Rist. 2009. The Road to Results: Designing and Conducting Effective Evaluations. World Bank. Available at: https://openknowledge.worldbank.org/bitstream/handle/10986/2699/52678.pdf

6 AFI. 2020. Policy Model for National Financial Inclusion Strategy, 2020. Available at: https://www.afi-global.org/publications/3462/Policy-Model-for-National-Financial-Inclusion-Strategy

BOX 2: EXAMPLE OF THEORY OF CHANGE OF FINANCIAL INCLUSION

RESULTS

DEVELOPMENT OUTCOME

IMPROVED ECONOMIC WELL-BEING OF LOW-INCOME GROUPS

LONG-TERM OUTCOME

A MORE INCLUSIVE FINANCIAL SYSTEM

> A wide range of financial services relevant to low-income groups

> Comprehensive relevant information available on client's financial services, needs and use

> A broad range of capacity building services available supporting client- centered innovation

> A regulatory environment that enables client-centered financial services innovation

Substantial, sustained use of right quality financial services by low-income groups

MEDIUM-TERM OUTCOME

SYSTEMIC CHANGE

> Regulations and financial services industry associations revise regulations and codes to encourage client-centered innovation

> Non-partner financial service providers (FSPs) adjust their business models - or enter the market - and embed practices that are more client-centered

> Partner FSPs adapt and broaden their service offer to low-income groups

> Partner capacity building and information services providers adapt and broaden their offerings to become more client-centred

> Non partner information service and capacity-building providers adjust their business models - or enter the market to develop services relevant to client centricity

MEDIUM-TERM OUTCOME

CHANGES IN AWARENESS, KNOWLEDGE, ATTITUDE AND CAPACITY IN PARTNERS AND POLICYMAKERS

> Policymakers and financial services industry associations commit to revising regulations and voluntary codes to enable client-centered innovation in financial services

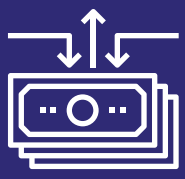
> New/improved, affordable, client-related information services are launched by partners

> Partner capacity building providers launch new/improved services supporting client-centered innovation

> Partner FSPs embed client-centered practices and launch new/improved financial services for low-income groups

> Non-partner organizations appreciate how they benefit from investing in, supporting or enabling client-centered approaches

INTERVENTION OUTPUTS



FLEXIBLE DEPLOYMENT OF:

> Direct financing

> Technical assistance and capacity building

> Awareness-raising, creation and dissemination of knowledge products, facilitation of networking and cooperation

RESULTS CHAIN

While the ToC defines the pathways of interventions to different levels of outcomes, the results chain describes the strategic approaches directed towards achieving a series of results (output, outcome and impact). Contextualized and rooted in the ToC, these approaches are presented in a causal chain that connects elements within the field of influence of the intervention (e.g. activities and outputs) with expected outcomes and higher-level objectives (e.g. impact). An example of a results chain is shown in Box 3.

Some frameworks developed within the AFI network (and through other platforms) can offer a starting discussion among NFIS stakeholders in defining the key components of the ToC. For example, the FinTech for Financial Inclusion: A Framework for Digital Financial Transformation[7] or the Policy Model on Consumer Protection for Digital Financial Services[8] can offer a structure of main policy areas as well as policy enablers that could be fitted into a ToC in a country's context and policy priorities.

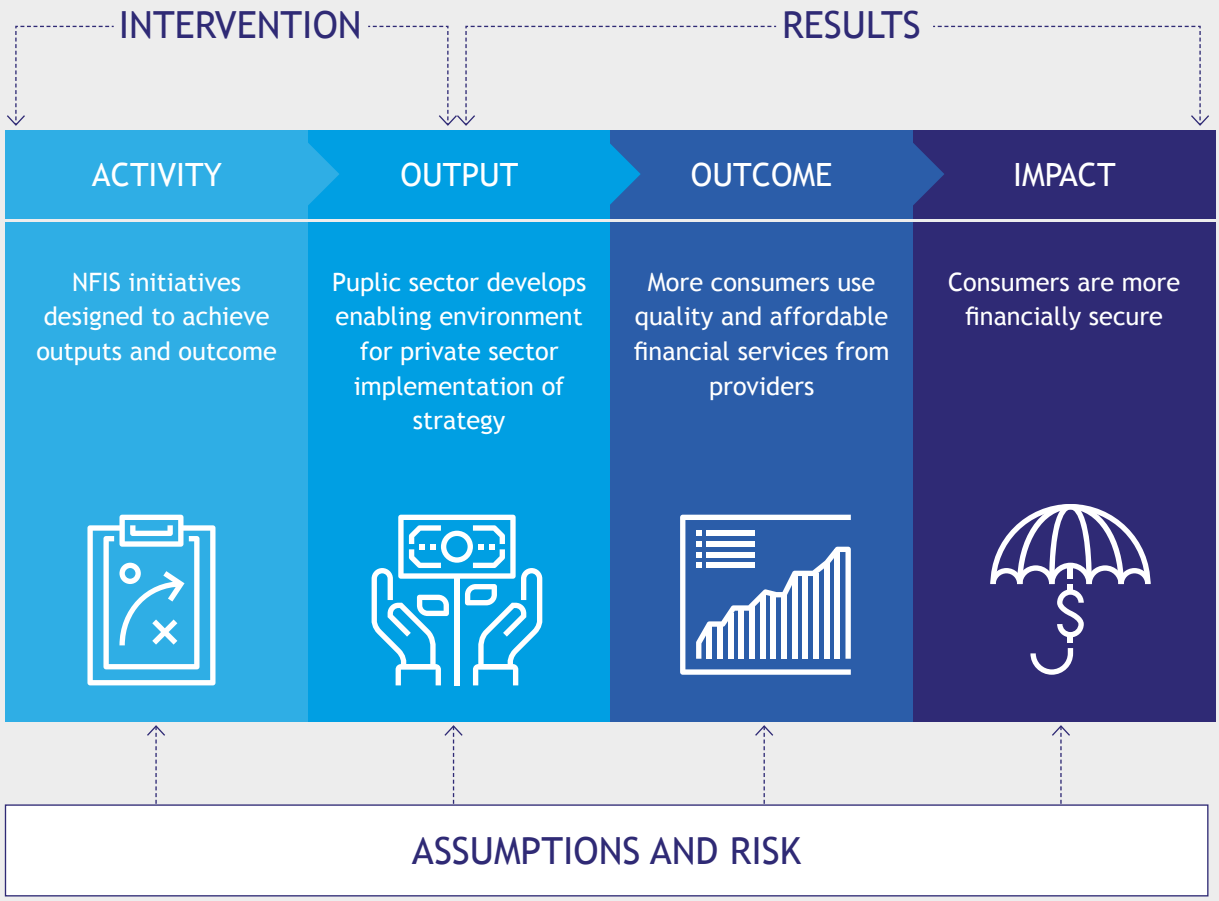
In the context of NFIS, the primary purpose of developing the results chain is to agree on a set of strategies and define the outputs and outcomes that will be included and articulated in the NFIS results framework.

7 AFI. 2018. FinTech for Financial Inclusion: A Framework for Digital Financial Transformation. Available at https://www.afi-global.org/publications/2844/FinTech-for-Financial-Inclusion-A-Framework-for-Digital-Financial-Transformation

8 AFI. 2020. Policy Model on Consumer Protection for Digital Financial Services, 2020. Available at https://www.afi-global.org/publications/3465/Policy-Model-on-Consumer-Protection-for-Digital-Financial-Services

9 Adapted from the ToC of NFIS Uganda. Bank of Uganda. 2017. Available at: https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf)

BOX 3: RESULTS CHAIN OF FINANCIAL INCLUSION: THE CASE OF UGANDA[9]



Source: *Bank of Uganda. 2017. National Financial Inclusion Strategy Plan. Available at https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf*

RESULTS FRAMEWORK

A results framework is a snapshot or approximation of the ToC[11]. Compared to the ToC from where it is rooted, a results framework is narrower in scope and more contextualized. An example would be the typical results framework of an NFIS. Usually presented in the form of a matrix, a results framework provides an explicit articulation of the different levels of results expected from a particular strategy or intervention. The results specified typically comprise the longer-term objectives (often referred to as outcomes or impact) and the intermediate outcomes and outputs that lead to the desired longer-term objectives.

The format and level of detail for results frameworks vary by organization and by the scale of intervention, but the typical components of NFIS results frameworks include a narrative summary of intended interventions and outcomes that is directly related to the ToC and measurement information, such as indicators, baselines, targets, and data sources or means of verification. An example of an NFIS results framework is shown in Table 3 while the definitions of the key components of a results framework are provided in Annex 1.

Having a well-designed results framework in an NFIS is beneficial for M&E in the following ways:

> it provides focus on specific expected outcomes;
> it helps stakeholders understand the ToC that underpins the NFIS;
> it helps establish an evidence-based approach to M&E, and
> it helps NFIS implementers measure progress toward strategic objectives.

DATA SOURCES AND BASELINE & TARGET INDICATORS

Quantitative and qualitative data collected from both primary and secondary sources are the primary component of the indicators defined in the results framework. Primary sources of data (e.g., program monitoring reports, changes in legislation and regulation, rules and guidelines issued, interviews with stakeholders, etc.) will be used to inform output indicators tracking progress of the results of the main activities defined in the NFIS. Secondary data (e.g., national statistics, reports from third-party demand-side surveys, indicators from administrative data reported by financial service providers, etc.) will inform outcome indicators linked to the defined targets in the NFIS. To develop the Results Framework and define appropriate indicators, it is recommended that a financial inclusion data gap analysis be performed at the formulation phase of the NFIS. This will help should identify available data and potential data that can eventually be collected and analyzed to build or inform the financial inclusion indicators.

The indicators consist of, or are based on, observations – empirical data – that reflect the dynamics of a particular phenomenon. A theory of change may help explain why indicators are good proxies that measure the condition accurately, but this also needs to be empirically tested continually. Over time, changes in the indicator must result in or predict the expected changes in the condition. If not, the theory may be wrong and should be adjusted or discarded. As indicators are the basic tool available to develop a measurement framework, some of the expected attributes are that they are easy to measure, simple to interpret, there is the requisite capacity to use them, and that there is awareness and credibility among users.

Once indicators are identified, stakeholders should establish baselines and targets for each level of objective (output, outcome and impact) in the results framework. A baseline can be defined as "the value of a performance indicator before the implementation of projects or activities, while a target is the specific, planned level of result to be achieved within an explicit timeframe".[10] It is often advisable to have a small working group undertake the effort of establishing the baseline during the diagnostic phase as stakeholders may not have all the data at the time. The baseline and target should be aligned with the indicator, using the same unit of measurement. The granularity and segmentation of data to build consistent and precise indicators is critical. Hence, it is important to use data segmentation methodologies to collect sex-disaggregated data[11] to measure baseline indicators and define targets aligned with objectives focusing specific groups.

10 USAID. 2010. Performance Monitoring and Evaluation TIPS Baselines and Targets. 2010. Available at: https://www.ngoconnect.net/sites/default/files/resources/Performance%20Monitoring%20%26%20Evaluation%20TIPS-%20Baselines%20and%20Targets.pdf

11 AFI FIDWG. 2017. Guideline Note 26. Sex-Disaggregated Data Toolkit. Available at: https://www.afi-global.org/publications/2453/Guideline-Note-26-Sex-Disaggregated-Data-Toolkit

TABLE 3: NFIS RESULTS FRAMEWORK: THE CASE OF ZAMBIA

GOAL ALIGNMENT: ZAMBIA'S LONG-TERM NATIONAL VISION: A PROSPEROUS MIDDLE-INCOME NATION BY 2030

RESULTS	INDICATORS	BASELINE	TARGET FOR 2022	DATA
IMPACT (STRATEGIC OBJECTIVE)				
UNIVERSAL ACCESS TO AND USAGE OF A BROAD RANGE OF QUALITY AND AFFORDABLE FINANCIAL PRODUCTS AND SERVICES	% of adults financially included (formal & informal)	59 (2015)	80	FinScope
	% of women financially included (formal & informal)	57 (2015)	80	FinScope
	% of youth financially included (formal & informal)	55 (2015)	80	FinScope
	% rural financially included (formal & informal)	50 (2015)	75	FinScope
	% of adults formally financially included	38 (2015)	70	FinScope
OUTCOMES (DRIVERS)				
1.WIDESPREAD AND ACCESSIBLE DELIVERY CHANNELS	Number of access points per 10,000 adults	7.6 (2015)	10	Bank of Zambia (BoZ)
	% of districts with at least one access point	82 (2015)	100	BoZ
	% of total population living in districts with at least one access point	92 (2015)	100	BoZ
2. DIVERSE, INNOVATIVE AND CUSTOMER-CENTRIC PRODUCTS	% of adults with a transaction account	36 (2014)	70	Findex/ FinScope
	% of adults making or receiving a digital payment	29 (2014)	60	Findex/ FinScope
	% of adults saving at a regulated financial institution	22 (2015)	30	FinsScope
	% of adults with at least one insurance product	2.8 (2015)	10	FinsScope
	% of adults with at least one pension product	4 (2015)	20	FinsScope
	% of adults using an investment product	0.3 (2015)	N/A	FinsScope
3. FINANCE FOR SME AND AGRICULTURE SECTOR GROWTH	% of SMEs with a loan or a line of credit	8 (2013)	20	Enterprise survey
	% SMEs reporting "access to finance" as a major obstacle	27 (2013)	20	Enterprise survey
4. FINANCIAL CONSUMER PROTECTION AND CAPABILITY	% of adults that express trust in the financial sector	68 (2015)	75	Gallup World Poll
	% of adults that check terms and conditions of financial products before purchase	23 (2016)	40	WB Fin Capability Survey
	% of adults who resolve conflicts with financial institutions	25 (2016)	40	WB Fin Capability Survey
	% of adults with high product awareness levels	36 (2016)	50	WB Fin Capability Survey
	% of adults with high financial knowledge levels			

Source: *Bank of Zambia*[12]

12 Bank of Zambia. 2017. National Financial Inclusion Strategy of Zambia. Available at https://www.boz.zm/National-Financial-Inclusion-Strategy-2017-2022.pdf

MONITORING PLAN

A monitoring plan or action plan tracker describes how the progress and results of NFIS interventions based on the identified performance indicators will be measured during the implementation of the NFIS. The monitoring plan is usually defined during the formulation phase of an NFIS, right after the definition of the results framework. The monitoring plan can be viewed as an expanded results framework adding the data sources, segmentation and the methods and frequency of data collection per indicator. The monitoring plan can spearhead or expand the data collection efforts to cover the main gaps identified during the data gap analysis, and some data collection efforts due to their relevance can be included as part of the outputs in the NFIS implementation. The monitoring plan will allow the M&E team to eventually design and build a monitoring coordination system to collect and coordinate the collection and reporting of all relevant data and indicators during the implementation of the NFIS.

EVALUATION PLAN AND EVALUATION DESIGN MATRIX

The evaluation is a complex process to provide policymakers at certain stages of the implementation - usually at mid-term and at the end - strong evidence on the factors that are working well, the ones that are not working well but that can be improved, identify unintended consequences, and opportunities of change for improvement. As described in the Evaluation Chapter, an evaluation plan should include the following:

> **Purpose of evaluation:** why is the evaluation being conducted?

> **Scope of evaluation:** what do we want to know from the evaluation?

> **Evaluation methodology:** what data is to be collected, from where and how?

> **Evaluation responsibility:** who will conduct the evaluation?

The NFIS evaluation scope usually is defined under the OECD/DAC criteria for evaluating development assistance including relevance, coherence, efficiency, effectiveness, impact, and sustainability of the different efforts undertaking under the NFIS.

The methodology of evaluation is defined by the main objectives, the scope and the type of data and methodology to collect that data. Usually, evaluations include the collection of quantitative and qualitative data sourced from monitoring records as well as data obtained directly by the evaluation or review team. Many of the data collection techniques are the same as those used in monitoring which could range from the formal and more structured methods (e.g. surveys) to the less formal and less structured methods (e.g. interviews).

An evaluation design matrix is a tool used by many evaluation practitioners to organize evaluation questions and methodology of data collection used to answer those questions. The matrix should include the different scopes to be used in the evaluation (effectiveness, efficiency, sustainability, impact, etc.), examples of the main evaluation questions, indicator(s) measure, data source(s), and method of collection. The matrix will guide the team of evaluators to conduct and report the results of the evaluation.

The next two chapters provide a more detailed description of the respective monitoring and the evaluation processes. Chapter Five mentions some of the most common challenges identified by different practitioners and offers possible solutions. Monitoring and evaluation are evolving alongside the process of formulation and implementation of NFIS, so it is expected to allow for periodic revisions to this toolkit complementing it with the use of other toolkits and resources available to the financial inclusion practitioners.

3. MONITORING THE NFIS

IMPORTANCE OF MONITORING

Continuous monitoring of NFIS from formulation to implementation is important for several reasons. In the absence of monitoring, it would be difficult to know whether the NFIS interventions are proceeding as planned, what corrective action may be needed to ensure the delivery of the intended results, and whether the various NFIS-related actions or measures are contributing to the achievement of the desired outcomes. If the desired outcomes are not being achieved, monitoring can serve as an early warning system for detecting problems during implementation thereby enabling NFIS managers and implementers to formulate measures to address these problems promptly.

Aside from tracking and reporting progress, monitoring provides the foundation for evaluating NFIS interventions. In fact, a good evaluation is hard to conduct without proper information about actual implementation. If no reliable information about the progress and quality of implementation is available, then any evaluation will run the risk of misinterpreting the reasons for success or failure of the project.

INSTITUTIONAL MECHANISM FOR MONITORING

The establishment of institutional arrangements for monitoring the progress and results of financial inclusion interventions is a critical element of NFIS. The overall NFIS governance structure in most countries often comprises four main entities: an NFIS council or steering committee, an NFIS implementation committee, NFIS working groups or technical committees and an NFIS secretariat. In countries that have formally adopted their NFIS, the responsibility for monitoring the NFIS is often assigned to the NFIS Secretariat.

Usually located within the lead NFIS stakeholder institution (e.g. the central bank), the NFIS secretariat performs administrative support, stakeholder coordination and NFIS monitoring functions. Typically, the monitoring-related functions of the NFIS Secretariat include the following:

- identifying or highlighting data gaps and structuring plans to addressing them in a gradual and progressive mode;
- developing and implementing a monitoring plan and associated reporting templates to monitor implementation progress of NFIS actions (i.e. outputs and outcomes);
- consolidating and analyzing the implementation progress of NFIS actions;
- tracking national financial inclusion indicators through collection and analysis of demand-side survey data and supply-side data;
- implementing and coordinating NFIS-related evaluation activities (e.g. mid-term review)
- preparation of internal and external NFIS progress reports, and
- developing and implementing a communications strategy for the NFIS.[13]

A critical and sometimes delicate function to consider in the monitoring process is the identification and definition of the indicators and the target setting. There might be a debate considering the institutional setup that should be in charge to start the discussion either directly through the secretariat (bottom-up approach) or through the high-level committee (top-down approach). A third possibility is a combination where the secretariat provides the technical intake guided by the high-level committee.

While institutional mechanisms for monitoring may vary across countries, any entity responsible for "NFIS monitoring needs to have clear and concrete terms of reference defining the specific tasks and deliverables of M&E staff", according to the World Bank's Developing and Operationalizing a National Financial Inclusion Strategy Toolkit.[14]

13 World Bank. 2018. Developing and Operationalizing a National Financial Inclusion Strategy Toolkit. Washington, DC. Available at: https://openknowledge.worldbank.org/handle/10986/29953

14 World Bank. 2018. Developing and Operationalizing a National Financial Inclusion Strategy Toolkit. Available at: https://openknowledge.worldbank.org/handle/10986/29953

BOX 4: MONITORING AND EVALUATION EXAMPLE FROM EL SALVADOR

The government of El Salvador introduced Executive Decree No. 28 of 2019 which led to the establishment of the National Council for Financial Inclusion and Financial Education (CNIEF) .

Within the decree, under Article 5 (H), the CNIEF is defined as "mechanisms for sharing information related to financial inclusion and financial education among related public entities, in accordance with the laws that regulate access to information".

CNIEF has validated a National Financial Inclusion Policy or Política Nacional de Inclusión Financiera (PNIF) that incorporates a Monitoring and Evaluation scheme (M&E), and an Action Plan for compliance with the Policy, which includes the following activity: "Define quantitative and qualitative indicators in order to elaborate annual reports that reflect the progress made, integrating information from the implementing institutions". This is stipulated as a measure to "Strengthen inter-institutional coordination for the collection and dissemination of financial inclusion data", which is coordinated by the Reserve Central Bank, and is expected to be carried out in the period 2020 – 2024. The institutionalization of the government body with a clear M&E policy has enabled compulsory monitoring and evaluation for measuring the country's financial inclusion progress.

As a measure of success, it is key to develop guidelines for the collection of information that will be validated by the CNIEF to facilitate inter-institutional coordination and establish deadlines for the fulfilment of the different tasks.

Likewise, due to the experience of Banco Central de Reserva de El Salvador (BCRES) in collecting information on payment systems, it becomes necessary to have a scheme or system that allows providing reliable information, developing controls for its compilation (such as institutional contacts), and establishing mechanisms for its rapid release and announcement to relevant parties.

Source: *Banco Central de Reserva de El Salvador (BCRES), 2020.*

DEVELOPING THE NFIS MONITORING PLAN

Effective monitoring of NFIS requires a plan[15] that will describe how the progress and results of NFIS interventions, based on the identified performance indicators, will be measured as the Strategy is implemented over time. The NFIS monitoring plan should be developed following the establishment of the NFIS results framework during the NFIS formulation phase.

A typical NFIS monitoring plan (Table 4) is an expanded results framework containing the following key elements:

- statements of objectives or results
- indicators per level of objective or results
- baseline and target values per indicator
- data sources per indicator
- methods and frequency of data collection per indicator.

DATA SOURCES

Data for tracking the progress of interventions may be obtained from primary and secondary sources. In general, data for output indicators is collected from primary sources (e.g. program monitoring reports) while data for outcome indicators is obtained from secondary sources (e.g. national government statistics).

In the case of NFIS, data for tracking the progress of key indicators is sourced from primary and secondary sources. Data on access indicators is sourced from primary sources such as financial institutions that generate supply-side data (e.g. central banks), while data on usage indicators is obtained from secondary sources such as organizations that publish results of demand-side surveys (e.g. national statistics agencies, the World Bank, etc.). Data on indicators for measuring the quality dimension of financial inclusion is also obtained from secondary sources (e.g. FinScope of FinMark Trust) although a few NFIS also rely on primary sources such as government-sponsored demand-side surveys.

Several international organizations conduct periodic financial inclusion surveys whose results have been useful in tracking the progress of NFIS in many countries. Annexes 2 and 3 respectively provide widely-recognized sources of demand-side and supply-side data related to financial inclusion.

15 Also referred to as Action Plan Tracker or Indicator Monitoring Plan (e.g. Papua New Guinea) in some NFIS.

TABLE 4: NFIS INDICATOR MONITORING PLAN: THE CASE OF PAPUA NEW GUINEA

IMPACT (VISION): ALL PAPUA NEW GUINEANS ARE FINANCIALLY COMPETENT AND HAVE ACCESS TO A WIDE RANGE OF FINANCIAL SERVICES THAT ADDRESS THEIR NEEDS AND ARE PROVIDED RESPONSIBLY AND SUSTAINABLY.

NO.	INDICATORS	BASELINE 2016	TARGET 2020	DATA SOURCE	REPORTING FREQUENCY	REPORTING BREAKDOWN
1	No. of additional accounts	N/A	2 million (60% active, 50% women, 10% youth)	BPNG, CEFI	Quarterly	Type: savings, loans, payments, life insurance & active/ inactive, male/ female, adult/youth
2	% of adults with a deposit /transaction account	37%	75%	BPNG, CEFI	Quarterly	Deposit accounts, mobile wallets, male/female
3	No. of people utilizing voluntary retirement savings through superannuation funds	TBD	25,000	BPNG, CEFI	Quarterly	Male/female
OUTCOME 1 (STRATEGIC OBJECTIVE 1): TO CONTINUE TO ACTIVELY SUPPORT INNOVATIVE THE USE OF TECHNOLOGY FOR SCALING UP FINANCIAL ACCESS AND PROMOTION OF THE EXPANSION OF DIGITAL FINANCIAL SERVICES IN ORDER TO REACH REMOTE PARTS OF THE COUNTRY						
4	No. of alternative financial access points per 100,000 adults	249	500	BPNG, CEFI	Quarterly	ATMs[17], EFTPOS, Agents
5	No. of alternative financial access points per 100,000 adults outside of National Capital District	159	320	BPNG, CEFI	Quarterly	ATMs, EFTPOS, Agents
6	% of G2P transactions made electronically into an account	New data collection	20% increase	BPNG, CEFI, Treasury, BTCA	Yearly	Deposit accounts, mobile wallets, male/female
7	No. of accounts accessible by a mobile phone	320,282	1 million			Mobile banking accounts, mobile wallet, male/female
OUTCOME 2 (STRATEGIC OBJECTIVE 2): TO EXPAND MICRO-INSURANCE TO REACH 1.5 MILLION PEOPLE						
8	No. of people/ businesses who have an active insurance policy	660,000	1.5 million	BPNG, CEFI	Quarterly	TBD
OUTCOME 3 (STRATEGIC OBJECTIVE 3): TO BUILD ON GAINS IN FINANCIAL EDUCATION AND EXTEND IT TO EDUCATIONAL INSTITUTIONS SUCH AS TECHNICAL COLLEGES, SECONDARY AND PRIMARY SCHOOLS.						
9	No. of people trained	124,240	500,000	CEFI	Quarterly	Male/female
10	No. of educational institutions adding financial education modules	0	10	CEFI	Quarterly	TBD

Source: *Bank of Papua New Guinea*[17]

16 For easy reference: ATM stands for automated teller machine, BNPG – Bank of Papua New Guinea; CEFI – Center for Excellence in Financial Inclusion; TBD – to be determined; G2P – Government to person; BTCA – Better than Cash Alliance; EFTPOS – electronic fund transfer point of sale

17 Bank of Papua New Guinea. 2017. National Financial Inclusion Strategy of Papua New Guinea 2016-2020. Available at: http://www.pfip.org/wp-content/uploads/2017/01/2-PNG-NATIONAL-FINANCIAL-INCLUSION-STRATEGY-2016-2020-final.pdf

Over the years, data sources for key indicators of financial inclusion have become richer and more complex. As policymakers and regulators identify more specific target groups to focus, there is an increasing need to collect more granular data to be able to segment the data accordingly. For example, sex-disaggregated data has revealed important differences and nuances between financial inclusion between women and men, allowing policymakers to define specific policies and therefore prioritize the objective of addressing the financial inclusion gap. These indeed has led policymakers to curtail specific barriers to collect more granular data. Therefore, in this regard, it is important to identify the strengths and limitations of the different data sources, especially in the context of different data sources for similar indicators. Table 5 enumerates the suggested criteria for choosing appropriate data sources.

METHODS AND FREQUENCY OF DATA COLLECTION

Monitoring of NFIS indicators often makes use of a range of methods for collecting and aggregating data. There is no single answer as to which method is best as this will depend on availability of resources, access to the sources of data, time constraints and needs of information users. Formal and more structured methods of data collection, such as surveys, are perceived to be more accurate and reliable, but are also more costly and time consuming. For data that is frequently and routinely needed to inform decision-making, it is often preferable to adopt less formal and less costly data collection strategies.

While data collection methods are not specified in most NFIS monitoring plans, it is implied that data on progress of each indicator is collected and shared with the NFIS Secretariat by the lead institution or primary entity identified in the monitoring plan as the data source. In most cases, consistency in data collection and aggregation is ensured through the use of reporting templates designed to capture progress of NFIS indicators at designated intervals (e.g. quarterly or annually). In most NFIS monitoring plans, the frequency of data collection and sharing is quarterly and annually.

Where Internet access is available, and when proper data transmission protocols are in place, web-based data sharing allows for faster data collection and reporting, which can contribute to timely decision-making.

INDICATORS, BASELINES AND TARGETS

Once the intended results in the NFIS results framework have been established, each level of result (output, outcome and impact) need to have a set of measurable indicators agreed upon by NFIS stakeholders. Indicators are quantitative or qualitative variables that measure achievement or progress toward the relevant objectives or outcomes of the NFIS. Apart from defining success, indicators can add clarity and dimension to results statements, which are often broadly defined, particularly at higher levels. By pairing the results statements with indicators, they become more precise, specific and measurable.

Among other benefits, indicators can help to:

> inform decision making
> indicate progress and achievements
> clarify consistency between activities and results
> assess the effectiveness of the intervention.

Most NFIS results frameworks define indicators at a higher level of results, namely, outcome and impact. However, it is considered a good M&E practice to identify indicators at the level of outputs (otherwise referred to as strategic measures or actions in most NFIS), as these help determine if the planned actions or measures are effective in achieving the desired outcomes.

DEFINING INDICATORS

In defining NFIS indicators, the following best practices are helpful:

Involve key stakeholders

Choosing indicators without the proper involvement of relevant NFIS stakeholders can lead to a lack of ownership on their part. It is always advisable to collaborate with partners and stakeholders to arrive at a mutually-agreed to set of indicators for the different levels of results defined by the NFIS results framework.

Use existing indicators

To reduce the time and costs required to collect data, M&E practitioners recommend the use of existing indicators. This includes indicators for which data is already collected by government agencies, academic institutions, donor organizations, and other sources.

Choose the right number of indicators

Choosing too many indicators will unnecessarily complicate the monitoring system and increase the burden for data collection, analysis and reporting. M&E experts recommend two to five indicators for each objective. There is no correct number of indicators to

TABLE 5: SUGGESTED CHECKLIST OF CRITERIA FOR DATA SOURCES[21]

CRITERIA	DEFINITION
PRACTICABILITY	The data source exists and is accessible. Access is affordable; the cost of access is proportionate to the expected value.
RELIABILITY	> Trustworthy - data is sufficient, representative, and free from unintentional bias or deliberate manipulation. > Consistent - data in the same categories can be collected every time it is needed.
PRECISION	The data sets are sufficiently granular (e.g. data are collected by target groups and locations of interest.
TIMELINESS	Data is available when needed and is sufficiently up to date.
ETHICS	Data is collected ethically and sustainably, ensuring that human or institutional sources will be prepared to provide data in the future.

BOX 5: RESULTS CHAIN OF FINANCIAL INCLUSION: THE CASE OF UGANDA[10]

Banco Central de Reserva de El Salvador (BCRES): Data Infrastructure

The El Salvador NFIS has given the BCRES the faculty to lead the monitoring and evaluation process. The NFIS M&E scheme establishes a "Data Infrastructure" section, in relation to having quantitative and qualitative information on financial services, both from the perspective of supply and demand.

The main sources identified to draw up the baseline are the World Bank's Global Findex and the IMF's Financial Access Survey, as well as national sources of information such as databases from BCRES and the Superintendent of the Financial System (SSF). Furthermore, there are other sources of national information, which provide data related to the demand for financial services and financial capabilities. However, constraints in the collection of this additional data, including timeliness and regularity, currently limits its use.

As part of a data gap analysis, BCRES acknowledges that there is a need to improve the information available regarding access and usage of financial services by SMEs, digital financial products and services, access points, information on the cooperative sector (particularly non-regulated ones), and information on the quality of financial products.

Different factors can limit the use of existing information such as the frequency and schedule of its collection, its attributes (incomplete information, which does not cover aspects of access, use and quality), and replicability of the information collection exercises, among others.

THE FOLLOWING TABLE PRESENTS SOME FORTHCOMING ACTIONS TO BE IMPLEMENTED IN RELATION TO THE DATA INFRASTRUCTURE:

GENERAL OBJECTIVE	ACTIONS
Improve the scope and quality of the financial inclusion data infrastructure	> Give continuity to the national demand-side surveys > Collect data on priority segments > Collect data on payments and connectivity useful for the expansion of digital financial services > Collect data on financial capabilities
Strengthen inter-institutional coordination for the collection and dissemination of financial inclusion data	Quantitative and qualitative data on financial inclusion and dissemination plan.
Expand the information available on the Fintech market	FinTech data

Source: *Banco Central de Reserva de El Salvador (BCRES).*

assign per level of result or outcome but it is helpful to ask the following questions:

> Is this indicator necessary to measure whether progress toward the strategic objective is being achieved?

> Will it create additional burden on the entity or staff assigned to collect data on this indicator?

> How will this indicator help with monitoring and subsequent evaluation?

Balance

Use a variety of sources of data for triangulation, including both supply- and demand-side data. It is also important to use both quantitative and qualitative indicators to address all dimensions of an intervention

Identify SMART indicators

Although there are no absolute principles about what makes a good indicator, the following commonly cited SMART attributes[18] of an indicator can be useful:

> **Specific:** Is the indicator clear on precisely what is being measured and is it easily understood by stakeholders?

> **Measurable:** Does the indicator provide data that is objectively verifiable and amenable to independent validation?

> **Attainable:** Are the indicator and its measurement units achievable and sensitive to change during the life of the intervention?

> **Relevant:** Does the indicator reflect information that is useful for management and decision making?

> **Time-bound:** Does the indicator track progress at the desired frequency within a set period?

USING CORE INDICATORS

To provide a common understanding of financial inclusion and address the need for a basic set of financial inclusion data that is consistent across countries, the AFI Financial Inclusion Data Working Group (FIDWG) has formulated the Core Set of Financial Inclusion Indicators. The AFI Core Set was conceived as a tool for guiding quantitative data collection and measurement that is intended to ultimately help policymakers develop appropriate financial inclusion policies whose progress can be monitored over time. While the Core Set may be used to benchmark a country's status with its peers, its primary intention is not to set standards or rankings.[19]

The AFI Core Set includes five core indicators, three under the access dimension and two under the usage dimension (Table 6). Access indicators were conceived to be collected from the supply-side (e.g. financial institutions), while usage indicators were intended to be collected from demand-side survey data. Given the initial difficulties in collecting demand-side data in some countries, the AFI Core Set allowed for flexibility in estimating usage with alternative proxy indicators (Table 7).

18 World Bank. 2012. Designing a Results Framework for Achieving Results: A How-to-Guide. Washington, DC. Available at: https://openknowledge.worldbank.org/handle/10986/32158

19 AFI FID WG. 2011. Measuring Financial Inclusion: Core Set of Financial Inclusion. Available at: https://www.afi-global.org/publications/264/Measuring-Financial-Inclusion-Core-Set-of-Financial-Inclusion-Indicators

20 AFI Policy Model: AFI Core Set of Financial Inclusion Indicators. Available at: https://www.afi-global.org/publications/3178/The-AFI-Core-Set-Policy-Model

TABLE 6: AFI CORE SET: ACCESS AND USAGE INDICATORS

INDICATOR	FORMULA	EVALUATION
ACCESS	1.1 No. of access points per 10,000 adults	(Total no. of access points / Total no. of adults) x 100
	1.2 % of administrative units with at least one access point	(No. of administrative units with at least 1 access point / Total no. of administrative units) x 100
	1.3 % of the total population living in administrative units with at least one access point	Total no. of adults in administrative units with at least 1 access point / Total no. of adults) x 100
USAGE	2.1 % of adults with at least one type of regulated account	Total no. of adults with at least 1 regulated deposit account / Total no. of adults) x 100
	2.2 Percent of adults with at least one type of regulated credit account	Total no. of adults with at least 1 regulated credit account / Total no. of adults) x 100

Source: *AFI*[20]

As the policies define more precisely the target groups to be impacted, it is necessary to also define indicators with the required segmentation to be used as baselines and targets. For example, in Fiji, the Reserve Bank of Fiji (RBF) – as one of the leading institutions in their second National Financial Inclusion Strategic Plan (2016 – 2020) – defined specific policy targets related to improve the financial inclusion data measurement including SME Base Set Indicators and enhancing data measurement and analysis by collecting disaggregated data on gender, age, and ethnicity. Later, upon the revision of their strategy, the RBF decided that the segmentation needed included only gender, age and context regarding the rural / urban factors[24]. The definition and estimate of indicators, with the appropriate segmentation, eventually allow policymakers to identify more specific targets and track progress more effectively.

21 Ibid.

22 Bank of Uganda. 2017. National Financial Inclusion Strategy 2017-2022. Available at: https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf

23 For easy reference, BoU stands for Bank of Uganda; UMRA for Uganda Microfinance Regulatory Authority, and TBD for "to be determined".

24 National Financial Inclusion Taskforce and Reserve Bank of Fiji. 2016. National Financial Inclusion Strategic Plan 2016-2020. Available at: http://www.nfitfiji.com/research-reports/national-financial-inclusion-strategic-plan-2016-2020/

TABLE 7: PROXY INDICATORS FOR USAGE DIMENSION OF AFI CORE SET

DIMENSION	PROXY INDICATOR	FORMULA
USAGE	2.1x No. of deposit accounts per 10,000 adults	(Total no. of regulated deposit accounts / Total no. of adults) x 10,000
	2.2x No. of loan accounts per 10,000 adults	(Total no. of regulated outstanding credit accounts) / Total no. of adults) x 10,000

Source: *AFI[21] Policy Model: AFI Core Set of Financial Inclusion Indicators. Available at: https://www.afi-global.org/publications/3178/The-AFI-Core-Set-Policy-Model*

TABLE 8: USE OF CORE FINANCIAL INCLUSION INDICATORS: THE CASE OF UGANDA[22]

DIMENSION	KEY PERFORMANCE INDICATORS	BASELINE	TARGET 2022	DATA SOURCE
ACCESS	Mobile financial services agent outlets per 100,000 adults	540	590	UCC
	Branches of regulated deposit-takers per 100,000 accounts	2.98	5.85	BoU[23] & UMRA
	Number of access points (total number of branches, ATMs and agents) per 10,000 adults	TBD	TBD	BoU & UMRA
	Number of access points per 10,000 adults at the national level, and segmented by type and administrative units	TBD	TBD	BoU & UMRA
	% of administrative units with a formal access point	TBD	100%	BoU & UMRA
	% of the total population living in administrative units with at least one access point	TBD	100%	BoU & UMRA
	% of the population living within 5km of financial service provided	71%	90%	Financial service provider maps
USAGE	Deposit accounts at formal financial institutions per 1,000 adults	230	1,315	BoU & UMRA
	Loan accounts at formal financial institutions per 1,000 adults	37	231	BoU & UMRA
	% of adults with at least one type of regulated deposit account	TBD	TBD	FinScope
	% of adults with at least one type of regulated credit account	TBD	TBD	FinScope
	% of adults with at least one pension product	TBD	TBD	FinScope
	% of adults using an investment product	TBD	TBD	FinScope
	% of SMEs with a loan or line of credit	17%	TBD	Enterprise Survey, World Bank
QUALITY	% of financial service users that are satisfied with their provider	TBD	TBD	FinScope

ESTABLISHING BASELINES AND TARGETS

Once indicators are identified, stakeholders should establish baselines and targets for each level of objective (output, outcome and impact) in the results framework. It is often advisable to have a small working group undertake the effort of establishing the baseline during the diagnostic phase as stakeholders may not have all the data at the time. The baseline and target should be aligned with the indicator, using the same unit of measurement.

Baseline data provides important parameters for determining whether or not change has occurred over time. Without baseline data, it is very difficult to monitor and evaluate an intervention. With baseline data, progress can be measured against the situation before an intervention. Ideally, the baseline should be gathered and agreed upon by stakeholders while the NFIS is being formulated. However, for some indicators, baseline data may not have been established or do not exist. In this case, a new indicator may be created or stakeholders can agree to determine the baseline as the strategy is being implemented.

Just like baselines, targets should be established during the formulation of the NFIS. A target is a specification of the quantity and/or quality to be realized for a key indicator by a given date. Starting from the baseline level for an indicator, the desired improvement is defined by taking into account the activities planned in order to arrive at a performance target for that indicator.

Most NFIS targets are set for the end of the strategy period but it is also helpful to define annual or mid-term targets or milestones. Targets should be reviewed periodically and revised flexibly as necessary to take into account changes in resource availability or other factors beyond the control of NFIS stakeholders. Targets should only be able to be revised only in case of external uncontrollable factors ("acts of God" e.g. pandemics) which would have a drastic impact on the achievement of these goals. What should be reviewed periodically (e.g. every six months) is the action plan progress. If the feedback loop shows that the targets will not be achieved at the given rate, then other corrective measures need to be taken to amend the course of action. If these proper measures are taken, and they still do not result in a corrected course by the middle of the NFIS, then there may be a case made to allow for revised targets to some extent.

In setting targets for an NFIS, the FISPLG has observed two dominant approaches, which are set out below.

- Adjusting the current financial inclusion level of the relevant variable to reflect the expected goal of the strategy. This may include savings accounts, credit accounts or mobile money accounts.
- Using a benchmark-based approach that involves at least three key steps, namely:
  1. Selecting a group of benchmark countries;
  2. Using the current levels of financial inclusion of these countries as a baseline, and
  3. Making adjustments to these baselines to reflect the expected goals of the strategy.[25]

REPORTING FINDINGS FROM MONITORING

Reporting NFIS monitoring findings is a key element of the NFIS implementation process. To ensure broad-based support and buy-in for the NFIS, stakeholders and the public need to be informed that the NFIS and the actions linked to it are being implemented and progress towards financial inclusion targets is being achieved. Communicating NFIS progress also ensures that stakeholders and partners are able to appreciate NFIS successes and challenges over time.

A number of countries have developed mechanisms for reporting NFIS progress internally and externally using various channels. Internal reporting is done through quarterly and annual progress reports while external reporting takes the form of formal annual or semi-annual reports, dashboards, newsletters, press releases and other publications. Annual reports and regular dashboards are communication tools increasingly used by different NFIS Steering Committees as a component of their communication strategies. An effective approach to NFIS progress reporting is the *use of a dashboard and statistical reports linked to a public website* highlighting achievements of key performance indicators particularly on the access and usage dimensions of financial inclusion (Box 6).

Furthermore, formal annual reports on financial inclusion have allowed NFIS national steering committees and NFIS Secretariats to share the progress made by the NFIS implementation targeting as the main audience the general public and key stakeholders and decision-makers in the implementation of the strategy. The Bank of Russia, the Comisión Nacional Bancaria y de Valores (CNBV) in Mexico, the Banco Central de la República Argentina (BCRA) issue on a regular basis – mostly annually – publications reporting progress

25 AFI FISPLG. 2016. Guideline Note No. 20: National Financial Inclusion Strategies - A Toolkit. Available at: https://www.afi-global.org/publications/2345/Guideline-Note-20-National-Financial-Inclusion-Strategies-Toolkit

TABLE 9: FINANCIAL INCLUSION INDICATORS, BASELINES & TARGETS: THE CASE OF UGANDA

DIMENSION	KEY PERFORMANCE INDICATORS	BASELINE	TARGET 2022	DATA SOURCE
ACCESS	Grow usage of formal financial institutions	54%	80%	FinScope
	Reduce financial exclusion	15%	5%	FinScope
	Access points per 100,000 adults	548	615	IMF[26] Access Survey
	Increase coverage of adults in the credit bureaus	6%	40%	Doing Business Survey
	Grow active individuals with stored value accounts (e.g. mobile financial services	31%	60%	FinScope/FI Insights Survey
USAGE	Increase formal savings among adults through greater transparency, competition and use of technology	25%	50%	FinScope
	Increase % of adults with emergency savings	41%	60%	FinScope/FI Insights Survey
	% of adults using at least one insurance product	2%	7%	FinScope
QUALITY	% of women who feel they understand services available to them	TBD	TBD	FinScope

Source: *Bank of Uganda*[27]

TABLE 10: SETTING NFIS TARGETS: THE CASE OF NIGERIA[28]

VARIABLE PRODUCT	2016 LEVEL	2020 TARGET	BASIS USED FOR TARGET SETTING
PAYMENTS	38%	70%	Based on the need to create a conducive environment for DFS[29]
SAVINGS	36%	60%	Based on the improvement of best in class - Kenya at 48%
CREDIT	3%	40%	Based on the improvement of best in class - South Africa at 36%

26 For easy reference, IMF stands for International Monetary Fund; FI for financial institution, and TBD for "to be determined".

27 Bank of Uganda. 2017. National Financial Inclusion Strategy of Uganda. Available at https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf

28 Central Bank of Nigeria. Revised 2018. National Financial Inclusion Strategy. Available at: https://www.cbn.gov.ng/out/2019/ccd/national financial inclusion strategy.pdf

29 DFS stands for "digital financial services".

achieved regarding the different financial sectors involved in the NFIS, including indicators and statistical data. The data is from the supply-side and, if available, from the demand-side. The three central banks also report progress of policy implementation and changes in regulations and infrastructure. The Financial inclusion Reports are a practical resource of communication and alignment of expectations and objectives during the implementation of a national strategy.

A collaborative approach and leadership and coordination from the M&E team is recommended to give voice to the different sectors and stakeholders involved. The communication strategy can also bring to attention important policy processes such as the approval of key laws and regulations, and the alignment of incentives among different stakeholders. These reports can also be a useful reference resource during the evaluation process, providing an adequate context and update on different policy implementations to the teams involved in mid-term or end-evaluations.

Additional means of communication of the NFIS monitoring and evaluation include national and regional high-level forums organized by the leading institutions steering the NFIS, sometimes on a regular basis, as in the case of Brazil with their Annual National Financial Citizenship Forum, or after performing a mid-term or end-evaluation of the NFIS to showcase the progress achieved in the NFIS. Examples include Brazil, Burundi, Philippines, Nigeria, Mexico, and Tanzania. These countries and others invite high-level figures to describe the progress made in terms of changes in policies and regulations, and the next steps to be followed by the NFIS.

BOX 5: MEMBER EXAMPLE FOR MONITORING AND EVALUATION

Banco Sentral Ng Pilipinas: Choosing Indicators & Reporting Results Transparently

The importance of data and measurement is made clear in the Philippine NFIS as it is the underpinning foundation of the other pillars of the strategy namely policy and regulation, financial education and consumer protection, and advocacy. This commitment to a data-driven approach is aimed at ensuring financial inclusion initiatives are identified and prioritized for impact.

The Financial Inclusion Dashboard of the Bangko Sentral ng Pilipinas (BSP) serves as the most comprehensive publicly available reference on key financial inclusion indicators in the country. It provides quarterly updates on the status of financial inclusion in terms of access to and usage of financial products and services and select global and sectoral indicators using data that mostly comes from supply-side sources. Maintenance of the dashboard is undertaken by the BSP Center for Learning and Inclusion Advocacy (CLIA), which also serves as Secretariat to the Financial Inclusion Steering Committee.

As the dashboard contains data from other government agencies and non-government organizations, data sharing arrangements are institutionalized to address coordination challenges and ensure timely and seamless publication of the dashboard. Continuous research and scanning are also crucial to uphold the breadth and relevance of information contained in the dashboard. The quarterly updating of the dashboard is enroled in the CLIA's Quality Management System (QMS) to ensure adherence to standard procedures and quality manual.

The dashboard and other relevant financial inclusion reports currently serve as the BSP's foundation in developing evidence-based policies and programs, communicating progress, rallying stakeholder support, and promoting awareness on financial inclusion. Nonetheless, even with an established data framework, the BSP continuously identifies and addresses data gaps and introduces data enhancements to deepen its measurement initiatives for financial inclusion.

Source: *Bangko Sentral ng Pilipinas*[30]

30 Bangko Sentral ng Pilipinas. 2019. Dashboard Report on Financial Inclusion. Available at https://www.bsp.gov.ph/Media_And_Research/Financial Inclusion Dashboard/2019/FIDashboard_3Q2019.pdf

BOX 6: EXCERPT FROM THE PHILIPPINES DASHBOARD REPORT ON FINANCIAL INCLUSION

Financial Inclusion in the Philippines

Dashboard

As of First Quarter 2020

Access

Banks and Automated Teller Machines (ATMs)*

	2019 Q1	2020 Q1	Growth
Banks (head office, branches, and other offices)	12,378	12,855	3.9%
Universal & Commercial Banks	6,611	6,941	5.0%
Thrift Banks	2,666	2,656	-0.4%
Rural & Cooperative Banks	3,101	3,258	5.1%
ATMs	21,679	22,329	3.0%
On-site ATMs	11,921	12,089	1.4%
Off-site ATMs	9,758	10,240	4.9%

*Nationwide count only (i.e., excludes offices/ATMs of Philippine banks abroad)

Branch-lite

	2019 Q1	2020 Q1	Growth
Number of operating branch-lite units	1,892	2,272	20.1%
Number of cities and municipalities with branch-lite	796	875	9.9%
Number of cities and municipalities without head office/branch but with branch-lite	169	197	16.6%

"Branch-lite" gives banks the flexibility to determine the appropriate size and model of a banking office for a specific area or locality based on market needs (BSP Circular No. 982).

Other Financial Service Providers (FSPs)

	2019 Q1	2020 Q1	Growth
NSSLAs	200	200	0.0%
Pawnshops	12,879	14,162	10.0%
Money Service Businesses (MSBs)	5,613	6,943	23.7%
Other NBFIs [1]	226	225	-0.4%
Cash agents [2] (2019)	17,057		---
	2019	2020	Growth
E-Money Agents [3]	43,740	54,729	25.1%
	2018	2019	Growth
Point of Sale (POS) Terminals [4]	103,852	79,693	-23.3%
Credit Cooperatives [4]	3,881	2,711	-30.1%
Microfinance NGOs [5]	2,820	3,887	37.8%
Financing and Lending Companies [6]	3,861		---

Insurance Providers [7]

	Insurers	Microinsurance Providers
Mutual Benefit Associations	34	23
Life Insurance Companies	31	11
Non-Life Insurance Companies	64	12
Total	129	46

Total Financial Service Access Points

	2019 Q1	2020 Q1	Growth
Total number of access points	88,252	108,214	22.6%
Number of access points per 10,000 adults	11.7	14.1	20.7%

Digital onboarding (e-KYC)

	2020 Q3
Number of banks with digital onboarding capability	27

Overall Access Situation

	2019 Q1		2020 Q1	
	Number of cities and municipalities	% to Total	Number of cities and municipalities	% to Total
1. With banking presence	1,101	67.4%	1,125	68.8%
2. Without banking presence	533	32.6%	509	31.2%
2.1 Without banking presence but with other access points	465	28.5%	434	26.6%
2.2 Without any access point	68	4.2%	75	4.6%
With at least one access point (1 + 2.1) [8]	1,566	95.8%	1,559	95.4%

Usage

Deposits and Loans in the Banking System

	2019 Q1	2020 Q1	Growth
Number of deposit accounts (in millions)	65.2	75.8	16.2%
Number of depositors (in millions)	60.7	69.5	14.6%
Amount of deposits (in trillion pesos)	12.7	13.9	9.6%
Amount of loans (in trillion pesos)	9.0	10.2	12.8%

Microfinance in the Banking System

		2019 Q1	2020 Q1	Growth
Microfinance	Banks	159	149	-6.3%
	Borrowers	1,982,860	2,132,599	7.6%
	Amount (in million pesos)	22,550.8	26,494.2	17.5%
Microenterprise Loans	Banks	146	138	-5.5%
	Borrowers	1,687,607	1,848,242	9.5%
	Amount (in million pesos)	18,720.9	22,310.7	19.2%
Microfinance Plus	Banks	38	34	-10.5%
	Borrowers	9,790	9,126	-6.8%
	Amount (in million pesos)	1,027.6	979.5	-4.7%
Micro-Agri Loans	Banks	24	20	-16.7%
	Borrowers	93,449	83,992	-10.1%
	Amount (in million pesos)	1,043.8	1,205.5	15.5%
Housing Microfinance Loans	Banks	15	13	-13.3%
	Borrowers	117,418	118,625	1.0%
	Amount (in million pesos)	1,378.2	1,662.1	20.6%

Microfinance Outside the Banking System

	2018	2019	Growth
Cooperatives [4]			
Number of member-depositors (in millions)	9.4	9.2	-2.1%
Deposit liabilities (in billion pesos)	138	149.5	8.3%
Outstanding loans (in billion pesos)	276	307.7	11.5%
Microfinance NGOs [5] [a]			
Number of clients (in millions)	4.2	5.2	22.9%
Outstanding loans (in billion pesos)	30.9	41.9	35.3%

Credit Information System

	2019	Nov-20	Growth
Number of submitting entities with actual basic credit data	474	538	13.5%
Number of unique individuals with financial credit data (in millions)	9.0	22.8	152.7%
Total contracts (in millions)	56.5	83.4	47.7%

Insurance/Microinsurance [7]

	2019 Q1	2020 Q1	Change
Insurance Penetration (premium volume as a share of GDP)	1.68%	1.76%	0.08

Number of Policyowners, including dependents (in millions)	Insurers	Microinsurance Providers	% Share of Microinsurance
Mutual Benefit Associations	26.8	25.6	95.3%
Life Insurance Companies	42.4	11.0	26.0%
Non-Life Insurance Companies	17.2	8.5	49.3%
Total	86.4	45.0	52.1%

Amount of Premiums (in million pesos)	Insurers	Microinsurance Providers	% Share of Microinsurance
Mutual Benefit Associations	11,902	5,246	44.1%
Life Insurance Companies	233,916	2,638	1.1%
Non-Life Insurance Companies	58,821	1,225	2.1%
Total	304,639	9,109	3.0%

Investment [9]

	2019	2020	Change
Number of Personal Equity & Retirement Account (PERA) Administrators	2	3	50.0%
Number of PERA products/UITFs*	16	16	0.0%
Number of PERA contributors	1,388	2,671	92.4%

Additional 1 PERA UITF is under review, for approval in 2021

[9] Source: BSP PERA Technical Working Group; Treasury & Asset Management Supervision Department (TAMSD)

SES FinInc Form No. 01-001* Version 0* Updated 29 Jun 2017

Other financial inclusion data

Indicators from Demand-side Surveys

FORMAL ACCOUNT BSP Financial Inclusion Survey (Respondents: Adults - Individuals aged 15+)	2017	2019	Change
Percentage of adults with formal account	22.6%	28.6%	6.0
By type of account			
Bank account	11.5%	12.2%	0.7
E-money account	1.3%	8.0%	6.7
Microfinance institution account	8.1%	12.1%	4.0
Cooperative account	2.9%	1.7%	-1.2
Non-stock savings and loan association account	0.3%	0.1%	-0.2
By individual characteristics			
Male	15.4%	24.2%	8.8
Female	29.1%	32.9%	3.8
Young adults (15-24)	8.3%	13.1%	4.8
Older adults (25+)	28.1%	34.9%	6.8
ABC	51.1%	42.9%	-8.2
D	24.4%	27.6%	3.2
E	13.9%	27.0%	13.1
Rural	20.3%	29.8%	9.5
Urban	25.0%	27.3%	2.3
Working adults	28.1%	39.0%	10.9
Business owners	---	42.9%	
Pantawid Pamilya participants	---	47.5%	
Percentage of accountholders who use their account for payments	18%	39%	21.0

BSP Consumer Finance Survey (Respondents: Households)	2009	2014	Change
Percentage of households with deposit account	21.5%	14.0%	-7.5

World Bank Findex (Respondents: Adults - Individuals aged 15+)	2014	2017	Change
Formal account	31.3%	34.5%	3.2
Financial institution account	28.1%	31.8%	3.7
Mobile money account	4.2%	4.5%	0.3

4. EVALUATING THE NFIS

IMPORTANCE OF NFIS EVALUATION

Evaluation is an integral part of the NFIS life cycle. Evaluation complements monitoring by providing policymakers with strong evidence on what is working well and what is not in terms of advancing the objectives of a financial inclusion strategy. It also allows stakeholders to understand how a specific NFIS action contributes to broader national financial inclusion goals.

In the context of NFIS, evaluation can help:

> **Explain** why intended results were or were not being achieved;

> **Explore** why there may have been unintended results or consequences;

> **Assess** how and why results were affected by specific activities;

> **Shed light on** implementation processes, failures or successes that occur at any level, and

> **Provide** lessons and specific recommendations for improvement.

TYPES OF NFIS EVALUATION

In general, there are two main types of evaluations highlighted in the NFIS of some countries (see example in Table 11): mid-term evaluation and end-term evaluation.

Mid-term evaluation aims to assess progress towards meeting objectives and outcomes set forth in the NFIS. Conducted about halfway through the NFIS implementation, mid-term evaluation seeks to identify significant discrepancies between planned results and actual achievements, examine areas of improvement and provide early lessons that emerge from the implementation of NFIS initiatives or actions. This type of evaluation is also referred to as formative or process evaluation.

End-term evaluation, as its name implies, is conducted at the end of the strategy period. Otherwise called summative or outcome evaluation, this type of evaluation aims to assess in a comprehensive manner the actual NFIS performance against indicators defined at the output and outcome level, and to examine whether these outputs and outcomes were achieved as a result of NFIS initiatives or actions. Given its strong emphasis on results, end-term evaluations are helpful in making decisions regarding continuing, replicating, scaling up or terminating a particular NFIS measure or policy.

Another form of summative evaluation related to NFIS measurement that may be conducted for completed NFIS is ex-post evaluation. Undertaken at least two years after end of the strategy period, ex-post evaluation aims to identify the factors of success or failure, assess the sustainability of results and impacts, and draw lessons that may inform formulation and implementation of future NFIS interventions.

TABLE 11: EXAMPLES OF NFIS EVALUATION INITIATIVES

DIMENSION	ZAMBIA	JAMAICA
TYPE OF EVALUATION	Mid-term, end-term	Type and scope to be determined based on resource availability
PURPOSE OF EVALUATION	To assess the efficiency, impact and degree to which NFIS actions contribute to national level objectives	To determine efficiency, effectiveness and impact of NFIS actions
EVALUATION RESPONSIBILITY	Independent (third party) evaluators	Not specified
ROLE OF NFIS SECRETARIAT	Coordinate, oversee and mobilize resources for evaluation	Oversee and manage resources for evaluation

Source: *NFIS of Jamaica; NFIS of Zambia*

PLANNING FOR NFIS EVALUATION

A number of NFIS highlight the need to evaluate the effectiveness of NFIS actions and the extent to which they contribute to national level financial inclusion objectives and targets. The key to a successful evaluation of NFIS is planning. Regardless of the type and scope of evaluation, any initiative to evaluate the NFIS should be guided by an evaluation plan.

A typical NFIS evaluation plan will have the following key elements:

> **Purpose of evaluation:** why is the evaluation being conducted?

> **Scope of evaluation:** what do we want to know from the evaluation?

> **Evaluation methodology**: what data are to be collected, from where and how?

> **Evaluation responsibility:** who will conduct the evaluation?

CLARIFYING THE PURPOSE OF THE EVALUATION

The purpose of any NFIS evaluation should be clear. Without a clear purpose, an evaluation runs the risk of ending up in a futile exercise lacking in credibility and usefulness. The statements of purpose should be able to clarify the points below.

> Why is the evaluation being conducted at that particular point in time?

> Who will make use of the evaluation findings?

> How the information will be used?

DEFINING THE SCOPE OF THE EVALUATION

The scope of evaluation sets the boundaries that the evaluation will cover in order to meet the evaluation purpose. Given the resource limitations, the scope defines the sphere of evaluation in the context of the NFIS results framework and drives the selection of evaluation questions.

Considering its development orientation, the NFIS needs to be assessed against the OECD/DAC evaluation criteria[35], namely: relevance, coherence, efficiency, effectiveness, impact and sustainability. Evaluators often use these criteria to define the scope of evaluation and to frame the core evaluation questions (see Table 12). Generic questions applicable to NFIS evaluations are shown in Annex 4.

DEFINING THE EVALUATION METHODOLOGY

Effective evaluation plans specify the data to be collected, the data sources and the methods that evaluators will use to collect the data needed to address the evaluation questions and answer the evaluation criteria.

Typically, evaluation involves collection of quantitative and qualitative data sourced from monitoring records as well as data obtained directly by the evaluation or review team. Many of the data collection techniques are the same as those used in monitoring which could range from the formal and more structured methods (e.g. surveys) to the less formal and less structured methods (e.g. interviews).

Evaluation practitioners often use an Evaluation Design Matrix to organize the evaluation questions and the methodology for collecting the data to answer the questions. The basic format of an Evaluation Design Matrix is shown in Table 13.

ASSIGNING RESPONSIBILITY FOR THE EVALUATION

Evaluations may be conducted by a unit or individuals within the implementing organization or by independent evaluators. To promote independence and credibility, it is recommended that an NFIS evaluation activity, especially end-term and ex-post evaluations which examine impact and sustainability, be undertaken by third-party evaluators. The NFIS Secretariat along with other NFIS stakeholders may be involved in planning and overseeing the evaluation but not in the actual conduct of the evaluation.

The work of third-party evaluators is normally covered by a Terms of Reference (TOR) document, defining what needs to be accomplished over a prescribed period of time. A TOR typically includes the following:

> a short and descriptive title;

> a description of the program or intervention;

> the reasons for and expectations of the evaluation;

> a statement of scope and focus of the evaluation (issues to be addressed, questions to be answered);

> a description of the evaluation process (what will be done);

> a list of deliverables (an evaluation work plan, interim report, final report);

> specification of necessary qualifications (education, experience, skills, abilities required)

> cost projection, based on activities, time, number of people, professional fees, travel and other costs.[32]

31 OECD: Development Cooperation Directorate. DAC Criteria for Evaluating Development Assistance. Available at: https://www.oecd.org/dac/evaluation/49756382.pdf

32 Morra Imas and Rist, 2009.

TABLE 12: EVALUATION CRITERIA, DEFINITIONS AND CORE QUESTIONS

CRITERIA	DEFINITION	CORE QUESTION
RELEVANCE	The extent to which the intervention objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and can continue to do so if circumstances change.	**Is the intervention doing the right things?** Does the intervention address needs? Is it consistent with the policies and priorities of stakeholders?
COHERENCE	The compatibility of the intervention with other interventions in a country, sector or institution.	**How well does the intervention fit?** Is the intervention compatible with other efforts? Does it complement, duplicate or compete?
EFFECTIVENESS	The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.	**Is the intervention achieving its objectives?** Are the desired outcomes being achieved? Does it add value to what other are doing?
EFFICIENCY	The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely manner.	**How well are resources being used?** Are we using the available resources wisely and well? Are the activities being implemented as planned?
IMPACT	The extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.	**What difference does the intervention make?** What changes, positive or negative, have occurred? Are these changes attributable to the intervention?
SUSTAINABILITY	The extent to which the net benefits of the intervention continue, or are likely to continue.	**Will the benefits last?** Will the outcomes be sustained after the intervention has ended? Will activities, outputs, structures and processes established be sustained?

Source: *OECD/DAC Network on Development Evaluation.*[31]

TABLE 13: BASIC FORMAT OF AN EVALUATION DESIGN MATRIX

CRITERIA	MAIN/SUB EVALUATION QUESTION	INDICATOR OR MEASURE	DATA SOURCE	METHOD OF COLLECTION
EFFECTIVENESS	To what extent have the planned outcomes been achieved? > How do the achievements compare against targets? > What are the reasons for achievement or non-achievement?	Access indicators; Usage indicators	Monitoring reports; Central Bank records	Data capture from monitoring reports and Central Bank records
		Quality indicators	Quality indicatorsFinScope; Interview results	Data capture from FinScope; conduct of interviews

BOX 7: TANZANIA END-EVALUATION OF THE FIRST NATIONAL FINANCIAL INCLUSION FRAMEWORK (NFIF I) 2014 – 2016 AND MAIN RESULTS

Tanzania's first National Financial Inclusion Framework (NFIF I) was formulated in 2013 and implemented from 2014 to 2016.

The NFIF evaluation process began in December 2016 to determine the progress achieved in its implementation and the next phase of the NFIF. The evaluation report was published in November 2017 and features a comprehensive assessment of the design and relevance of the Framework; the level of the Framework's implementation and the outcomes or changes occurred in the financial sector arising from the implementation of the Framework (effectiveness), as well as to draw lessons during the implementation and provide recommendations and guidance to the next Framework.

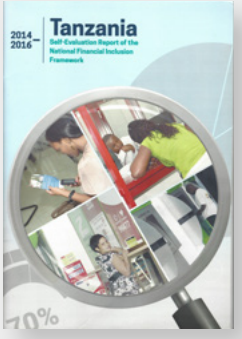
The evaluation revealed that Tanzania made significant strides towards achieving targets set for proximity, payment infrastructure, store of information infrastructure and store of value infrastructure. Additionally, looking from the demand-side Tanzania made achievements in access and usage of financial services including considerable progress in savings, credits, insurance, pensions, securities trading and government payments. The evaluation also revealed that the NFIF was well implemented and the coordination was generally good. The four-tier structure of coordination was ideal for planning, coordination, implementation and flow of information to keep stakeholders engaged, with some opportunities found in the clearly identified of roles and responsibilities and additional stakeholders were identified for inclusion in the next NFIF II. The evaluation also revealed an effective mobilization of resources and adequate funding was implemented in the key activities. However, there were some challenges in dealing with some development partners due to difference in procedures and agendas. The next NFIF II will use a common financial inclusion fund basket to improve timing and coordination in funding.

The evaluation methodology used both primary and secondary data. Primary data was collected through a survey by using questionnaires with both close-ended and open-ended questions to members from the National Council, Steering Committee, Technical Committee and the Secretariat.

The respondents provided a self-evaluation to capture information about the overall NFIF design, implementation process, outcomes and recommendations for future planning. The secondary data was collected using a document review method from sources including the Framework document, progress reports, studies/survey reports, and minutes of various National Council meetings. Other secondary data included supply-side and demand-side data obtained from the NFIF implementing members and development partners.

The analysis of the evaluation including the primary and secondary data reveal the following lessons and recommendations:

- Increase the duration of the Framework. A five year period is recommended to allow for proper achievement of strategic goals.
- Shift the focus to usage and quality of financial services given the progress achieved in access to financial services.
- Align NFIF II with development plans to avoid duplication.
- Focus in specific groups in the new Framework: women, youth, people with disabillities, FDPs, MSMEs, smallholder farmers, and low-income groups in rural areas.
- Review of core enablers for the next Framework.
- Widen the scope of engagement and pro-activeness of stakeholders.
- Improvements in the coordination structure and improvement in meetings.
- Introdution of a financial basket fund.
- Improvement of monitoring and evaluation framework. More detailed M&E framework and appropriate data collection system.
- Introduction of national financial inclusion events.



Bank of Tanzania. 2017. Self-Evaluation Report of the National Financial Inclusion Framework 2014 - 2016.

Source: *Bank of Tanzania*

BOX 8: NIGERIA NATIONAL FINANCIAL INCLUSION STRATEGY MID-TERM EVALUATION PROCESS

The Central Bank of Nigeria (CBN) adopted the National Financial Inclusion Strategy (NFIS) in 2012.

The Strategy articulated the demand-side, supply-side and regulatory barriers to financial inclusion, identified areas of focus, set targets, determined key performance indicators (KPIs) and established the implementation structure. The NFIS was built on four strategic areas of agency banking, mobile banking/mobile payments, linkage models and client empowerment. Four priority areas were identified for guideline and framework development namely, Tiered Know-Your-Customer (T-KYC) regulations, Agent Banking regulations, National Financial Literacy Strategy and Consumer Protection.

In line with the 2012 NFIS monitoring plan, a review was carried out from October 2017 to June 2018 based on research reports, data analysis and stakeholder engagements. The exercise was aimed at understanding the current state of financial inclusion in Nigeria, and assessing past approaches and lessons learnt in order to prioritize the most critical interventions to achieve the objectives. Accordingly, the following were consulted:

- **Public-sector institutions:** regulatory agencies, federal and state ministries, departments and agencies
- **Private-sector institutions:** financial service providers and their apexes, financial technology companies
- **Development partners:** national and international development agencies

Evaluators of NFIS included a team of external experts and a core team from the NFIS steering and technical committee. The former provided international experience and an objective methodology, and the latter provided the knowledge of the Nigerian context and stakeholder engagement.

The NFIS mid-term evaluation was developed with input from a broad range of interviewees, working groups, data sources and reports. The process involved:

- Guidance and direction from a “core team” of key stakeholders;
- Numerous group discussions, workshops and interviews;
- Experience sharing and insights from consumers;
- Assessment of existing financial products and services;
- Assessment of the regulatory framework for financial inclusion, and
- Data gathering from published sources (EFInA Access to Financial Services in Nigeria Survey reports, World Bank Global Findex report, etc.).

The objective of the evaluation was to assess the governance structure, stakeholders’ workplans and activities against the NFIS recommendations through the review of policies, regulations, the socioeconomic environment, and identifying success factors, constraints, etc.

The evaluation allowed authorities and stakeholders to identify current constraints in the results from some of the policies (for instance, point of sales no longer seemed to provide a good drive to access and usage due to new technologies and costs), as well as the need to improve the understanding of business models for innovative services and low or no adoption of financial services due to cultural or religious reasons slowed down financial inclusion in the Northern regions.

The evaluation enabled clearer identification of the role and contribution of the different stakeholders. This finding helped ensure faster implementation of the policy. The evaluation also enabled the identification of the key policies and actions to follow during the next stage. This included an enabling environment for the expansion of DFS and the embracing of a rapid growth of agent networks. Other policy directions and actions that emerged were the harmonization of KYC requirements for opening and operating accounts in all financial service platforms, the adopting of business models that allow for cashless transactions, and targeting vulnerable groups.

COMMUNICATING EVALUATION FINDINGS

The importance of communicating evaluation findings is increasingly recognized. For evaluation to fulfil its accountability and learning objectives, a sound strategy for communicating evaluation findings should be in place. Determining which findings are reported to whom, in what format, and when, is a critical part of an evaluation exercise.

A wide range of stakeholders will be interested in the NFIS evaluation findings. Key stakeholders include the policymakers within the NFIS governance structure, the implementers within the NFIS working groups and secretariat, the beneficiaries of NFIS interventions and other interested parties. Disseminating evaluation findings to these stakeholders requires different channels such as formal written reports, electronic newsletters, etc. Getting the right message to these stakeholders at the right time is equally important.[33]

33 The AFI Guideline Note 34 provides pointers that are also useful in communicating NFIS evaluation findings.

34 World Bank, AFI. 2020. National Financial Inclusion Strategy 2016-2022: Mid-Term Review. Available at: http://documents1.worldbank.org/curated/en/732551572441523589/pdf/Mozambique-National-Financial-Inclusion-Strategy-for-2016-2022-Mid-Term-Review.pdf

BOX 9: EXCERPT FROM A MID-TERM REVIEW REPORT

WHAT HAS BEEN ACHIEVED?

6. Mozambique has made considerable progress in financial inclusion during the first half of the implementation period for the NFIS (2016–18). Notable accomplishments include the opening of more than 4 million new accounts, growth in mobile-money transactions, expansion of financial access points, strengthening of the financial infrastructure for credit and secured transactions, and improvements in the legal and regulatory framework.

Table 1: Headline Indicators of National Financial Inclusion in Mozambique

INDICATOR	2016 (actual)	2017 (actual)	2018 (actual)	2018 (target)	2022 (target)
Adults who have physical or electronic access to financial services provided by a formal financial institution (percent)	36 (banks)	33 (banks)	33 (banks)	40	60
	44 (mobile)	44 (mobile)	51 (mobile)	40	60
Districts with at least one access point to formal financial services (percent)	58	60	69	75	100
Adults who have a point of access to financial services within five kilometers of their place of residence or work (percent)	NA	NA	NA	55	75

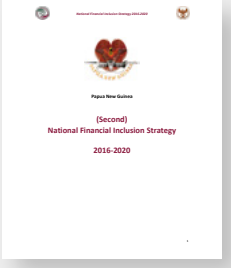
Source: Bank of Mozambique

Source: *World Bank & AFI.*[34]

BOX 10: PUBLICLY AVAILABLE NFIS MONITORING AND EVALUATION REPORTS

PAPUA NEW GUINEA 2ND NATIONAL FINANCIAL INCLUSION STRATEGY 2016-2020

Since the launch of Papua New Guinea's (PNG) first National Financial Inclusion and Financial Literacy Strategy, financial inclusion has improved exponentially. While in June 2013 only 20% of adults had an account at a formal financial institution, in June 2016 it was 37%, i.e. the figure almost doubled. A second strategy was launched in 2016 which illustrates the context and strategic framework, detailing priority areas, coordination and implementation mechanisms, and a detailed monitoring and evaluation.



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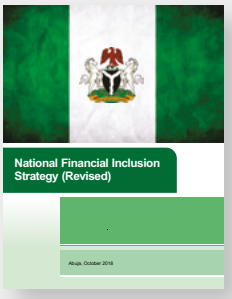
NIGERIA NATIONAL FINANCIAL INCLUSION STRATEGY, 2018

The Central Bank of Nigeria (CBN) adopted the National Financial Inclusion Strategy (NFIS) in 2012. The Strategy articulated the demand-side, supply-side and regulatory barriers to financial inclusion, identified areas of focus, set targets, determined key performance indicators (KPIs) and established the implementation structure. The document also details risks and mitigation strategies undertaken to overcome the challenges financial inclusion which were known via evaluation i.e. through interviews, working group discussions, data sources and reports.



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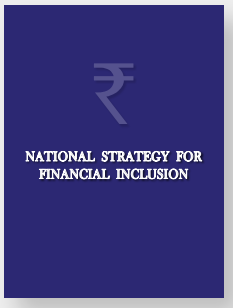
INDIA NATIONAL STRATEGY FOR FINANCIAL INCLUSION 2019-2024

The National Strategy for Financial Inclusion 2019-2024 intends to expand and sustain the financial inclusion process at the national level through a broad convergence of action involving all the stakeholders in the financial sector. Amongst others, the document details the measurement methodology including the government institutions involved in reviewing financial inclusion policies at both national and state level with specific reporting data requirements at each level, utilizing available global data sources, and suggested improvements to the data collection processes and platforms. Some recommendations include utilizing a Digital MIS Dashboard, Automated Data Extraction, collecting sex-disaggregated data, and conducting of surveys for the collection of qualitative data to complement the quantitative data from financial inclusion indicators.



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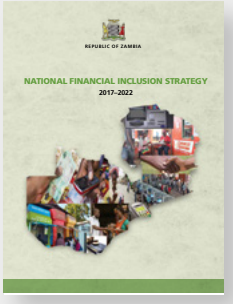
REPUBLIC OF ZAMBIA NATIONAL FINANCIAL INCLUSION STRATEGY 2017-2022

The National Financial Inclusion Strategy (NFIS) preparation involved significant reflection and consultation with relevant stakeholders and the National Financial Inclusion Drafting Committee (NFSIDC). Zambia's NFIS illustrates multiple facets of the framework including stakeholder engagement from both public and private sectors, policy and legal frameworks, coordination and implementing structures, and finally a monitoring and evaluation system and data infrastructure. After which, the document details an action plan to close the gaps in financial inclusion. Additionally, Zambia had also identified risks that could undermine their financial inclusion targets and has proposed mitigation approaches at the end of their NFIS document.



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Source: *Bank of Papua New Guinea[35], Central Bank of Nigeria[36], Reserve Bank of India[37] and Bank of Zambia[38].*

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5. CHALLENGES TO M&E OF NFIS

Establishing a framework or plan for M&E of NFIS offers clear benefits to NFIS stakeholders particularly in terms of keeping NFIS interventions on track, providing the basis for reassessing current priorities and creating an evidence base for formulating future strategies. However, stakeholders, particularly those involved in M&E, are confronted with a number of challenges.

LIMITED APPRECIATION AND CAPACITY ON M&E

While the need for an M&E framework is recognized in all of the NFIS, how it will be operationalized is not clear in the strategy document. The FISPLG paper on the current state of practice[39] in the formulation of NFIS also noted that "one area where the improvements are most visible is the M&E system and indicators used for the purpose of monitoring." The lack of clarity on how NFIS progress and results are to be measured is a big challenge that is partly due to the limited knowledge and skills of NFIS stakeholders on M&E. This challenge can be effectively addressed by designing and implementing M&E capacity building programs for various types of NFIS stakeholders.

HIGHLY COMPLICATED NFIS RESULTS FRAMEWORKS

Results frameworks are designed to better understand the complex theory of change that underpins financial inclusion. However, some NFIS results frameworks turn out to be overly complicated with each result measured by a very unwieldy set of indicators. While this is not surprising in development interventions having multiple actors, NFIS stakeholders should be mindful that there is the cost for tracking each indicator. Planning for the next phase of NFIS provides a good opportunity to simplify the results framework and trim down the indicators to a more manageable number.

UNCLEAR INDICATORS FOR MONITORING NFIS INTERVENTIONS

Based on the logic of the NFIS results framework, accomplishment of NFIS actions (or outputs) will lead to the achievement of NFIS drivers (or outcomes). While most NFIS action plans clearly define the timeline and responsibility for the delivery of activities, indicators for measuring the achievement of each action are unclear. This poses a challenge to evaluation particularly in assessing the progress of each action and explaining how each action has contributed to the achievement of a particular outcome.

ISSUES RELATED TO FINANCIAL INCLUSION DATA INFRASTRUCTURE

A robust data infrastructure is the foundation of effective M&E systems. Although substantial gains have been made in strengthening the financial inclusion data infrastructure, some countries are still grappling with issues related to data availability and reliability. Additional efforts may need to be exerted to improve the quality, consistency and reliability of supply-side data being collected from various financial institutions. Also, demand-side survey data needs to be strengthened to address the data gaps in the usage dimension of financial inclusion.

LACK OR INADEQUATE BUDGETING OF THE M&E TEAM AND THE M&E FRAMEWORK

The costs implied in building an appropriate M&E Framework require serious consideration in the budget of the NFIS formulation. A well-resourced team, including experts in statistics and data collection, communication, and robust coordination structures, should be budgeted in, to guarantee the monitoring and evaluation timeframe. Additional costs involved with developing specific data projects, including demand-side surveys and qualitative studies, should also be considered in the formulation phase of the strategy.

39 AFI, FISPLG. 2018. National Financial Inclusion Strategies: Current State of Practice. Available at: https://www.afi-global.org/sites/default/files/publications/2018-06/National%20Financial%20Inclusion%20Strategies.pdf

ANNEX 1: RESULTS FRAMEWORK TERMS ACROSS DIFFERENT ORGANIZATIONS

ORGANIZATION	COMPONENTS OF THE RESULTS FRAMEWORK			
WORLD BANKS' RESULTS FRAMEWORK	**Strategic Objective** Higher order changes in systems, communities or organizations	**Impact** Evidence on whether outcomes are changing beneficiary behavior or longer-term conditions of interest	**Outcome** Benefits of outputs to a target population	**Outputs** Particular goods or services provided by an intervention
USAID RESULTS FRAMEWORK	**Development Objective (DO)** The highest level of objective that a mission can effect for which USAID is willing to be held accountable	**Intermediate Results** (IR) Interim events, occurrences or conditions that are essential for achieving the DO	**Sub-intermediate** Results Outcomes contributing to IR	**Output** Products or services that emerge as a result of internal activity
UNICEF RESULTS FRAMEWORK	**Strategic Result** (Goal or Intended Impact) The expected change in the lives of children and women; it provides direction for the overall program	**Key Result** The change to whose achievement a program has made a major contribution	**Outcome** United Nations Development Assistance Framework (UNDAF) Outcomes and Country Program outcomes (results)	**Output** Products and services, the attainment of which depends on, and is mainly attributable to, the implementing agency
THE BILL AND MELINDA GATES FOUNDATION	**Strategic Goal** The 3-5 year results of an initiative, sub-initiative or portfolio to which the investment contributes most directly (identified in the strategy scorecard)	**Primary Outcomes** Overall change(s) in technologies, systems, populations or behaviors the investment seeks to achieve within the context of the investment timeframe	**Intermediate Outcome** Short- to medium-term changes in technologies, systems, populations or behaviors that need to be achieved in order to realize the primary outcome(s).	**Output** The goods, services, events, or deliverables produced during an investment
DFID RESULTS FRAMEWORK	**Impact** The higher-level situation that the project will contribute towards achieving	**Outcome** The outcome will identify what will change and who will benefit		**Output** Specific, direct deliverables of the project; outputs provide the necessary conditions to achieve the outcome

Source: *Bill and Melinda Gates Foundation*[40].

40 Bill and Melinda Gates Foundation. 2014. Quality Outcomes and Results Framework: Guidance Note for External Partners. Available for download at docs.gatesfoundation.org

ANNEX 2: DEMAND-SIDE DATA SOURCES FOR MEASURING FINANCIAL INCLUSION

DEMAND SIDE DATA SOURCES	DATA DESCRIPTION	QUANTITATIVE OR QUALITATIVE	LAUNCH AND FREQUENCY	INDIVIDUAL/ HOUSEHOLD/ FIRM	NUMBER OF COUNTRIES	SAMPLE SIZE	SUB-NATIONAL DATA	INDICATOR EXAMPLES
GLOBAL FINDEX	Global trends and cross-country comparison	Qualitative	2012; 3 years	Individual	148	1,000+	No	> % holding an account at a formal FI > % obtaining a loan from an FI within the past year
FINSCOPE	Individuals' financial management; perceptions regarding financial services, formal and informal	Quantitative and Qualitative	2002; 4 years	Individual; some household	17	1,000 -21,000	Regional	> % opening an account with an FI > No. of adults holding an account with a SACCO
FINACCESS/ ACCESS TO FINANCIAL SERVICES SURVEYS	Individuals' financial management; perceptions regarding financial services, formal and informal	Quantitative and Qualitative	2006 in Kenya; 3-4 years; varies by country	Individual; household	Kenya, Nigeria, others	8,250 - 20,850	Regional	> % formally included; > % owning a mobile phone; > % access by region, gender, education
FINANCIAL INCLUSION INSIGHT SURVEYS	Individual perception and behavior regarding formal digital financial services	Quantitative and Qualitative	2013-2015; yearly or twice a year	Individual	10 + additional countries	3,000 - 45,000	Regional	> % with a bank account > Average distance to closest banking facility > % with a mobile money account
FINANCIAL INCLUSION TRACKER SURVEYS	Trends in households' financial behavior; trends in poverty levels of mobile money users	Quantitative and Qualitative	2012-2015; yearly +quarterly	Household (panel)	3 (Tanzania, Pakistan, Uganda)	3,000 - 5,000	Regional	> % of HH owning or with access to a mobile phone > % of HH with active SIM > % of mobile money accounts/ > region
WB FINANCIAL CAPABILITY AND CONSUMER PROTECTION SURVEYS	Assessment of people's understanding of financial concepts	Qualitative	2008; varies	Individual	14	1,000 - 2,000	Urban/ rural	> % who correctly answer financial knowledge questions > % who budget > % with formal credit
IFC ENTERPRISE FINANCE GAP DATABASE	Estimation of the number of MSMEs in the world and the degree of financial inclusion	Quantitative and Qualitative	2010; As data becomes available	Firm (panel) data for select countries	177	Varies, 1,000	No	> % of MSMEs with access to credit > % constrained by access to credit
LIVING STANDARDS MEASUREMENT STUDY	Household welfare and behavior	Quantitative (limited) Qualitative	1985; varies	Household (panel)	38	800 - 36,000	Regional	> Average monthly expenditure by type and by region > % of HHs operating non-farm enterprises

Source: *Spaven and Nielsen 2017*

ANNEX 3: SUPPLY-SIDE DATA SOURCES FOR MEASURING FINANCIAL INCLUSION

SUPPLY-SIDE DATA SOURCES	INFORMATION SOURCE	FREQUENCY	NUMBER OF COUNTRIES	ANALYTICAL TOOLS	GEOSPATIAL SUBNATIONAL	INDICATOR EXAMPLES
IMF FINANCIAL ACCESS SURVEYS	Central banks in 189 countries	Yearly, 2004 2012	189 jurisdictions	No	No	> Bank branches per 1000 sq. km > ATMs per 1,000 adults
MIX MAPS	MFIs; increasingly other financial services providers and regulators	Quarterly; depends on country and providers	15	Tableau visualization; benchmarking	Yes	> # of financial institutions by type or region; > Locations per 100,000 adults > Location per 1,000 sq. km
FSPMAPS.COM	Georeferencing providers in-country	1 round; sustainability plans under discussion	7	Analytical geospatial online tool	Yes	> # of poor people living within 5km of a financial access point (urban/rural divide) > Locations of financial access points
GSMA MOBILE MONEY ADOPTION SURVEY	Mobile money providers; Telco's	Since 2011,yearly	208 operators in 85 countries	Benchmarking	No	> % of registered mobile money users > # of active mobile money agents > Value and volume of transactions
MICROINSURANCE CENTRE LANDSCAPE STUDIES	Landscape studies by the Munich Re Foundation, IADB, MFW4A and GIZ	Launched in 2016;yearly	102	Benchmarking; online visualization	No	> # and % of people covered by different types of insurance
WB REMITTANCE PRICE WORLDWIDE	Surveys; certified national and regional databases	Launched in 2016; 2011 onwards available online	32 sending; 89 receiving	Benchmarking	No	> Average cost of sending or receiving remittances from specific countries > Cost of sending and receiving by institution type
WORLD BANK'S GLOBAL PAYMENT	Central banks	2 years(2008, 2010)	139	Benchmarking	No	> Volume of transactions > # of countries with consumer protection legislation
MFTRANSPARENCY.ORG	Microloan providers	Launched 2006;yearly and as data become available (2008-2013)	26	Benchmarking and online graphing tool	No	> % of transparent products > % of products with one or more fees > APR by institution type

Source: *Spaven and Nielsen 2017*

ANNEX 4: GENERIC EVALUATION QUESTIONS

FOCUS	EXAMPLES OF EVALUATION QUESTIONS
INTERVENTIONS	> Are these the right types and quantity of financial, human, and other resources? > Are the delivery partnerships functioning well? > To what extent are the interventions being carried out as planned in terms of timing and specification? If not, are there good reasons for deviation? What can be learned? > Are the intervention processes likely to generate ownership among the target institutions? > To what extent are the right customer segments and organizations being reached and on a sufficient scale? > What is the quality of the interventions in terms e.g., of their relevance and usability for their intended target institutions and groups? > Are the interventions being delivered at the right cost? > If interventions are below expectations, why? > What needs to be done to improve or adapt the interventions going forward?
INTERMEDIATE OUTCOMES	> To what extent is expected progress being made with planned outcomes (i.e., those defined by the results framework)? To what extent have the planned outcomes been achieved? > What significant changes have taken place in the program environment — other than the planned outcomes—to which the intervention may have contributed? > What would have happened if there had been no interventions? (counterfactual question) > To what extent and in what ways are program partners progressing beyond the program outcomes in contributing to market systems development? > How sustainable do the positive outcomes (planned and unplanned) appear to be? > How and why did these outcomes happen? Why did expected progress or outcomes not happen? > In what ways did the intervention contribute to what happened? In what ways did other factors contribute? > Are the assumptions about external factors affecting the interventions proving to be reliable? Have the assumptions stood up in practice? What significant changes have happened in the program environment that may have affected the program or may in the future? > What should the projects do—or have done—differently to be more effective?
PRIMARY OUTCOME	> What is the evidence of systemic change? > To what extent and how have partners institutionalized the innovations? > To what extent and how have nonpartner competing actors copied or adapted the innovations? > To what extent and how have nonpartner non competing actors responded to the innovations? > To what extent has the program or project interventions contributed to the changes? What other factors have influenced and constrained systemic change? > What should the projects do—or have done—differently to be more effective?
IMPACT	> What changes happened at the financial-systems level—including the status of financial inclusion—beyond the intermediate and systemic change outcomes? > What was the contribution of the lower level outcomes and the interventions? What were the contributions of other factors? > What does the status of financial systems outcomes tell us about where and how we should target interventions going forward?
DEVELOPMENT OUTCOME	> What development outcomes in the program environment might have been influenced by financial inclusion? > What were the contributions of financial inclusion to those outcomes? > What do the findings about the relationship between financial inclusion and development outcomes tell us about where and how we should target interventions going forward?

Source: *Spaven and Nielsen 2017*

ABBREVIATIONS USED

AFI	Alliance for Financial Inclusion
ATM	Automated teller machine
BoU	Bank of Uganda
BoZ	Bank of Zambia
BPNG	Bank of Papua New Guinea
CEFI	Center for Excellence in Financial Inclusion
DAC	Development Assistance Committee
DFID	Department for International Development
DFS	Digital financial services
IFC	International Finance Corporation
FIDWG	Financial Inclusion Data Working Group
FISPLG	Financial Inclusion Strategy Peer Learning Group
M&E	Monitoring and evaluation
NFIS	National Financial Inclusion Strategy
OECD	Organization for Economic Cooperation and Development
SME	Small and medium enterprises
ToC	Theory of change
UMRA	Uganda Microfinance Regulatory Authority
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank

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