

Measuring the Impact of a Global Network on Financial Inclusion: **AFI's M&E System**

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

 **afi** Alliance for
Financial Inclusion
Bringing smart policies to life



As a federally owned enterprise, we support the German Government in achieving its objectives in the field of international cooperation for sustainable development.

This publication summarizes the findings and lessons learnt of the grant "Alliance for Financial Inclusion", project number 2008.9111.9.

Published by
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
GmbH

Items from named contributors do not necessarily reflect the views of the company/the editors.

Registered offices
Bonn and Eschborn
Friedrich-Ebert-Allee 40
53113 Bonn, Germany
Phone: +49 228 44 60-0
Fax: +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
Phone: +49 61 96 79-0
Fax: +49 61 96 79-11 15

Email: info@giz.de
info@afi-global.org
Internet: www.giz.de
www.afi-global.org

Alliance for Financial Inclusion
Responsible: Dr. Alfred Hannig, Executive Director,
Alliance for Financial Inclusion (AFI)

Authors

Sandy Pederson
Charles Marwa
David Ambadar
Thomas Wong Mo Xiang
Lena Lázaro

Layout and Design
Delirio Estudio Creativo

Eschborn, October 2017

Contents

| | | |
|--|--|----|
| 1. | | |
| Introduction..... | | 2 |
| 2. | | |
| The Challenges of Measuring Impact in a Global Network..... | | 4 |
| 3. | | |
| The Theory and Tools Behind AFI's M&E System..... | | 6 |
| 3.1 AFI's Theory of Change..... | | 6 |
| 3.2 AFI's M&E Tools: How We Collect & Analyze Data..... | | 7 |
| 3.2.1 Member Needs Assessment Survey..... | | 10 |
| 3.2.2 Member Engagement Index..... | | 11 |
| 3.2.3 AFI Data Portal..... | | 12 |
| 3.2.4 Policy Change Tracker..... | | 14 |
| 3.3 Implementing the M&E Strategy: Creating a Culture of Reporting..... | | 16 |
| 3.4 M&E Lessons and Opportunities..... | | 17 |
| 4. | | |
| Measuring Success: The Impact of the AFI Network on the Ground..... | | 18 |
| 4.1 The Impact of AFI Member Programs and Services..... | | 19 |
| 4.2 The Impact of AFI on Policy Change by Thematic Area & Region..... | | 20 |
| 5. | | |
| A Call to Action..... | | 22 |



Measuring the Impact
of a Global Network
on Financial Inclusion:
AFI's M&E System

Foreword

“

Although international development cooperation takes many different forms, we always pursue one common goal: improving the lives of the poor. As we commit knowledge, time and financial resources, we want to know whether our actions are achieving our objectives. Monitoring and evaluation (M&E) enables us to steer our endeavors, account for results and build on lessons for the future.

The 2030 Agenda for Sustainable Development provides the framework for our efforts. Global and multi-stakeholder partnerships will play a major role in implementing the 17 Sustainable Development Goals, and international development actors are increasingly focusing on policy-level intervention rather than the traditional model of humanitarian aid.

How should we measure the success of these global partnerships? How do we trace the impact of our efforts, from local to global levels? What do we do if data is lacking or of poor quality? Or, if there are large amounts of data, how do we collect and process it? In a global policy network, M&E is vital to transparency and accountability, developing evidence for policymaking, lobbying and advocacy, and strengthening capacity.

Founded in 2009, the Alliance for Financial Inclusion is the world's first network of financial regulators anchored in peer learning and knowledge sharing. Over the years, it has grown in both size and scale, and today AFI has more than 100 members from 94 developing and emerging countries. AFI is a member-focused network, and understanding the needs and priorities of members is not an easy task.

Measuring the effect of policy improvements on the ground can also be challenging. AFI members and funding partners invest significant resources to keep AFI running and are equally invested in understanding the impact of their investments. Over the years, AFI has developed an M&E system that meets a wide variety of expectations and aspirations while staying lean and efficient. A combination of linear and non-linear methods have generated rich qualitative, quantitative and anecdotal evidence of impact.

AFI is committed to open data and recently launched the AFI Data Portal to elevate transparency and accountability to a new level. The AFI Data Portal enables AFI members to feed their data directly into the system for any interested member of the public to query and use. Aside from being cost-efficient, this participatory, member-led, bottom-up approach to data collection also strengthens a sense of ownership among AFI members and reinforces peer learning and knowledge sharing.

Many global policy-focused partnerships are still in their infancy and struggle with similar challenges as AFI in its early years. We are therefore delighted to tell AFI's M&E story and shed light on this important but underexplored aspect of global networks. We would like to encourage a vibrant international conversation about M&E in global partnerships, which will help to strengthen the M&E systems of AFI and others alike.

We wish you enjoyable reading.

Annette Bähring
Eschborn, July 2017

Head of Division
Methodological Approaches,
Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ)

Alfred Hannig
Kuala Lumpur, July 2017

Executive Director of the
Alliance for Financial
Inclusion (AFI)



“Would you tell me, please, which way I ought to go from here?” said Alice.
“That depends a good deal on where you want to get to,” said the Cat.
“I don’t much care where...”
“Then it doesn’t matter which way you go.”

Alice in Wonderland by Lewis Carroll

1. Introduction

When the Alliance for Financial Inclusion (AFI) was founded at the end of 2008, over half the world’s adult population did not have access to formal financial services, the global financial crisis was revealing deep cracks in financial regulatory regimes and, other than a few well-known microfinance successes, the vision of delivering formal financial services to all was only just beginning to take shape.

Today we find ourselves on a new course. Over 60% of adults in the world now have an account at a financial institution, innovative technologies and policies are delivering financial services to hard-to-reach rural customers, and financial inclusion has made its way to the top of the global development agenda. With a network of more than 110 financial institutions from developing and emerging countries, AFI has grown to become the leading global organization on financial inclusion policy and regulation.

How Did We Get Here and What’s Next?

2015 marked a distinct shift in how the global community views the role of financial inclusion in advancing sustainable social, economic and environmental development. At a historic summit in September 2015, UN member states unanimously adopted the 2030 Agenda for Sustainable Development, which recognizes financial inclusion as critical to achieving 11 of the 17 Sustainable Development Goals (SDGs). The Addis Ababa Action Agenda made a strong case for financial inclusion, singling out AFI as an ideal partner in the global push for Agenda 2030 and committing the international community to work together to achieve full and equal access to financial services for all.

These changes on the global stage have coincided with a striking shift within AFI itself. 2016 marked AFI’s first year as a fully independent, member-led organization, and there is already greater demand from AFI members for accountability, transparency, and measurable and

attributable results. This has meant designing a monitoring and evaluation (M&E) strategy that allows AFI to improve its internal efficiency and effectiveness, demonstrate that it is delivering on its commitments to members and donors, track the progress and engagement of member institutions in AFI’s global network, and assess AFI’s influence on policy change in member countries and on the global financial inclusion agenda.

This paper will:

- Provide a detailed overview of AFI’s M&E system, highlighting policy successes and innovative solutions to financial inclusion challenges.
- Discuss the M&E challenges unique to global networks and policy reform efforts.
- Share the lessons, results and wider impacts of AFI’s work captured by its M&E system.

As the world’s only peer-to-peer global network of financial policymakers, AFI is in many ways unique, and the collective experience of its diverse global network can provide valuable practical insights.



AFI's global reach puts it at the leading edge of financial inclusion.

As a global policy and capacity building network, AFI operates on the premise that effective policy solutions to financial inclusion are grounded in the empirical evidence of developing and emerging countries. AFI members share a core belief that greater financial inclusion contributes to inclusive economic growth, poverty reduction and stable financial systems.

AFI's vision is to make financial services more accessible to the world's unbanked.

AFI's mission is to empower policymakers to increase access and usage of quality financial services to the poorest populations through policy formulation.

AFI's work is guided by six core values: Integrity, Ownership, Transparency, Respect, Excellence and Collaboration.

AFI focuses on 6 priority policy areas



Consumer Empowerment and Market Conduct



Digital Financial Services



SME Finance



Financial Inclusion Strategy



Financial Inclusion Data



Proportionate Application of Global Standards

The financial inclusion landscape is always changing. In 2016 AFI widened its scope to include three new policy areas: women and gender, financial technology (FinTech) and climate change and financial inclusion. As AFI members report on policy developments in their countries and share their knowledge and experience with their peers, AFI can spot emerging trends quickly and focus on the issues that matter most.

2. The Challenges of Measuring Impact in a Global Network

AFI's M&E strategy was framed at a time when it was taking its final steps toward becoming an independent, member-led organization. Guided by a vision of a more 'bottom-up' approach to development and peer-to-peer, country-led approaches to financial inclusion, AFI's M&E system relies on the participation of its members and has been designed to address the inherent challenges of measuring impact in a diverse and dynamic global network.

How Does AFI Measure Impact?

- **AFI only measures what it influences.** Instead of trying to capture all results, AFI focuses on those that have made a significant contribution to effective, in-country financial inclusion policy reform. This helps it to prioritize and tailor services to meet member needs, providing them with the knowledge, skills and peer support they need to achieve their financial inclusion goals.

The AFI approach is a unique, effective and sustainable way of amplifying financial inclusion in countries around the world.

- **AFI makes M&E a group effort.** AFI's M&E system does not rely solely on the AFI Management Unit, but rather on the participation of all stakeholders and actors involved in AFI's work. AFI has developed a set of tools that member institutions can use to share data and measure progress on their national financial inclusion targets, and which AFI staff uses to assess member needs, the relevance of AFI's services and participation in the global network.

This is not always the fastest or clearest route – it is a challenge to reach people around the world and to collect, consolidate and analyze data in such a diverse and far-reaching network. The following section details the five main challenges AFI has faced in monitoring and evaluating its impact in a global context.

M&E Challenges in a Global Network

1. Policy reform is slow and the results are even slower

Policy reform is a nuanced and incremental process. Once a policy is formulated and approved internally, it must be ratified by national legislatures, implemented by financial institutions and make its way onto the market. Typically, there is a lag of one to three years before policy results are visible and AFI can observe the impact of policy change on a population, but the exact timing depends on the market (a weak exchange rate, for example, can affect demand). For policymakers, the results are not seen on paper for a long time.

For policymakers, the results of policy change are not seen on paper for a long time.

2. Many actors, many factors

AFI engages with financial inclusion policymakers and regulators from AFI member institutions, but there are many other national institutions not directly engaged in the AFI network that have a major influence on policy work. Therefore, a regulator may do everything as planned but still not achieve a policy goal, or policymakers may achieve their ultimate objective, but the changes they observe may not be due to policy alone.

As a global network, we are far from where change happens, but we are trying to track it.

Getting policy reform off the ground in the Philippines

For Bangko Sentral ng Pilipinas (BSP), drafting the 2015 National Strategy for Financial Inclusion involved coordinating a host of partners and stakeholders, from Ministries of Education and Finance to remittance and banking associations, financial regulators and service providers, telcos, credit cooperatives and international donors. Under the guidance of the BSP, this long line of actors has committed to meeting concrete measurable targets and monitoring their own contribution to financial inclusion.

3. The attribution gap

From an M&E perspective, attributing results to the right policy or activity is critical. However, in a global network like AFI's, policy change is not linear – it is shaped by a variety of influences, from AFI's global and regional programs and events, to the everyday work of national financial institutions, to conversations and knowledge sharing on AFI's online Member Zone. In other words, it is difficult to measure and fully attribute impact, let alone how a policy outcome or activity would have unfolded if AFI had not been involved, if a certain activity did not take place, or resources were lacking or allocated differently. In this context, an M&E system must rely extensively on collaborative inquiry.

4. Diminishing sphere of influence

AFI's entire sphere of influence comes from who it is in contact with: its network of member institutions. However, once AFI members return to their home countries from the annual Global Policy Forum, a regional training program or working group meeting, they get to work shaping policy and exerting their influence – from their department to the community level. AFI's influence, meanwhile, diminishes with distance, making it difficult to isolate its distinct contribution to policy change.

5. Network multiplier effect

As a peer learning organization, AFI's greatest asset is the collective strength of its network. Through services and activities like knowledge exchange, peer reviews and the online Member Zone, members inspire and influence one another – and in turn their colleagues and national stakeholders – amplifying their impact at home. This "network multiplier effect" may be inspired by AFI services, but it is difficult to measure because it happens within and between member institutions, out of direct sight.

Given these challenges, how does AFI track its impacts and measure the change it seeks?

Policy reform and the attribution gap

With 27 million users, Kenya's mobile money service, M-Pesa, is one of the most successful in the world. Policy reform played a major part in this success story, as the Central Bank of Kenya introduced a set of enabling policies that allowed it to take hold in the market. However, it ultimately accelerated thanks to a range of social, cultural and economic forces, including the private sector developing innovative new products at the right time.





3. The Theory and Tools Behind AFI's M&E System

In a global network like AFI's, many actors contribute to the policy changes we see, from heads of central banks to financial regulators, policymakers, mobile network operators, banking agents, community savings groups and, most importantly, consumers themselves. AFI's M&E system aims to measure the change happening at each of these levels and to bring the policy change process more clearly into view.

3.1. AFI's Theory of Change

AFI's M&E system is based on a "Theory of Change", a methodology it uses to determine whether it is meeting its long-term goals and contributing to the change it seeks. Using a Theory of Change rather than a more traditional, linear M&E framework has allowed AFI to map the most important influences on the policymaking process, both within and beyond the AFI network. It also enables AFI to pinpoint where it can have the greatest impact, the most relevant services to offer AFI members, and which data points to collect, monitor and evaluate.

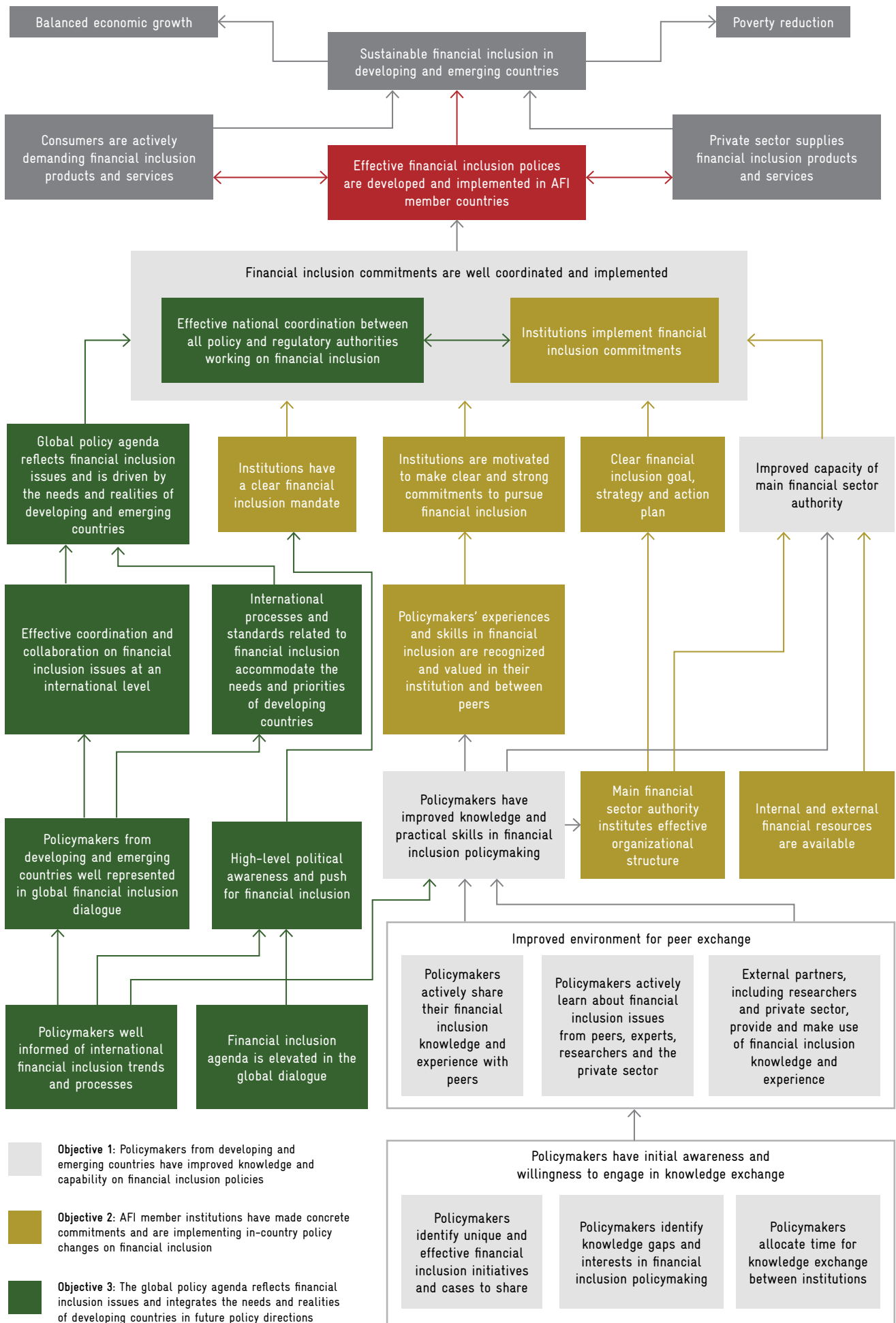
Using the Theory of Change approach, AFI has:

- Defined its primary goal and objectives
- Mapped out three long-term outcomes
- Identified the conditions necessary to achieve these outcomes
- Selected appropriate tools and indicators to measure its progress and contribution to change.

Together, this creates a pathway to change: a series of connected outcomes and interventions that AFI members can take to develop and implement effective financial inclusion policies in their countries.

Change in the financial inclusion landscape is achieved in a variety of ways. Rather than attempting to assess all potential results, AFI's M&E system only measures the outcomes that have made a significant contribution to effective financial inclusion policy reform in AFI member countries.

AFI's Theory of Change



Tracing the Path to Policy Change

How does AFI know whether it is contributing to both policy change and real change in people's financial lives? It looks for evidence that it is meeting its primary goal, outcomes and long-term impacts.

AFI's PRIMARY GOAL:

Effective financial inclusion policies are developed and implemented in AFI member countries.

AFI's 3 MAIN OUTCOMES:

- 1. Exchange knowledge and build capacity**
Policymakers in AFI's network have more knowledge and capacity and clear financial inclusion goals.
- 2. Demonstrate commitment and motivation to policy reform**
AFI member institutions have made concrete commitments to financial inclusion and are implementing policy changes in their countries.
- 3. The global policy agenda reflects the needs and realities of AFI members**
National and global financial inclusion efforts are well coordinated and aligned with the needs of developing countries.



AFI's M&E System Aims to Ensure:

- AFI members have the capacity to formulate financial inclusion policies
- AFI members have made commitments to implement financial inclusion policies
- AFI has an impact on the global financial inclusion policy agenda
- AFI is an effective and sustainable organization

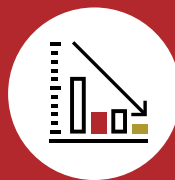
3 AFI's LONG-TERM IMPACTS:



1. Sustainable financial inclusion in developing and emerging countries



2. Balanced economic growth



3. Poverty reduction

Part of AFI's M&E work is demonstrating the overall impact of a new approach to development – one based not on a traditional donor-recipient model, but on a broad-based collaborative approach built on peer learning and global partnerships.

The purpose of AFI's M&E system is to determine whether it is reaching its milestones and contributing to the change it seeks. In practical terms, this means collecting data to assess whether AFI's services and activities are relevant, sustainable and deliver value for money. It also involves tracking policy change at every level, from global programs and services to the country and network level. AFI uses a variety of tools to collect and analyze this quantitative and qualitative data, measure key performance indicators (KPIs) and report on the results.

The diagram below features the M&E tools AFI uses to

report and monitor progress on financial inclusion goals and commitments, assess its contribution to policy change and make decisions about its programs, services and future direction. These tools capture rich data and insights and provide an accessible and user-friendly way for AFI members to report on their progress.

Four of these M&E tools have worked particularly well: the Member Needs Assessment Survey (MNA), the Member Engagement Index (MEI), the AFI Data Portal (ADP) and the Policy Change Tracker. In the following pages, we feature these tools in more detail.

Tools for Monitoring Progress

The first set of tools measures observed outputs and outcomes – the policy changes that allow AFI to monitor its progress. These tools have several functions and some measure changes at two or even three levels (program, country and network).

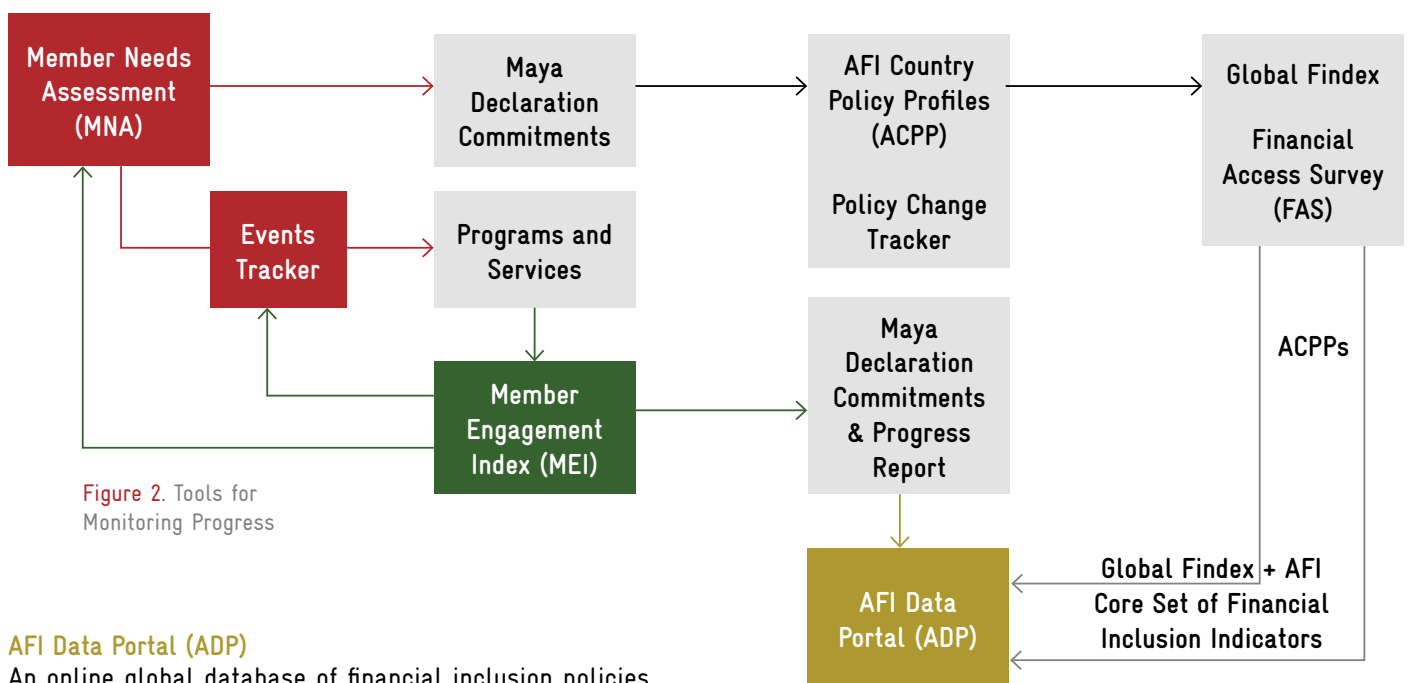


Figure 2. Tools for Monitoring Progress

AFI Data Portal (ADP)

An online global database of financial inclusion policies, regulations and outcomes. Three main datasets feed into the ADP: Progress on Maya Declaration Commitments, AFI Country Policy Profiles and Financial Inclusion Indicators (Global Index Survey, AFI Core Set of Financial Inclusion Indicators & Financial Access Survey).

AFI Country Policy Profiles (ACPP)

A survey of the current policy and regulatory environment in AFI member countries.

Maya Declaration Commitments & Progress Report

Tracks the number of countries making commitments to AFI's Maya Declaration and their progress in meeting them.

AFI Core Set of Financial Inclusion Indicators

Captures the status of financial inclusion in AFI member countries.

Member Needs Assessment (MNA) Survey

Surveys member needs and satisfaction with AFI services and activities.

Events Tracker

Surveys measuring member satisfaction with events like the Global Policy Forum and training courses.

Policy Change Tracker

A set of tools used to assess whether AFI is contributing to the formulation, revision and improvement of financial inclusion policy in AFI member countries.

Global Index and Financial Access Survey

The Global Index database is the most comprehensive database on financial inclusion, based on interviews with about 150,000 adults in over 140 countries. The IMF's Financial Access Survey provides global supply-side data on access to and use of financial services by households and firms.

Membership Engagement Index (MEI)

Tracks member activity and leadership roles in the AFI network.

Grant Tracking Tool

Tracks the total amount of grant funding, members who have received a grant, the type and number of knowledge exchange grants and who has hosted a knowledge exchange.

3.2.1 Member Needs Assessment (MNA) Survey

The Member Needs Assessment (MNA) Survey is an annual online survey of individuals from AFI member institutions.

Since 2014, the MNA has generated rich, granular data about AFI's global network of policymakers, including gender, region, type of institution and level of engagement. It measures a range of areas, including member satisfaction with AFI, the type of support members might need in the future, the quality of member services and service delivery, as well as gaps and room for improvement.

Why is it important to assess the needs of AFI members?

It helps AFI to create more relevant and targeted services. Insights from the MNA survey enable AFI to refine its program offerings and focus on the information, skills and support members say they need to implement successful policy reform in their countries.

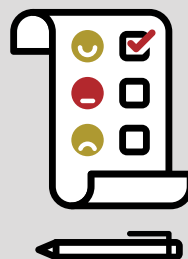
It reveals what is working and what is missing. Through the MNA survey, AFI members can identify areas of improvement and future interest.

It generates detailed insights and understanding. As a member-owned network, it is essential to understand

member satisfaction, preferences and needs. It is important for crafting AFI's strategic direction and it also reveals whether it is delivering on its commitments to members and donors.

Responses to the MNA survey guide AFI's decisions about services and helps it to pinpoint areas where services could be delivered more effectively and efficiently. Ultimately, this will ensure AFI services help members to implement effective in-country financial inclusion policies and regulations.

SNAPSHOT of the MNA



35 questions
~30 minutes to complete
e-mailed to more than
1,000 members

RESULTS AT A GLANCE: Member Needs Assessment Survey

How has the Member Needs Assessment Survey helped AFI to respond to member needs and what are the results?

The 2016 Member Needs Assessment (MNA) Survey confirmed that capacity building is one of AFI's most valued services, with 64 member institutions taking part in at least one member training, and 38 participating in three or more programs, such as joint learning weeks, peer advisory services, and customized training on in-demand topics.

Results:

- Awareness of capacity building services **up 29%**
- Participation in capacity building services **up 76% year on year**

When members requested more regional coordination... AFI developed new regional strategies, more targeted communication and strengthened regional matchmaking efforts, including through the Public-Private Dialogue (PPD) Platform.

Results:

- **Over 70%** feel that communication on regional coordination is positive
- Awareness of regional initiatives **up 25%**

When members demanded stronger working groups... AFI developed a working group strategy, improved and standardized processes and introduced working group content champions.



259 individuals completed the survey, representing **79** institutions in **67** countries.



83% satisfaction rating with AFI as an organization.



55% attribution given by AFI members to national policy reform in their countries, based on findings from the AFI 2016 Member Needs Assessment.



Top 3 most known AFI services (**85%** Working Groups; **80%** GPF; **78%** Maya Declaration).



Satisfaction with policy areas (Financial Inclusion Strategy **89%**; Digital Financial Services **89%**; Financial Inclusion Data **88%**).

3.2.2 Member Engagement Index (MEI)

For AFI, member engagement is the degree of commitment and effort an institution invests in the network through leadership roles and participation in AFI services and activities, such as attending the Global Policy Forum, participating in a capacity building program, hosting a knowledge exchange, receiving a policy grant, making a Maya Declaration commitment or requesting a peer review.

Why is measuring member engagement important?

It enhances knowledge and builds capacity. AFI members who interact with their peers and share policy information through AFI events, activities and platforms become more informed and better able to develop and implement policy changes in their countries.

It strengthens AFI as an organization. There is a strong link between the strength of an institution and its contribution to policy reform. Empirical data suggests there is a relationship between the level of engagement of an AFI member and the extent to which financial inclusion policy is considered a national priority in their country. It appears that the higher the level of engagement, the more political commitment and resources are dedicated to financial inclusion.¹

It helps AFI to optimize its services and retain members.

This is especially important now that AFI is an independent organization charging membership fees. As a member-owned, policy-driving network, AFI members must be engaged in network and policy issues. A detailed understanding of the services members have not yet participated in, but would benefit from, helps it to offer targeted, value-added offerings in a proactive way.

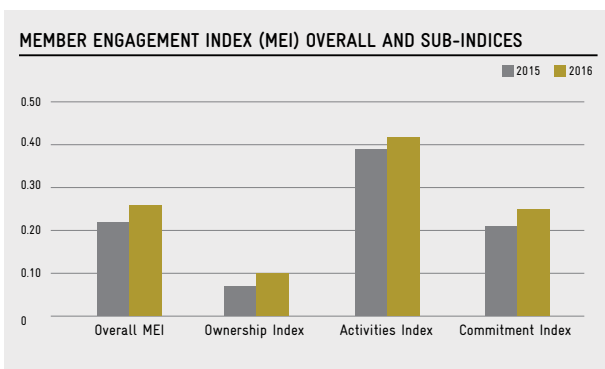
Using the MEI, AFI gathers information and identifies which services are most popular with members, pinpoints gaps in usage and better aligns its services with members' needs. The MEI also allows AFI to monitor the level of engagement of members across its global network and different policy areas. Based on this data, it can better coordinate its engagement with the entire AFI network – all of which are designed to meet the objectives of AFI's M&E strategy.

¹ However, these potential linkages would need to be verified by correlating the MEI with other sources of data, such as the Member Needs Assessment, Country Policy Profiles, National Financial Inclusion Strategies surveys, Grant Reports and Maya Commitment Progress Reports.

RESULTS AT A GLANCE: Member Engagement Index

The Member Engagement Index (MEI) measures the growth, vibrancy and impact of AFI's global network. Over the last five years, the AFI network has grown significantly.

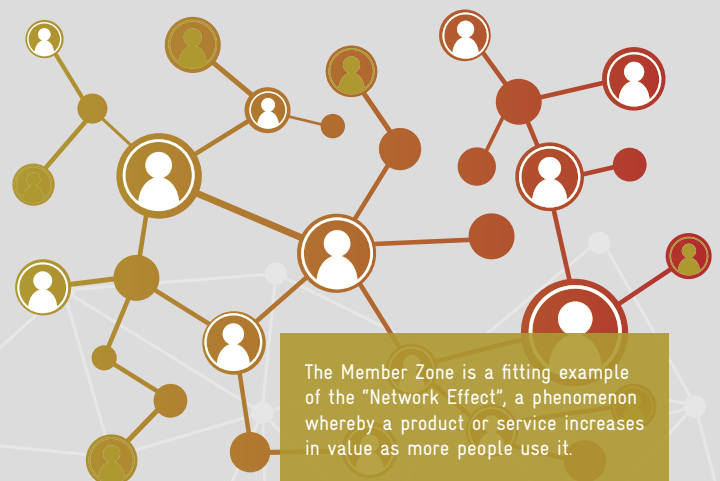
Member engagement is positively correlated with a country's level of financial inclusion (0.35)



As of the end of 2016, AFI's membership comprised 114 regulatory and policymaking institutions representing 94 developing and emerging countries. Sub-Saharan Africa remains the largest region in terms of membership, accounting for more than a third of all members, followed by Latin America and the Caribbean with 22%.

Member engagement in 2016:

- In 2016, the average level of member engagement increased by 15%.
- 80% of the AFI network are members of one or more Working Groups.
- The online Member Zone is AFI's most-used service. Users from 77 member institutions accessed the platform in 2016.
- The 2016 AFI Global Policy Forum in Nadi, Fiji, attracted the highest number of participants to date, with 70 member institutions in attendance.



The ADP depends on the contribution and commitment of AFI members.

3.2.3 AFI Data Portal (ADP)

The AFI Data Portal (ADP) is a unique integrated online global database of financial inclusion policies, regulations and hard data, built by policymakers for policymakers.

Launched at the 2016 Global Policy Forum in Fiji, the ADP is a multi-user platform that is open to everyone. Any user can explore and export financial inclusion data by country, region or policy area, gaining insights into the priorities of national regulators, the progress that has been made on meeting national financial inclusion targets, the level of financial inclusion knowledge and expertise in a country, or a country's most pressing financial inclusion challenges. The ADP offers additional functionality to individuals from AFI member institutions, who can add and edit information.



Why is it important to have a central data hub?

The AFI Data Portal allows policymakers and regulators from around the world to:

Learn from the efforts and successes of their peers. Through the ADP, users can learn how policymakers and regulators in other countries have successfully measured financial inclusion or formulated policy, and identify those with advanced policy frameworks or positive financial inclusion outcomes.

Showcase national progress on financial inclusion policy reform. Through the ADP, AFI members can announce new Maya Declaration Commitments or national targets and submit progress reports. The AFI Maya Declaration is the world's first set of concrete, publicly declared commitments to financial inclusion. Learning about the Maya Declaration commitments of their peers and then setting policy targets and goals in line with national strategies, priorities and legislation can be incredibly effective.

Examine the regulatory frameworks of other AFI member countries. AFI Country Policy Profiles (ACPPs) are the first repository of information on the legal and regulatory status of financial inclusion in AFI member countries. The ACPP allows users to examine the regulatory frameworks

of each country and identify thematic, regional and global trends. Users can also download primary legal and policy documents on financial inclusion.

Report on financial inclusion indicators and contribute their own. The ADP includes AFI's Core Set of Financial Inclusion Indicators and other indicator sets developed by AFI's Working Groups, such as Mobile Financial Services Indicators, SME Finance Indicators and Indicators of the Quality Dimension of Financial Inclusion. AFI members can add their own indicators, report on existing ones and view indicator data from other countries.

Define national goals and targets for financial inclusion. Learning about the Maya Declaration commitments of AFI member countries that are facing similar financial inclusion challenges can help policymakers to develop commitments, goals and targets for their own country.

The ADP depends on the contribution and commitment of AFI members. Members can use the platform to monitor and report on the progress of their financial inclusion initiatives and, when they share their policy changes and successes on the ADP, the platform helps to cultivate peer learning across the global network, widening AFI's potential sphere of influence.

RESULTS AT A GLANCE: AFI Data Portal

The ADP is a powerful resource – not only for peer learning, but also for research and measuring individual and collective impact.

- 330** Maya Declaration targets are in progress
- 62** AFI member countries have made Maya Declaration commitments
- 20** unique financial inclusion indicators are being tracked
- 145** Maya Declaration targets have been achieved
- 3** new and 7 updated commitments have been made to women's financial inclusion

Data as of May 2017

FURTHER INFORMATION

AFI Data Portal:

www.afi-dataportal.org

AFI Data Portal Fact Sheet:

www.afi-global.org/publications/2338/AFI-Data-Portal-Advancing-Country-Lead-Approach-to-Data-Sharing-2016-Fact-Sheet



Insights from the AFI Data Portal:

- Countries with national financial inclusion coordination mechanisms tend to have higher levels of financial inclusion (**53%**) than those without (**41%**)
- AFI members with measurable targets increased access to financial services (adults with basic accounts) by **13.4%** whereas members without targets saw only an **8.5%** increase
- Countries with a national financial inclusion strategy have higher financial access levels (**53%**) than those without (**46%**)
- Maya Declaration commitments contribute to greater financial inclusion: **9.5%** financial inclusion growth in countries with Maya commitments versus **8.9%** growth in countries without
- Peer reviews are considered an extremely cost-effective way to ensure quality regulation (rated **8.7** out of **10**)

"The ADP captures the financial inclusion stories of our members, representing the entire cycle of the policymaking process."

– Norbert Mumba, AFI

"Good data illuminates our world. It can make invisible markets visible... That means our work is about more than numbers and statistics and counting. Because good data is also about people, their financial and social behavior, and how to best communicate with them to understand how to properly meet their financial needs."

– Charles Marwa, Senior Monitoring & Evaluation Specialist, Alliance for Financial Inclusion

3.2.4 Policy Change Tracker

The Policy Change Tracker is a set of tools AFI uses to assess whether it is achieving its objective to drive policy change, that is, contribute to the formulation, revision and implementation of financial inclusion policy in AFI member countries. Through grant evaluations, working group evaluations, and mid-term and end-term evaluations, the M&E team looks at evidence that links the results of activities and outputs in the AFI network with concrete policy changes in member countries.

Assessing AFI's Impact on Policy Change: A Two-Step Process

Step 1:

1. Establish where an institution is in the policy cycle.
2. Identify the results of AFI's interventions, including:
 - Changes in the behavior, attitudes, skills, knowledge, practices and organizational capacity of policymakers
 - Changes in institutional partnerships, such as between regulators, regulators and the private sector and international bodies)
 - Changes in public awareness of financial inclusion.
3. Compare the policy and regulatory environment before and after the AFI intervention (i.e. changes in the policy cycle).
4. Establish how the result contributed to changes in the policy cycle.
5. Identify and document the change in policy or regulatory framework.

Step 2:

The next step is to assess the effect of policy change on the market and the population, which requires looking at member institutions further along in the policy implementation stage, and assessing how policy has affected or improved:

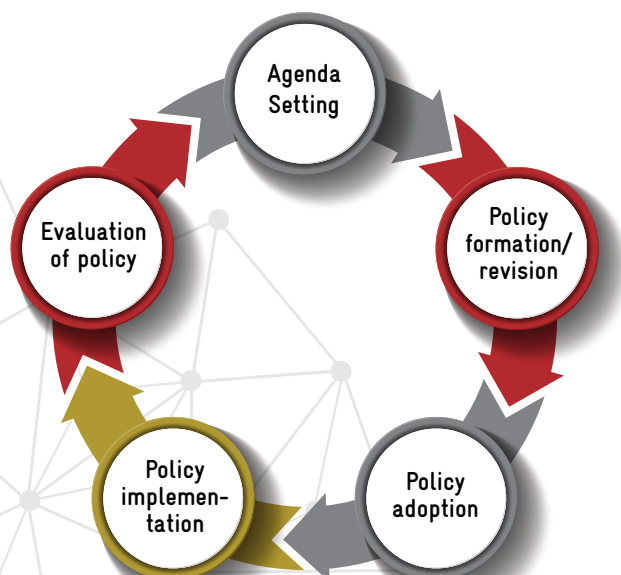
Access to financial products and services, or the ability to use available financial services and products from formal institutions. A basic proxy for access can be counting the number of open accounts across financial institutions and estimating the proportion of the population with an account.

Usage of financial products and services, or the frequency, extent and duration of usage over time.

Quality of financial products and services, or how relevant a financial service or product is to customers, based on consumer experiences and demonstrated by their attitudes and opinions about the products available to them.

Economic welfare, or the impact of a financial product or service on the lives of consumers based on changes in consumption, business activity and overall economic well-being.

Financial markets, or the stability of the financial system. Broader financial inclusion is expected to contribute to more stable national financial systems as benefits and risks are shared more evenly across the population. While there is no single indicator or index to assess financial stability, looking at several metrics should provide a rough indication of how financial systems stabilize as countries improve on their financial inclusion indicators.



Assessing AFI's Impact on Policy Change: A Continuous Cycle

Collecting and verifying updates from AFI members on policy change and progress is a continuous cycle. Based on the data, it determines how AFI is assisting members in formulating and implementing in-country policy and regulation and, in turn, tailors services to meet their needs.

Tools for Assessing AFI's Impact on Policy Change

Grant Evaluations and Analysis

Shows the impact of knowledge exchanges and policy grants on a member country's policy change process. Where applicable, the analysis will also show the impact of the grant on the market and general population. Information is drawn primarily from members' grant reports, and grant portfolios are analyzed by region or topic.

Working Group Evaluations and Analysis

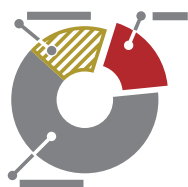
Shows the results of member collaborations to produce tools and guidelines and the effects of peer pressure and the effects of working group membership on their policy change process.

Mid-term and End-term Evaluations

Conducted by a third party to assess whether the program delivered on its intended outcomes and, to a certain extent, the internal rationale presented in the Theory of Change. Findings are used to communicate AFI's impact internally and externally and to inform future programs.

Other data collection and reporting tools

- Member Zone Activity Tracker
- Website Activity Tracker
- Member feedback reports
- Featured stories from grants and case studies
- AFI Annual Report
- M&E Biannual Report



Answering our biggest question.

Does financial inclusion lead to balanced economic growth and poverty reduction?

Measuring economic welfare would help AFI to answer this question, but finding evidence at this level is an ambitious task. It ultimately depends on AFI members being able to collect data and report on the AFI Core Set of Financial Inclusion Indicators, the second tier of financial indicators, and the progress they have made in meeting their Maya Declaration commitments. This data will expand over time as members of the Financial Inclusion Data Working Group continue their work.

In the meantime, the M&E team will monitor and analyze improvements in GDP, the Human Development Index and the Gini Coefficient, and then link them to actual policy changes in AFI member countries.



3.3 Implementing the M&E strategy

Creating a Culture of Observation and Reporting

AFI's M&E system must meet the information needs of several different stakeholders: individual policymakers, policymaking institutions, the AFI Management Unit, potential donors and current funders.

This requires thoughtful and focused data collection on the part of AFI staff, especially those who are in frequent touch with members and stakeholders. This change in roles has required a shift in mindset and building a culture of systematic observation and reporting of the changes they see. The M&E strategy recognizes the extra effort and capacity building required for staff to do this work.

AFI Management Unit

To comprehensively evaluate the policy change process, the AFI Management Unit must collect up-to-date information on the status of financial inclusion policies in member countries to establish baseline and end-line data. The M&E system will primarily source data through the information gathered by the AFI Management Unit during the provision of network services and from members themselves. Where this is not possible, data will also be sourced from research and information collected by external stakeholders.

AFI Management Teams

Monitoring and tracking progress is conducted by the AFI management teams that implement the activities and deliver on the outputs. Evaluation is conducted by the M&E team. The M&E team focuses on two main tasks: 1) setting up data collection systems and tools and supporting the monitoring activities conducted by the AFI management teams, and 2) conducting the substantive evaluations.

As a learning organization, AFI routinely asks what makes financial inclusion policies effective, what conditions are necessary to create them and how it can best support these conditions.



3.4 M&E Lessons & Opportunities

Not all AFI's M&E tools have achieved the scope or maturity that was envisioned. At times, AFI's M&E aspirations have run up against real-world constraints, such as lack of capacity, data or funding, which has meant promising, value-adding tools have not been introduced to the AFI network. For example, the following tools were rolled out, but not able to capture the appropriate data to meet AFI's M&E objectives.

Cost-Benefit Analysis (CBA)

This tool aimed to help AFI members understand the costs and benefits of investing in the AFI network and determine whether the investment was sound. The CBA translated the institutional benefits of AFI membership into monetary terms and looked, in aggregate, at the socio-economic return on investment. The CBA used shadow pricing to value the institutional benefits expected to materialize for each member: more efficient financial inclusion policymaking, a larger share of the policy portfolio devoted to financial inclusion, and savings on training, consultants and other external support.

The challenge:

One crucial metric in the CBA was the cost per policy produced, but there was little consensus across AFI's diverse member institutions on how and where to allocate time and resources to policymaking. It was also difficult to calculate the total number of policies and regulations that member institutions issued per year, as this requires collaboration across different departments. An estimate of the number of financial inclusion policies is usually available, but the total number of policies issued is much more difficult to come by. In sum, this made it a challenge to price the unit cost for a policy across an institution. While the CBA has been able to pinpoint this metric for some AFI members, it has not been possible to do it across the network.

Together, these differences and lack of consensus rendered the CBA unsuitable for objective, consistent analysis across the AFI network.

Social Network Analysis (SNA)

To demonstrate the advantages of peer learning in a global network, AFI conducted a social network analysis (SNA) that mapped the AFI network to assess the activities, connections and interactions between AFI members and identify the policy changes brought about as a result of their combined efforts. To do this, AFI drew on data from the Member Zone and Member Engagement Index, including participation in working groups, knowledge exchange visits and attendance at global and regional events.

This assessment aimed to provide evidence that bringing a critical mass of policymakers together would produce:

- More focused collaboration and discussions
- Efficient sharing, replication and adoption of diverse policy approaches
- More informed policy development and implementation
- New knowledge or innovations
- Greater influence and credibility with other regulators
- Effective advocacy with global bodies such as the G20 and the global Standard-Setting Bodies.

The challenge:

The SNA was originally intended to assess the depth of online interaction within the AFI network on financial inclusion policies, the intensity of interaction at both the policymaker and institutional level, the quality and quantity of these interactions, and to bring to light previously unknown dynamics that were motivating or inhibiting members. However, the methodology employed was better suited to analyzing more conventional social network interactions, and was not well equipped to look at the types of interactions occurring within a closed network such as AFI's.



4. Measuring Success: The Impact of the AFI Network

In building a focused and participatory M&E system, AFI has been able to measure AFI's long-term impact on the financial inclusion landscape, determine whether its programs and services are relevant to its members, offer a capacity building program that supports best practices in financial inclusion policymaking, and provide evidence of success to promote the value of AFI and attract new members and partners.



Evidence of Success in AFI's Global Network

- The number of banked adults grew significantly between 2011 and 2014. Assuming new financial inclusion is brought about by policy reform, it is estimated that the AFI network has contributed to banking more than **327 million adults** (estimates based on Global Findex).
- AFI members have pioneered successful financial policy reforms in **62 countries**. As of February 2017, over **260 tangible policy and regulatory changes** have been implemented as a result of AFI's support, with many more underway.
- AFI member countries represent around **85% of the world's unbanked population** including China and India, the world's most populous countries.
- **55%** attribution given to AFI by members for national financial inclusion policy reform.

327
million
adults

62
countries

260
tangible
policies



4.1. AFI's Impact on the Ground: Member Programs and Services

Knowledge Exchanges

Knowledge exchange visits to central banks in Brazil and Colombia helped officers from the Central Bank of Kenya improve their understanding of agent banking models and ultimately issue new agent banking guidelines. This has resulted in 10 banks rolling out agent banking networks, 8,000 agents being approved, 800,000 new mobile accounts opened and approximately 3 million transactions through agents.

Policy Grants

AFI has issued **95 grants** to its members amounting to over EUR 8.5 million. Grants for supporting policy implementation are rated one of the most useful AFI services (9.12 out of 10), with 48 members reporting that in-country policy and regulatory changes were attributable to AFI's grant program. AFI has awarded more than 40 policy implementation grants. In Russia, a new law on the regulation of agent banking was passed that created new opportunities to improve access to and the quality of banking services. This law was the direct result of an AFI grant.

Peer Learning

After interacting with policymakers from other countries and learning from their experiences at AFI events, the State Bank of Pakistan has developed policies to successfully implement its national financial inclusion strategy.

Working Groups

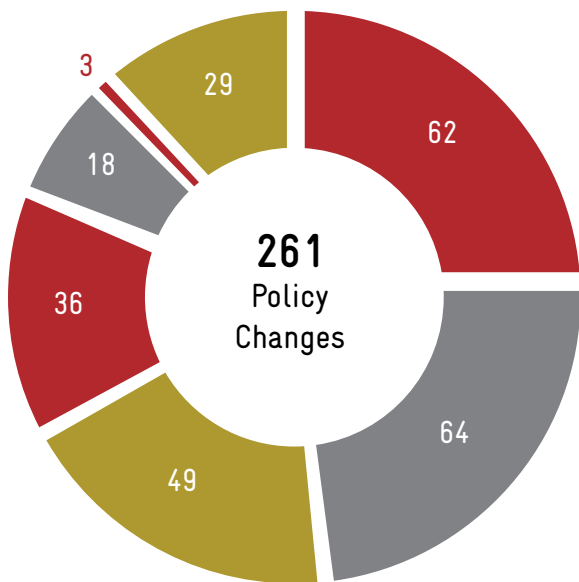
AFI Working Groups have produced **26 guideline notes** and conducted **65 peer reviews** to date.

AFI's Consumer Empowerment and Market Conduct Working Group helped Banca de las Oportunidades and Banco de la Republica of Colombia to identify important financial education themes. Any national-level organizations that offer financial education are now required to include these themes in their curriculum.



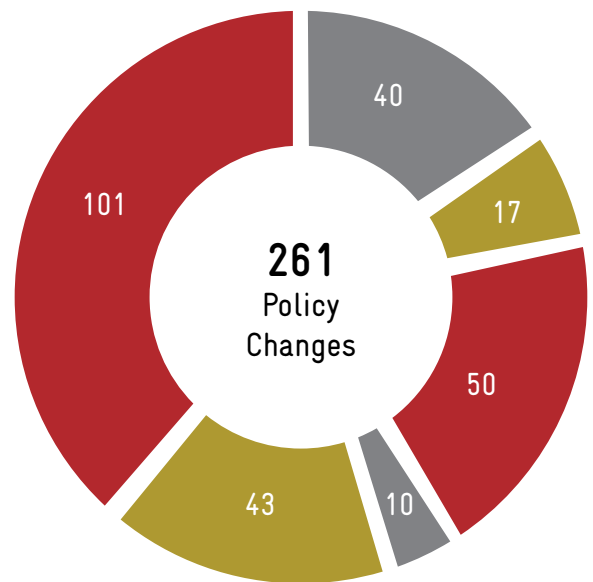


4.2. AFI's Impact on the Ground: Policy Change by Thematic Area & Region



Policy Change by Thematic Area

- 29 | SME Finance
- 62 | Consumer Empowerment and Market Conduct
- 64 | Digital Financial Services
- 49 | Financial Inclusion Data
- 36 | Financial Inclusion Strategy
- 18 | Global Standards & Proportionality
- 3 | Gender



Policy Change by Region

- 101 | Sub-Saharan Africa
- 40 | Asia
- 17 | Eastern Europe & Central Asia
- 50 | Latin America & Caribbean
- 10 | Middle East & North Africa
- 43 | Pacific





Consumer Empowerment and Market Conduct

Armenia formally adopted a National Strategy on Financial Education in 2014 to increase levels of financial literacy, build consumer confidence in the national financial system and expand financial inclusion across the country. The strategy was based on the findings of the 2014 Financial Capability Assessment conducted by the Central Bank of Armenia, with the support of an AFI policy grant. A national baseline for financial capability in Armenia was developed with measurable targets.



Digital Financial Services

In El Salvador, a law to facilitate financial inclusion was implemented in 2016. Regulations were approved to develop technical standards for e-money providers and guidelines for opening simplified savings accounts. An amendment is currently being prepared, which proposes to allow e-money issuers to pay using e-wallets and remittances.



Financial Inclusion Data

Madagascar developed a baseline for financial inclusion indicators and conducted its first national FinScope Consumer Survey, jointly funded by AFI, UNCDF and others, to support evidence-based policymaking. The report was peer reviewed by the Financial Inclusion Data Working Group and subsequently published in 2016.



Financial Inclusion Strategy

Mozambique's National Financial Inclusion Strategy 2016-2022 was launched on July 2016. The Strategy set out to increase the percentage of adults with physical or electronic access to formal financial services from 24% to 40% by 2018 and to 60% by 2022. It also aims to have at least one formal access point to financial services in 100% of districts and within 5 km of where 75% of the population lives or works.



SME Finance

There has been a remarkable increase in SME finance commitments since the launch of the Maputo Accord at the 2015 AFI Global Policy Forum in Mozambique. In Swaziland, the Microfinance Unit (MFU) of the Ministry of Finance developed a legislative framework to facilitate the growth of rural financial services, especially for MSMEs, and integrated it into the national financial inclusion strategy. This was informed by lessons and best practices in savings mobilization of local groups, which MFU learned about on an AFI-supported knowledge exchange visit to Rwanda's Umurenge co-operatives.



Global Standards Proportionality

Bank Indonesia has developed a mechanism to allocate financial identity numbers (FIN), which contain basic data and the financial profile of FIN cardholders. It is expected to improve the administrative process for a variety of financial services.

“

55% attribution given to AFI by members for national financial inclusion policy reform.



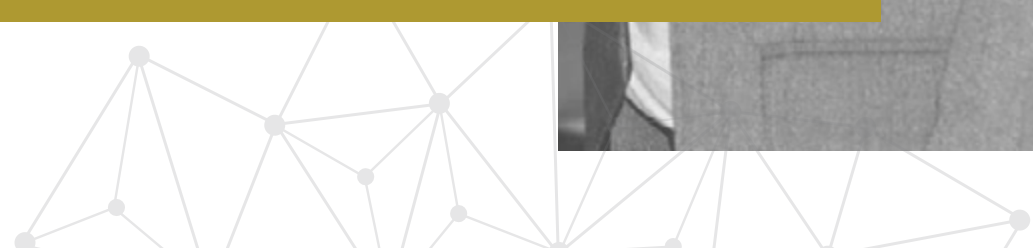
5. A Call to Action

Evidence has shown that financial inclusion plays a key role in achieving national and global development goals, and over the last decade AFI has worked to move financial inclusion to the top of the global agenda. Now that international bodies like the UN have recognized financial inclusion as a development priority, and Sustainable Development Goals and targets have been set for the next 15 years, AFI is more focused than ever on tracking its progress, measuring its impact on the ground and demonstrating that it is an effective policy-driving network.

AFI's ultimate success will be its contribution to improving the lives of the poor.

Today, in light of the ongoing and dynamic international debate on global partnerships and networks, AFI is looking at the types of collaborations, research, technologies and innovations that will be needed to support developing and emerging countries in implementing effective financial inclusion policies. AFI calls on its members, donors, private and public sector partners, and the entire global development community to join in this effort to support data-driven policy change and ultimately improve the financial lives of the poor.

AFI is more focused than ever on tracking its progress, measuring its impact on the ground and demonstrating that it is an effective policy-driving network.







giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



afi Alliance for
Financial Inclusion
Bringing smart policies to life

Measuring the Impact of a Global Network on Financial Inclusion: AFI's M&E System

