

Annex 1: Terms of Reference

Final Evaluation of the Pacific Financial Inclusion Joint Programme – Phase 2

Countries in which PFIP has been implemented: Fiji, Solomon Islands, Samoa, PNG, Tonga, Vanuatu

Executing Agency: UNDP/ UNCDF

Timeframe of programme implementation: July 2014 - June 2020

Total programme budgets: 33,776,716 (Initial ProDoc dated 2014)

Initial Approved Budget: 21,263,527 USD (Initial ProDoc dated 2014)

Unfunded budget: 10,873,727 USD (Amendment dated Oct 2017)

Disbursement to date: 23,098,199 USD

Program description

1.1. United Nations Capital Development Fund and its Inclusive Finance Practice Area

The United Nations Capital Development Fund (UNCDF) is the UN's capital investment agency for the world's 48 Least Developed Countries (LDCs). UNCDF uses its capital mandate to help LDCs pursue inclusive growth. UNCDF uses 'smart' Official Development Assistance (ODA) to unlock and leverage public and private domestic resources; it promotes financial inclusion, including through digital finance, as a key enabler of poverty reduction and inclusive growth; and it demonstrates how localizing finance outside the capital cities can accelerate growth in local economies, promote sustainable and climate resilient infrastructure development, and empower local communities. Using capital grants, loans, and credit enhancements, UNCDF tests financial models in inclusive finance and local development finance; 'de-risks' the local investment space; and proves concept, paving the way for larger and more risk-averse investors to come in and scale up.

The main challenge the UNCDF's Financial Inclusion Practice Area (FIPA) tries to address is the reality that globally about 1.7 billion adults remain unbanked, with two billion adults - more than half of the world's working adults - still excluded from formal financial services. This is most acute among low-income populations in emerging and developing economies. Including people in the formal economy is a critical contribution to poverty reduction, tackling inequality, and fostering inclusive growth.

UNCDF's FIPA contains a mixture of country, regional and global programmes. It supports 33 LDCs and is serving 8 million clients through the Financial Service Providers (FSPs) in which it invests. FIPA follows a sector-based approach and, more recently, has been implementing its programmes through a series of thematic initiatives. These initiatives are designed to test promising models or solve specific problems across a range of countries to demonstrate a new approach or model typically through private sector actors such as financial service providers or mobile network operators that if successful can then be taken to scale by them. Global programmes often work in countries closely with country or regional country programmes, if present. A detailed explanation of FIPA's approach can be found at:

<http://www.uncdf.org/financial-inclusion>

1.2 PFIP programme

Background: PFIP Phase 1 & Phase 2

PFIP was developed to support the expansion of greater financial inclusion among one of the least banked regions in the world: the Pacific islands. Supported by the Government of Australia, the Government of New Zealand, United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), and EU Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP), a first phase of PFIP became active in August 2008, with a second phase starting in 2014.

By the end of September 2018, PFIP 1 and 2 had enrolled through its partners a cumulative total of 2,141,385 people with access to financial products. 1,453,765 enrolments were added since June 2014 under PFIP 2

through partnerships with insurance companies, mobile network operators, MFIs, commercial banks, NGOs and pension funds. Approximately 40%² of these new customers are women. 55% of current clients used a product in the last 90 days and 48% of beneficiaries were active in the last month.

PFIP also worked during this time on building the foundation for an enabling policy environment across the Pacific region, while at the same time strengthening institutional capacities and incubating a range of financial services. The financial inclusion landscape in the Pacific region underwent significant development as a number of initiatives looked to address the challenges of geography, low population density, low levels of technical expertise and a vulnerability to natural disasters. A key driver of the increased focus was establishing the Money Pacific Goals endorsed by the Forum Economic Ministers Meeting (FEMM), signing the Maya Declaration,

	Budget	Expenditure & Commitments	Budget Balance	Budget Utilization
Output 1: Financial Innovation	3,235,000	896,162	2,338,838	28%
Output 2: Policy & Regulation	670,000	22,298	647,702	3%
Output 3: Consumer Empowerment	1,714,500	80,331	1,634,169	5%
Output 5: Technical Support and Indirect Cost	3,356,497	1,140,077	2,216,421	34%
Total	8,975,997	2,138,868	6,837,130	24%

formulating National Financial Inclusion Task Forces (NFITs), and joining the Better than Cash Alliance – all of which occurred in several Pacific Island Countries (PICs). The programme engaged with a range of private sector Financial Service Providers (FSPs) to bring or advance myriad new financial services within the Pacific.

Several lessons were learned from the implementation of PFIP 1, and several areas of improvement were identified. The workstream areas of the second phase of PFIP - which is the intervention to be evaluated in this exercise – were to build on previous work in the areas of mobile money/branchless banking, capacity development of central banks and National Financial Inclusion Task Forces at the policy level, as well improvements in the way PFIP executed its work, including improved results measurement of programme activities. There was also to be a new focus on gender and impact work across the programme.

More specifically, to achieve its mission and targets, PFIP 2 was set up to continue work in the same four core output areas during its second phase while modifying outcomes and outputs under each. The programme approach was later refined to three workstreams, with the following annual budget (July 1, 2018 to June 30, 2019) and expenditure as of Sept 30, 2018:

Sector background in the region and PFIP 2 approach

As a regional programme support facility, PFIP was set up to provide performance-based grants and technical assistance to eligible financial service providers, central banks and government to address the regional financial inclusion priorities. The aim of the programme is to increase the number of people who adopt formal financial services. PFIP achieves this objective by supporting Financial Service Providers to innovate with products and services for mass market customers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. PFIP's theory of change asserts that markets need these three elements to expand access to finance, and that access to finance improves livelihoods, the ultimate development impact goal of the programme. These successful models of pro-poor financial innovations, collectively, will act as center(s) of excellence for facilitating learning and regional replication both by governments and market actors that are not directly supported by PFIP.

Regionally, the programme is aligned with the Money Pacific Goals endorsed by FEMM in support of the global Financial Inclusion Vision 2020. The implementation strategy of the programme at a national level was to be rolled out in cooperation with the Pacific Islands Regional Initiative (PIRI). At the national level, it was

intended that the programme continue to align its interventions with the overall financial inclusion strategy/priorities of the central banks and the national governments via NFITs or other coordinating units.

PFIP Theory of change 2014 – 2020

The theory of change was designed to help the programme respond to current and emerging challenges in the inclusive finance space in the Pacific to play a catalytic role in expanding access to financial services for rural and low-income women, men, youth and microentrepreneurs.

As per the diagram below, the programme is currently organized into three outcome areas: Financial Innovation; Policy and Regulation; and Consumer Empowerment, all centered around the programme's objective. These three focus areas represent the elements of the holistic approach:

Change in PFIP's approach 2017 – 2020

In 2017, and based on results achieved to date, PFIP partners provided an additional USD 4.2 million to the programme raising total expected programme funding to 26.2 million. At the same time, it was agreed that the programme should receive a one-year time extension taking the new programme close date through to June 2020.

In parallel, PFIP proposed an updated workplan, budget and performance targets for the remaining three years of the programme. As presented in the section above, highlights of these changes included a revision of the structure of the programme workstreams, outcome statements, indicators and targets. The revised theory of change also specifies the key strategic instruments used to work toward the PFIP objective, as well as the objective itself. Furthermore, the strategy outlined specific plans in the pursuit of understanding the programme vis-a-vis impact and gender.

The refined set of workstreams are as follows:

Workstream 1: Financial Innovation

Outcome statement: *Financial service providers test and then commercially scale services for mass market customers*

Workstream 1 supports FSPs to expand services to mass market customers. PFIP diversifies its portfolio of FSPs to leverage a broad range of delivery models, company structures, and customer segment specialization. This means that PFIP engages banks, finance companies, microfinance institutions, mobile money operators, money transfer operators and even savings groups. This strategy aims to exploit the potential of all types of service providers and cultivate a more robust and varied industry.

Sample key PFIP deliverables and results under the period being evaluated have included:

Vodafone Innovation Lab in Fiji: The Vodafone mobile financial services Innovation Lab project is designing and testing financial services and delivery models to increase the user base and transaction activity on the Vodafone M-PAiSA mobile money platform to a level that is commercially scalable. The project aims to drive usage and create a new model of mobile village agents to expand outreach and prove the operational feasibility and commercial viability of the digital platform and merchant network. The programme has enrolled 11,038 Fijians.

SINPF voluntary pension in Solomon Islands: PFIP is working with SINPF to research, explore and pilot improved voluntary micro pension products targeted at economically active Solomon Islanders without pension schemes. The aim is to create appropriate, affordable and flexible micro pension product offerings which better meet the needs of the target group to provide adequate funds for their retirement. The project has enrolled 4,674 people, been particularly popular with women, reaching 58% women.

BIMA mobile insurance in Papua New Guinea: BIMA and PFIP are partnering to address the low levels of insurance coverage in PNG. The project focuses on offering convenient, affordable life and hospitalization insurance cover via a mobile platform to low-income, financially underserved Papuans. BIMA's insurance products are cheaper and simpler to use than traditional insurance, making them appealing to low-income

customers. Over 400,000 people have been enrolled, mostly using insurance for the first time.

FijiCare bundled Insurance products: In August 2017, FijiCare piloted an insurance product that offers the benefits of having both life and non-life insurance covers. The product was sold first to the members of the Sugarcane Growers Fund, supplying insurance to over 12,500 farmers. Seeing the success of the project, the Fiji Government purchased the product for its pensioners and social welfare recipients, bringing the total number of policies to almost 120,000 Fijians.

For more information on the full portfolio of projects funded under this workstream to date, please see: <http://www.pfip.org/our-work/work-streams/financial-innovation/>

Workstream 2: Policy and Regulation

Outcome Statement: *Governments implement policies which enable innovation with financially inclusive solutions.*

Workstream 2 consists of projects that support regulation, policy and government actions that enable financial inclusion. Projects under this workstream support regulators to undertake initiatives and develop supervisory instruments that enable the commercial financial sector to innovate and expand services using new technologies and channels. PFIP provides advice, technical assistance and project funding to address specific regulatory issues as they become important in the respective markets.

The key deliverables and results under the period to be evaluated are:

National Financial Inclusion Strategies for the Pacific: PFIP has worked with six central banks to develop their National Financial Inclusion Strategies. Many of the national stakeholders workshops to build consensus on priority actions have been in partnership with the [Alliance for Financial Inclusion's \(AFI\) Pacific Islands Regional Initiative](#) (PIRI). The strategies also encompass a multi-sector approach, including recognizing the importance for financial education in developing Pacific Islanders' financial competencies to enable understanding and use of financial products.

Workstream 3: Consumer Empowerment

Outcome Statement: *Governments and financial service providers empower consumers through financial literacy and consumer protection initiatives.*

Workstream 3 continues to support governments which aspire to follow Fiji's example of integrating financial education – the FinEd Programme - into the primary and secondary curriculum. Many of the newer initiatives are at the sub-national level (e.g. technical and vocation schools) where PFIP is better positioned to ensure effective implementation.

There is significant stakeholder demand for replicating FinED in other Pacific Island Countries (PICs). PFIP 2 promotes Fiji's FinED as a center of excellence and work to broker public-private partnerships for introducing financial education in school curriculum in other PICs. PFIP will play an advocacy role and provide technical assistance in the prioritization, design and implementation. PFIP also embeds customer education efforts in its innovation lab projects with providers, when appropriate. The innovation workstreams contain a focus on consumer protection mechanisms, ensuring the proper recourse is available for each new product type.

Key PFIP deliverables and results under the period being evaluated have included:

FinEd Fiji: The FinEd Fiji programme began in 2011, with the aim of integrating learning about personal money management and investment into the curriculum for Fiji's primary and secondary schools. Beginning in 2013 with national implementation, every Fijian child has participated in FinEd throughout their primary and secondary school years. FinEd Fiji is seen as a role model of best practice in the region. PFIP's major accomplishment in the area of financial education (FinEd) thus far has been providing technical assistance and implementation support to the Fijian Ministry of Education and [Reserve Bank of Fiji](#) in rolling out financial education in the national school curricula, now impacting almost 200,000 students annually nationwide, 48% of whom are female.

FinEd PNG: PFIP also with the Ministries of Education, central banks and technical vocational institutions (TVETs) in the relevant countries to support the integration of financial education (FinEd) into the core curricula, in a replication of the Fiji implementation model. Two sub-national projects have been launched around FinEd with TVETs in Solomon Islands and Papua New Guinea.

Full information on these and other initiatives will be provided during the inception phase.

Evaluation objectives

Purpose, scope and objectives of the evaluations

The final evaluation of PFIP is being conducted in accordance with UNCDF's Evaluation Plan 2018 – 2021, and in line with UNDP's Evaluation Policy (to which UNCDF is party) which sets out a number of guiding principles and key norms for evaluation in the organization following the standards of the United Nations Evaluation Group.

Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise be independent, and that it provide technically and methodologically credible findings that are useful and relevant to support evidence-based programme management and broader strategic decision making.

In support of this, the evaluation has been designed with the following objectives:

1. To assist UNCDF and its partners understand the relevance, efficiency, effectiveness, and likely impact and sustainability of the programme in the different countries in which it is active
2. To consider variation in PFIP's performance at all levels taking into account differences in implementation modality, the evolution of the programme's strategy and the importance of policy and institutional context on PFIP results,
3. To provide evaluative evidence on the contribution of PFIP's work to financial inclusion in partner countries and to UNCDF's broader financial inclusion strategy
4. To Situate the programme in its broader development cooperation environment, compared to similar approaches that promote financial inclusion by other development actors, as well as across UNCDF's Financial Inclusion Practice Area.

As a final evaluation, the evaluation team is expected to focus particularly on the effectiveness, likely impact and sustainability of programme results to date. Critical to this evaluation is an assessment of the relevance and long-term sustainability of the PFIP's approach in inspiring Pacific Financial Service Providers to reach more Pacific Islanders with diverse, appropriate services, and accelerate the overall market of financial services, and in supporting the emergence of improved enabling environments for financial inclusion, to increase the amounts of sustainable finance available for inclusive development. Attention will also be paid to the overall delivery methodology vis-à-vis engagement with the FSPs, as well as PFIP governance, staffing structure, and effectiveness of the Investment Committee. The evaluation, where appropriate, may give guidance, lessons learned, suggestions for mitigating legacy risk in a forward-looking fashion – informing any future strategies.

Evaluation methodology

The evaluation should be **transparent, inclusive, participatory and utilization-focused**. The overall methodology to be followed should be organized following a theory-based approach approach, framed by the UN/OECD DAC evaluation criteria, and drawing upon the most appropriate evaluative methods (quantitative and qualitative) to capture evidence of direct and indirect programme results, as well as broader contributions to market development and policy and institutional change to date in the various countries in which it is intervening. To do so, the methodology proposed should draw as appropriate on relevant established measurement frameworks for capturing these kinds of development outcomes.

The approach to the evaluation should also intend to capture progress against UNCDF's 'innovation-to-scale'

or maturity model approach whereby UNCDF-supported interventions aim to start with piloting/innovation of financial instruments or policy innovations, move to consolidation in additional countries before being scaled up by others in markets and country policy systems more broadly.

In line with good practice in evaluating this type of complex system change-focused intervention, the overall methodology should be based on three concrete pillars:

- the programme's **theory of change**,
- an **evaluation matrix** grouping key evaluation questions and sub-questions by broad UN/OECD DAC criterion allowing analysis of programme,
- a **data collection toolkit** for the evaluation describing the quantitative and qualitative primary and secondary data collection tools that will be deployed to collect and analyze data to answer the evaluation questions.

Theory of change

The main analytical framework for the evaluation is provided by the programme's theory of change which helps organize the evaluation questions according to programme's expected results and underlying assumptions at each level of its results chain. In doing so, the evaluation should use as far as possible a contribution analysis approach with a view to understanding the influence of relevant contextual factors at the regional, national and local levels that may have influenced the programme's direct and indirect, intended and unintended results.

In line with UN evaluation practice, the scope of the evaluation should cover all five standard UN/OECD DAC evaluation criteria: relevance/ appropriateness of design, efficiency, effectiveness, and (likelihood of) impact and sustainability. In doing so, the focus of the evaluation goes beyond assessing whether UNCDF implemented the programme correctly to a broader assessment of whether, given available evidence, and in comparison with similar approaches implemented by others, programme design was appropriate to achieve the higher-level objectives agreed in the initial phase.

Evaluation Matrix

In proposing how to conduct the evaluation, the evaluators should use an evaluation matrix to operationalize the theory of change and its agreed framework of direct and indirect results into a set of measurable categories of evaluative analysis following the results chain of the intervention.

The table below presents a set of preliminary questions that the evaluators should address in their proposed approach. A final, more detailed evaluation matrix should be developed during the inception phase on the basis of extensive document review and initial consultation with key programme stakeholders, including the programme staff themselves.

Table 1 Evaluation Matrix

Evaluation criteria and main questions	Evaluation sub-questions
Question 1: Relevance and quality of design	1.1. How relevant is PFIP to partner country needs? How distinct/complementary is the PFIP approach to other financial Inclusion programmes and initiatives deployed by other national and international initiatives to support increased financial inclusion in the Pacific region?
The appropriateness of the programme's objectives to the real problems, needs and	1.2. How well designed is the PFIP programme with a view to successful programme implementation and broader ownership of programme results by PFIP's different partners?

priorities of its target groups/ beneficiaries and the quality of programme design through which these objectives are to be reached.	1.3. To what extent has programme design been in line with UNCDF's evolving strategy for financial inclusion, and how well does the PFIP approach support other initiatives supporting financial inclusion across UNCDF?
	1.4. To what extent is programme design sufficiently taking cross- cutting issues such as gender and age into account? Has the programme been designed with a clear gender strategy, particularly with a view to contributing to Women's and Youth Economic Empowerment?
Question 2: Efficiency Extent to which the programme has delivered quality outputs that are appropriately managed and overseen.	2.1 How well has PFIP delivered its expected results to date, including in terms of timeliness and cost-efficiency of activities?
	2.2 How well has the programme been managed (including management, staffing structure and investment committee) and what is the quality of the programme's outputs (deliverables) provided to date?
	2.3 How appropriate is the programme's results measurement and monitoring system to track direct and indirect programme results, as well as programme contributions to broader financial system development?
	2.4 How well is the programme being governed? To what extent are partners appropriately involved in programme management and oversight?
Question 3: Effectiveness (organizational and policy change)	3.1 To what extent has PFIP contributed to changes in the capacity of policy makers to design and implement better strategies, policies and regulations in support of increased financial inclusion in the Partner countries?
	3.2 To what extent has PFIP contributed to changes in the capacity of financial inclusion partner organizations to develop and roll out

Extent to which the programme is supporting capacity development in programme partners across the countries in which it is present	new financial products for low income populations, including women and youth, in the countries supported?
	3.3 To what extent is there evidence of increased use of PFIP- developed financial products by low-income populations and with what effects? How successful has the programme been in supporting the improved financial capabilities of low-income people making use of financial services?
Question 4: Likely Impact Programme impact in terms of contribution to market development for financial inclusion	4.1. To what extent are programme results contributing to accelerated market development for financial inclusion in partner countries? Where changes have occurred in markets, what evidence is there to support attribution to PFIP, and what other factors are driving the change?
	4.2 What is the capacity of stakeholders at the meso/macro-level to support programme-supported evolutions in financial inclusion markets? What are the gaps, if any, that need attention to support impacts?
	4.3 What evidence is there of changes in beneficiaries lives that can be linked to beneficiaries' use of products developed as a result of PFIP support?

Question 5: Sustainability of programme results within the broader policy environment	5.1 To what extent are changes in the performance of market actors for financial inclusion likely to continue over time?
	5.2 To what extent are changes in the enabling environment for financial inclusion (at both meso- and macro – levels) supported directly and indirectly by PFIP likely to be sustainable over time?
	5.3. How sustainable is the knowledge and capacity building that has been transferred at the macro, meso and micro levels over time? What are the challenges to this end? What efforts are being pursued to overcome these challenges?

Data collection toolkit

Finally, on the basis of the questions included above, and the information present elsewhere in this RFP and on the PFIP website (www.pfip.org), the evaluation team should deploy a data collection toolkit that will include both existing secondary data as well as new primary data to be gathered during country visits which together will be able to answer the questions listed above. The toolkit should include techniques to ensure gender disaggregation and triangulation of data received.

The combination of primary and secondary tools or separate ‘lines of evidence’ should number at least five and be designed – as with the rest of the evaluation - with triangulation and complementary assessment of the sub- questions in the matrix in mind.

Reports from country visits

To provide an additional source of evaluation analysis, evaluation teams should prepare 10 – 15 page country reports that will provide contextual background to the performance of the PFIP programme in four countries representing the full universe of implementation environments.

These reports should explore in more detail the contribution of PFIP to the development of financial inclusion systems in each of the countries visited during the evaluation, paying careful attention to the role of policy and institutional context in driving or hindering programme results. Both the results of the data collection toolkits and the country reports should then be used in a transparent manner to inform the writing of the final evaluation report as a way of demonstrating the findings of the evaluators to the evaluation questions and supporting the conclusions and recommendations that the team will make.

Case Studies

With a view to probing more deeply the factors facilitating or hindering the achievement of PFIP’s results, interested bidders are requested to include a proposed approach to generating case studies of key aspects of PFIP’s performance in the different work streams being implemented which should also be described in the proposal.

Gender

The promotion and protection of Human Rights (HR) & Gender Equality (GE) are central principles to the mandate of the UN, and all UN agencies must work to fundamentally enhance and contribute to their realization by addressing underlying causes of human rights violations, including discrimination against women and girls, and utilizing processes that are in line with and support these principles.

Addressing gender equality and women’s economic empowerment is central to UNCDF’s mandate and is an integral part of UNCDF’s Strategic Framework 2018-2021 under Annex 3 - Pathway to gender equality and women’s economic empowerment¹.

¹ <http://www.uncdf.org/article/3205/pathway-to-gender-equality-and-womens-economic-empowerment>

Those UN interventions that do not consider these principles risk reinforcing patterns of discrimination and exclusion or leaving them unchanged. It is therefore important that evaluations commissioned by UNCDF take these aspects into account².

Concretely, interested bidders are requested to incorporate the following key principles from the UNEG guidance for integrating human rights and gender equality into their proposals:

- **Inclusion.** Evaluating HR & GE requires paying attention to which groups benefit and which groups contribute to the intervention under review. Groups should be disaggregated by relevant criteria: disadvantaged and advantaged groups depending on their gender or status (women/men, class, ethnicity, religion, age, location, etc.) duty-bearers of various types, and rights-holders of various types in order to assess whether benefits and contributions were fairly distributed by the intervention being evaluated. In terms of HR & GE, it is important to note that women and men, boys and girls who belong to advantaged groups are not exempt from being denied their human rights or equal rights: for example, violence against media workers from advantaged groups who expose wrong-doing or corruption, or constraints on women's public presence and freedom of movement in some countries, regardless if they belong to advantaged or disadvantaged groups. Therefore, the concept of inclusion must assess criteria beyond advantage. Likewise, it is not unusual that some groups may be negatively affected by an intervention. An evaluation must acknowledge who these stakeholders are and how they are affected, and it should shed light on how to minimize the negative effects.
- **Participation.** Evaluating HR & GE should be done in a participatory manner. Stakeholders of the intervention have a right to be consulted and participate in decisions about what will be evaluated and how the evaluation will be done. In addition, the evaluation will assess whether the stakeholders have been able to participate in the design, implementation and monitoring of the intervention. It is important to measure stakeholder group participation in the process as well as how they benefit from results.
- **Fair Power Relations.** Both the human rights and gender equality approaches seek, inter alia, to balance power relations between or within advantaged and disadvantaged groups. The nature of the relationship between implementers and stakeholders in an intervention can support or undermine this change. When evaluators assess the degree to which power relations changed as a result of an intervention, they must have a full understanding of the context, and conduct the evaluation in a way that supports the empowerment of disadvantaged groups, e.g. women's empowerment where women are the disadvantaged gender within a given context. In addition, evaluators should be aware of their own position of power, which can influence the responses to queries through their interactions with stakeholders. There is a need to be sensitive to these dynamics.

Management Roles & Responsibilities

In line with the organisational set up for evaluation in UNCDF, the Evaluation Unit – reporting directly to the Executive Secretary of UNCDF - is responsible for the management of this evaluation and will hire an independent firm to conduct the evaluations. The Evaluation Unit will work with the evaluators to ensure that the evaluations are conducted per UN Evaluation Group (UNEG) Norms and Standards in Evaluation in the UN System, the UNEG Code of Conduct for Evaluation in the UN System and UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation. The Evaluation Unit will provide substantive support, including joining the evaluation team in selected field visits, and is responsible for the overall quality of the report.

² In addition to the UN Evaluation Group guidance on embedding gender equality and women's empowerment into UN evaluations: <http://www.unevaluation.org/document/download/2107>, please see for information the latest report by the UN Secretary General's High Level Panel on Women's Economic Empowerment: Leave No One Behind – Take Action for Transformational Change on Women's Economic Empowerment <http://hlp-wee.unwomen.org/->

The PFIP Programme will provide administrative and logistical support. Specifically, PFIP will provide a reference guide and access to all relevant documents; a list and contact information of key stakeholders; and assistance in scheduling meetings in each country. The team will be available for introductory and close out meetings in each country and shall make itself available to answer questions and provide documents. UNCDF may provide office space in each country for the team to work upon request. *The evaluation team is expected to organize its own travel, visas, accommodation and local transport.*

An Advisory Panel for the evaluation will be set up. The role of the Advisory Committee is to support the evaluation Unit in managing the evaluation by participating in the following:

- Reviewing and commenting on the inception report,
- Reviewing and commenting upon the draft report,
- Being available for interviews with the evaluation team

Evaluation Process

The evaluation process will have 3 distinct phases:

Inception Phase and desk review

1. Methodological briefing between the evaluation team and the Evaluation Unit to ensure clear understanding of the evaluation methodology, approach and main deliverables as per TOR;
2. Inception meetings with Advisory Panel and key programme stakeholders to familiarize the Evaluation Team with the programme objectives, results to date and expectations for this evaluation.
3. Stakeholder Mapping and stakeholder selection for data gathering.
4. Finalization of the evaluation methodology and tools, to include a sampling strategy for more in-depth analysis of various aspects of the performance of the programme including via a representative set of country visits, as well as a strategy for collecting, analysing and aggregating different sources of data into the final evaluation report.
5. Finalization of the schedule for country visits and stakeholder interviews

In-country phase: in-depth data collection and research, including site visits and key informant interviews in selected countries. The Team Leader may be asked to debrief the Advisory Panel and Evaluation Unit at the end of the country visits. This with a view to provide a sense of the evaluation team's preliminary findings ahead of the draft reporting phase.

Post-Mission Phase: analysis and synthesis stage, including i) a debrief with the programme team and UNCDF technical experts on initial findings and final questions, interpretation of findings and drafting of the evaluation report and ii) a HQ debrief of the final evaluation report.

In drawing up the proposed work plan, the successful bidder should ensure that the evaluation team has enough time to complete:

- 1) a thorough review of all relevant programme documentation during the inception phase and preparation of the methodological approach to be followed by the evaluation team;
- 2) country visits to a representative range of at least 4 programme countries³, and
- 3) a thorough write up of the evaluation report to include analysis and transparent aggregation of the different 'lines of evidence' collected during the preceding evaluation phases into country reports and then a final evaluation report with relevant annexes.

³ The final choice of countries to be visited will be decided during the inception phase with a view to providing as representative an overview of programme results as possible. These countries may include Fiji (where the programme secretariat is based), Papua New Guinea, Solomon Islands and one of Vanuatu, Samoa and Tonga).

During the country visits, the expected level of effort for the evaluation should include at a minimum 5 days per country with a minimum of two members of the evaluation team to visit each country. Team members should be experienced evaluators with relevant technical knowledge of the intervention being assessed.

In total, it is expected that the evaluation will take at a minimum 150 person days to complete, including all team members' contributions to the inception, country visit and write up phases of the evaluation.

The methodology – including the final choice of which countries to visit - will be further developed during the inception phase under the supervision of the Evaluation Unit

Audience and timing

The primary audience for this evaluation is UNCDF and key stakeholders (including programme funders) and partners in the UNCDF-supported countries that have benefited from PFIP support.

The mid-term evaluation is scheduled as follows:

Inception phase: February 2019

Country visits: March, 2019

Write up phase and final report: April - May, 2019

Main deliverables

The below proposed timeframe and expected deliverables will be discussed with the evaluation team and refined during the inception phase. The final schedule of deliverables will be presented in the inception report. The Evaluation Unit reserves the right to request revisions to the evaluation deliverables until they meet the quality standards set by the UNCDF's Evaluation Unit for evaluation reports (please see Annex 1 for more details). The Evaluation Team Leader is responsible for preparing and submitting the following deliverables:

Table 2 Project Deliverables- Evaluation PFIP

Evaluation criteria and main questions	Evaluation sub-questions
<p>Question 1: Relevance and quality of design</p> <p>The appropriateness of the programme's objectives to the real problems, needs and priorities of its target groups/ beneficiaries and the quality of programme design through which these objectives are to be reached.</p>	1.1. How relevant is PFIP to partner country needs? How distinct/complementary is the PFIP approach to other financial Inclusion programmes and initiatives deployed by other national and international initiatives to support increased financial inclusion in the Pacific region?
	1.2. How well designed is the PFIP programme with a view to successful programme implementation and broader ownership of programme results by PFIP's different partners?
	1.3. To what extent has programme design been in line with UNCDF's evolving strategy for financial inclusion, and how well does the PFIP approach support other initiatives supporting financial inclusion across UNCDF?
	1.4. To what extent is programme design sufficiently taking cross- cutting issues such as gender and age into account? Has the programme been designed with a clear gender strategy, particularly with a view to contributing to Women's and Youth Economic Empowerment?
Question 2: Efficiency Extent to which the	2.1 How well has PFIP delivered its expected results to date, including in terms of timeliness and cost-efficiency of activities?

programme has delivered quality outputs that are appropriately managed and overseen.	2.2 How well has the programme been managed (including management, staffing structure and investment committee) and what is the quality of the programme's outputs (deliverables) provided to date?
	2.3 How appropriate is the programme's results measurement and monitoring system to track direct and indirect programme results, as well as programme contributions to broader financial system development?
	2.4 How well is the programme being governed? To what extent are partners appropriately involved in programme management and oversight?
Question 3: Effectiveness (organizational and policy change)	3.1 To what extent has PFIP contributed to changes in the capacity of policy makers to design and implement better strategies, policies and regulations in support of increased financial inclusion in the partner countries?
	3.2 To what extent has PFIP contributed to changes in the capacity of financial inclusion partner organisations to develop and roll out

Composition of Evaluation Team:

The evaluation team should present a combination of technical expertise in evaluation and experience in designing and managing interventions in the field of financial inclusion and market development relevant to the programmes, with clear experience and expertise in evaluating gender equality in financial inclusion programmes. Experience in evaluating UN programmes, including UNCDF, is preferred but not mandatory.

The team should be familiar with approaches used to assess program contribution to market development/systemic changes, business case of financial products and services, as well as theory-based approaches to programme evaluation, using both quantitative and qualitative analysis of existing secondary data and primary data sources. The team should have comprehensive knowledge of inclusive finance industry best practices across the board in the financial services industry – from customer to product to regulatory environment. Evidence of experience with inclusive finance programmes to support women's empowerment and gender equality will also be considered a plus.

The evaluation team should also be gender-balanced and include representatives from a programme country in which the programme has been implemented.

The teams should also demonstrate the following experience and expertise:

- ✓ At least 10 years of proven experience in designing and conducting international development evaluations applying mixed methods evaluation approaches (including preferably experience with techniques such as contribution analysis, outcome mapping, process tracing etc) applied to a variety of different modalities in international development cooperation;
- ✓ At least 10 years of proven experience in regional financial market facilitation, funding facilities and market assessment;
- ✓ Experience in assessing the business case and transformational value of specific products, delivery models and channels;
- ✓ At least 10 years of demonstrated experience in support to policy making and capacity development of regulators overseeing inclusive finance systems;
- ✓ Understanding of the product innovation and product development processes within financial institutions;

- ✓ Deep general understanding of private sector motivations and culture and the process of product innovation;
- ✓ Experience in Human-Centered Design (HCD);
- ✓ Understanding of the operations of financial service providers, particularly digital financial services, particularly in rural, sparsely populated environments;
- ✓ At least 7 years of proven experience in creating or supporting innovations to expand mass market financial services to low-income market segments;
- ✓ Demonstrated experience in integrating gender equality and women's empowerment in evaluations;
- ✓ Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation
- ✓ Experience in developing relevant program recommendations from evaluation insights;
- ✓ Knowledge and awareness of issues related to the business case overall for overall FSPs, underserved markets (rural and women), alternative delivery mechanisms, Digital Financial Services, and financial education.

It is requested that the proposed evaluation team be made up of at least the following roles:

- ✓ 1 Team Leader with at least 10 - 15 years evaluation/inclusive finance/digital financial service/market development experience
- ✓ Team Members with 10 - 12 years relevant experience of inclusive finance and evaluation, including relevant gender mainstreaming as well as digital financial services experience
- ✓ 1 expert with 7-10 years of experience in digital financial services
- ✓ National/regional consultants with country ecosystem experience to participate in the country visits as necessary
- ✓ Significant experience with gender mainstreaming/financial services for women should be present in the profiles of at least two of the listed team members

In order meet good practice in ensuring sufficient coverage of gender equality and women's empowerment in the evaluation design and conduct, the financial inclusion gender equality expert should support the evaluation team in understanding the distinction between women's financial inclusion versus empowerment, and ensure that the evaluations report this accordingly. The expert should focus on filtering the sex-disaggregated data, and distinguish gender-differentiated impacts at the client level. The expert will have the responsibility for appraising the substance and effectiveness of approaches, products, outcomes and risks of women's financial inclusion.

For the country visits, the evaluation team should be made up of at least two consultants, the senior consultant having at least ten – twelve years of relevant experience to the programme being evaluated and be able to

'apply an evaluative lens' at all points during the conduct of the country visits.

It is also requested that the Team Leader participate in at least the first country visit with a view to familiarising themselves with the environment in which the programme is being implemented and to help with team lead responsibilities.

Proposal requirements

- Methodology
- Detailed work plan with timeline of major activities
- Proposed team (with up to date CVs)
- Overview of past examples (minimum 10) of conducted evaluations with comparable scope, including references

The technical proposal should describe the methodology and approach to achieve the objectives of the evaluation, including the team proposed. The technical proposal should not exceed 30 pages + annexes (for example CVs).

- a) As part of the **methodological proposal** for the evaluation, the following elements should be included:

An overview of the **data collection strategy** to be used in answering the evaluation questions, including the type of qualitative and quantitative tools that will be used in assessing existing secondary data and generating new primary data. In proposing the evaluation methodology, bidders are requested to respect the various quality standards for UNCDF evaluation set out in Annex 1.

- b) The proposal should also highlight how the evaluation will apply a gender responsive lens with a view to generating findings that take into account the perspective of women, rural, and un(der)banked population segments, as well as make use of the Gender Economic Empowerment Framework.

A **detailed work plan** including:

- a. A **detailed evaluation work plan for conducting the evaluation**, showing the overall time commitment for the evaluation, as well as specific activities and time allocated to each individual team member. Note that the evaluation team should have sufficient time to complete:
- Review of all relevant programme documentation during the inception phase, including a briefing by the project team on the programme during the inception phase;
 - Country visits to the four countries mentioned above;
 - Write up of the evaluation report presenting the findings on the programme as a whole as well as the supplementary country reports.

- b. **Information on the proposed team** members should include at least:

- Detailed CVs for each member of the team,
- Description of team position and area of expertise (ex. Team Leader; Inclusive Finance Expert, etc.)
- Description of data collection and logistic support team for each of the countries visits
- All team members that will engage in country visits should also be available for the initial kick-off meeting.

- c. **Information on past examples of evaluations** conducted should include:

- A concise description of relevant past evaluations conducted including the methodology that has been followed
- Details of references for these evaluations that can be followed up

Impartiality requirements

We take the opportunity here to remind potential bidders that in line with UN norms and standards for valuation, the ability of the evaluation team to conduct an independent and impartial evaluation of the intervention being assessed is a pre-requisite. With this in mind, interested firms should ensure specifically that members of the evaluation team that are proposed have not had any previous experience of working with the programme being evaluated.

Scope of proposal Price and schedule of payments

The technical proposal cannot include any information on costs. The financial proposal should provide a detailed costing for the scope of work and deliverables described for each of the above-mentioned evaluations. The Financial Proposal shall list all major cost components associated with the services and the detailed breakdown of such costs, including fees, travel costs, per diem, etc. All outputs and activities

described in the offer must be priced separately on a one-to-one correspondence.

Any output and activities described in the offer but not priced in the Financial Proposal shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

In terms of level of effort, interested firms are invited to propose a methodology that includes an average of at least 25 days for the country visits, and an additional 25 days total for the inception phase and write up stage for each consultant.

Schedule of payments:

25% of contract: upon submission of inception report

35% of contract: upon submission of 1st draft report

40% of contract: upon approval of final evaluation report.

Table 3 Quality Grid for UNCDF Evaluations

TOR and Design(Weight 15%)
1. Do the Terms of Reference clearly outline the focus for the evaluation in a logical and realistic
2. Do the Terms of Reference detail timescales and budgets for the evaluation?
3. Does the TOR clearly outline the evaluation's planned approach?
4. Is the proposed outline of the evaluation approach and methodology clearly detailed in the
5. Does the ToR request the evaluator to include gender and vulnerable group issues within the evaluation?
Report and Methodology(Weight 30%)
STRUCTURE
1. Is the evaluation report well-balanced and structured?
2. Does the Evaluation report clearly address the objectives of the evaluation as outlined in the
METHODOLOGY
3. Is the evaluation's methodological approach clearly outlined?
4. Is the nature and extent of the project/ programmes stakeholders or partnerships and their role and involvement in the project/ programme explained adequately?
5. Does the Evaluation clearly assess the projects/ programmes level of RELEVANCE?
6. Does the Evaluation clearly assess the projects/ programmes level of EFFECTIVENESS?
7. Does the Evaluation clearly assess the projects/ programmes level of EFFICIENCY?
8. Does the Evaluation clearly assess the projects/ programmes level of SUSTAINABILITY?
DATA COLLECTION
9. Are data collection methods and analysis clearly outlined?
10. Is the data collection approach and analysis adequate for scope of the evaluation?
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?
14. Does the evaluation detail programme/ project funding and provide funding data?

15. Does the evaluation include an assessment of the projects M&E design, implementation and
16. Are all indicators in the logical framework assessed individually, with final achievements
Crosscutting(Weight15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where
2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as
3 . Does the report discuss disaster risk reduction and climate change mitigation and adaptation
4. Does the report discuss crisis prevention and recovery issues, as where relevant?
5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant?
6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant?
7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?
14. Does the evaluation detail programme/ project funding and provide funding data?
15. Does the evaluation include an assessment of the projects M&E design, implementation and
16. Are all indicators in the logical framework assessed individually, with final achievements
Crosscutting(Weight15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where
2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as
3 . Does the report discuss disaster risk reduction and climate change mitigation and adaptation
4. Does the report discuss crisis prevention and recovery issues, as where relevant?
5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant?
6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant?

7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
1. Does the evaluation report contain a concise and logically articulated set of findings?
2. Does the evaluation report contain a concise and logically articulated set of conclusions?
3. Does the evaluation report contain a concise and logically articulated set of Lessons learned?
4. Do the findings and conclusions relate?
5. Are the findings and conclusions supported with data and interview sources?
6. Do the conclusions build on the findings of the evaluation?
7. Are risks discussed within the evaluation report?
RECOMMENDATIONS
8. Are the recommendations clear, concise, realistic and actionable?
9. Are recommendations linked to Country Office outcomes and strategies and actionable by the

Annex 2: List of Documents Reviewed

Country 1: FIJI

References:

1. Financing Agreement: Grant Between UNCDF and BIMA
2. Grant Agreement PFIP FJ 02 – 2016
3. Grant Agreement No. 02 -2017 Fiji between UNCDF and Fiji Care Insurance Limited
4. Grant Agreement Between UNCDF and Fiji Care Insurance Limited; Grant Agreement No. 01 - 2019 Fiji
5. Financing Agreement: Grant between UNCDF and FNPF
6. Financing Agreement: Grant Between UNCDF and Home Finance Company Limited trading as HFC Bank
7. Grant Agreement between UNCDF and IT Galax Solution: Grant Agreement No. 01 – 2018
8. Financing Agreement: Grant between UNCDF and Fiji Ministry of Education: Grant No. PFIP FJ – 02 – 2014
9. Financing Agreement: Grant Agreement Between UNCDF and Reserve Bank of Fiji: Grant no. PFIP Fj – 01 – 2014
10. Financing Agreement: Grant Agreement Between UNCDF and Reserve Bank of Fiji: Grant No. PFIP FJ - 01 – 2015
11. Grant Agreement between UNCDF and Sugar Cane Growers Fund: Grant No. 03 – 2017
12. Grant Agreement between UNCDF and Vodafone Fiji Limited
13. Grant Appraisal Document – Vodafone M-Paisa Innovation Lab (Voda – ilab) – Phase II

Country 2: Papua New Guinea

List of PFIP documents reviewed:

1. Grant Agreements and Project Appraisal Documents (PAD) for all the projects sanctioned under PFIP II
2. Budget notes for projects
3. Contracts for TA providers
4. PFIP- II programme document
5. PFIP- II Results Framework
6. Quarterly reports from partners
7. Budget related documents

Country 3: Solomon Islands

List of reviewed documentation

1. Grant Agreements and Project Appraisal Documents (PAD) for:
 - a) Central Bank of Solomon Islands
 - a. Demand Side Survey
 - b. G2P Study
 - c. NFIS
 - d. Airtime topup
 - b) Alliance for Financial Inclusion
 - c) ANZ Bank
 - a. Coconut Value Chain
 - b. Digital School Fees
 - d) Solomon Islands National Provident Fund
 - a. Micropension research and Pilot
 - b. youSave scaleup

- e) SPBD
 - a. Rural Expansion
 - b. Solar Products
- f) World Vision
- g) Young Enterprise Trust
- 2. PFIP- II programme document
- 3. PFIP- II Results Framework
- 4. Quarterly reports from partners
- 5. Budget related documents

References:

- a. <https://dfat.gov.au/geo/solomon-islands/Pages/solomon-islands-country-brief.aspx>
- b. **DSS: Solomon Islands -2015**
- c. **NFIS-II**
- d. **Midline Review of NFIS II**

Country 4: Vanuatu

List of reviewed documents (public):

- 1. National Financial Inclusion Strategy, Vanuatu- 2018-2023
- 2. Demand Side Survey- 2016
- 3. Financial Service Sector Assessment- 2011
- 4. Telecommunications Sector report 2018
- 5. IMF Article IV Mission report 2019- Vanuatu
- 6. PIRI Financial Inclusion 2017 status report
- 7. 2016 Post Pam Mini Census Report
- 8. Republic of Vanuatu: Expanding Access to financial Services- Technical Assistance Report; ADB
- 9. MSME finance survey report 2016
- 10. Feasibility assessment: Extending superannuation coverage to the informal sector in Vanuatu for VNPF

List of PFIP documents reviewed:

- 1. Grant Agreements and Project Appraisal Documents (PAD) for:
 - a. National Bank of Vanuatu
 - b. Reserve Bank of Vanuatu
 - c. Telecom Vanuatu Limited
 - d. Fijicare
 - e. Vanuatu National Pension Fund
 - f. Cloudcase
 - g. Blue Print Pension Services
- 2. PFIP- II programme document
- 3. PFIP- II Results Framework
- 4. Quarterly reports from partner
- 5. Budget related documents

Annex 3: Stakeholders List

Names and other details of stakeholders has been removed to ensure their confidentiality. A total of 12 Focus Group Discussions with clients and 54 Key Informant Interviews were conducted as part of this evaluation exercise.

Annex 4: FGD & Quant Survey Questionnaire

Client Survey Tool - Impact Evaluation of Pacific Financial Inclusion Programme (PFIP) supported by UNCDF

S. No	Question	Response codes	Guidance
S1	What country is this interview taking place?	<ol style="list-style-type: none"> 1. <i>Fiji</i> 2. <i>PNG</i> 	DO NOT READ OUT

General Instructions for Scripters

2. All the numerical responses should be captured in “digits” not words. For e.g. the response for Q. No. 1.3 should be recorded as “26” not “Twenty-Six”. This should be forced in the script
3. The guidance column will provide scripting instructions.
4. If “Other Specify” please capture the open ended response. If just “Other” the open ended response is not needed.
5. In case of “Don’t Know” as response, use 9999 as code throughout the questionnaire
6. All questions are do not read out unless otherwise specified. Please do not read out the response codes unless specified.

Introduction and Permission:

Bula!! My name is _____. We are from Tebbutt Research and are conducting a survey about the current access and usage of financial services by the community members. Participation in this survey is voluntary. However, we hope that you will participate because your views are important for practitioners that serve you. Your identity and your answers will remain strictly confidential and your specific answers will not be shared with any other entity. This survey will take about 30 minutes.

Helo wantok! Nem bilong mi _____. Mipela bilong Tebbutt Research na mipela mekim sevei or wok painim aut long hau ol manmeri bilong kominiti save usim ol fainensel sevis. Tekpart bilong yu long dispela sevei em long laik bilong yu yet. Tasol miepla laikim yu long tekpart bikos ol tingting bilong yu em impoten long ol lain save givim dispela sevis long yu. Nem bilong yu na ol bekim ansa yu givim em bai stap konfidensel or stap hait wantaim mipela tasol na bai mipela nonap givim long wanpela narapela. Dispela sevei or wok painaim aut bai kisim yumi olsem 30 pela minit.

A.1 Do I have your permission to continue? Yu givim mi tok orite long yumi go het wantaim dispela?

Yes1

No2

A.2 Have you participated in a survey regarding your use of financial services in the past 12 months? **Yu bin tekpart long wanpela sevei or wok painim aut bilong fainensel sevis insait long 12 pela mun go pinis?**

Yes1

No2

For any additional information and queries on the issues discussed, please contact: Hannah Larsen at hannah@tebbuttresearch.com.au or (07) 5532 4666 **Long kisim moa infomesen long ol samting yumi bai toktok long em, plis kontektim : Hannah Larsen long hannah@tebbuttresearch.com.au or (07) 5532 4666**

Interviewer's Details (Pre-coded) do not show.

Name: _____

Age: _____

Gender: _____ (Male -1, Female-2)

Country: _____

Location of Clients: _____
(Rural-1, Urban- 2)

Pre-Survey

S. No	Question	Response codes	Guidance								
S2	Is the location of the interview urban or rural?	<ol style="list-style-type: none"> 1. <i>Rural</i> 2. <i>Urban</i> 	DO NOT READ OUT								
S3a	For the following, can you please let us know 'yes' or 'no' for each.	<table> <tr> <th>Code</th><th>Question</th><th>Yes</th><th>No</th></tr> <tr> <td>1</td><td>Do you visit Vodafone value shops for recharging your travel card?</td><td>1</td><td>2</td></tr> </table>	Code	Question	Yes	No	1	Do you visit Vodafone value shops for recharging your travel card?	1	2	<p>Ask if S1 = 1</p> <p>INTERVIEWER INSTRUCTION: Read out the list and answer yes or no for each one.</p>
Code	Question	Yes	No								
1	Do you visit Vodafone value shops for recharging your travel card?	1	2								

		<p>2 Are you registered with Sugarcane Growers Fund? 1 2</p> <p>3 Did you have an insurance (life/health) from BIMA? 1 2</p> <p>4 Do you have an insurance from Fijicare? 1 2</p> <p>5 Do you have a bank account with HFC? If yes, have you used your debit card at Vodafone agent shop? 1 2</p> <p>6 Are you a student or teacher currently? 1 2</p> <p>7 Have you completed your secondary education in last 4 years? 1 2</p> <p style="text-align: right;">1.1.1</p>	<p><i>If S3a = 1 for any, respondent is a PFIP beneficiary and qualifies for the survey. PROCEED to 1.1</i></p> <p><i>If S3a \neq 1, the respondent does not qualify. SCREEN OUT</i></p>																				
S3b	For the following, can you please let us know 'yes' or 'no' for each.	<table border="1"> <thead> <tr> <th>Code</th> <th>Question</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Do you have a bank account with Westpac?</td> <td>1</td> <td>2</td> </tr> <tr> <td>2</td> <td>Did you have an insurance (life/health) with BIMA?</td> <td>1</td> <td>2</td> </tr> <tr> <td>3</td> <td>Do you have a bank account with Women's Microbank or MamaBank Access Point (MAP)?</td> <td>1</td> <td>2</td> </tr> <tr> <td>4</td> <td>Do you have a bank account with MiBank?</td> <td>1</td> <td>2</td> </tr> </tbody> </table>	Code	Question	Yes	No	1	Do you have a bank account with Westpac?	1	2	2	Did you have an insurance (life/health) with BIMA?	1	2	3	Do you have a bank account with Women's Microbank or MamaBank Access Point (MAP)?	1	2	4	Do you have a bank account with MiBank?	1	2	<p>Ask if S1 = 2</p> <p>INTERVIEWER INSTRUCTION: Read out the list and answer yes or no for each one.</p> <p><i>If S3b = 1 for any, respondent is a PFIP beneficiary and qualifies for the survey. PROCEED to 1.1</i></p> <p><i>If S3b \neq 1, the respondent does not qualify. SCREEN OUT</i></p>
Code	Question	Yes	No																				
1	Do you have a bank account with Westpac?	1	2																				
2	Did you have an insurance (life/health) with BIMA?	1	2																				
3	Do you have a bank account with Women's Microbank or MamaBank Access Point (MAP)?	1	2																				
4	Do you have a bank account with MiBank?	1	2																				

		<p>5 Have you bought a solar Paygo kit from Sola Paygo? 1 2</p> <p>6 Are you a student or teacher at TVET institution? 1 2</p> <p>1.1.2</p>	
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Section 1: Basic information – Demography

First, we will ask you some information about the yourself.

S. No	Question	Response codes	Guidance
1.1.	<p>First, we will ask you some information about the yourself.</p> <p>What is your name? Pes taim tru, mipela igat ol askim bilong kisim infomesen bilong yu yet. Wanem nem bilong yu?</p>	<p>First Name:</p> <p>Last Name:</p>	
1.2.	<p>What is your mobile number? Wanem mobile namba bilogn yu?</p>		Record the mobile number on which respondent can be reached at. Can be his/her personal/HH/nearest neighbour's contact number.
1.3	<p>How old are you? Hamas krismas bilong yu?</p>		Insert number Screen out if age is <18
1.4	<p>What is the name of Village/Ward/Street Name where you reside? Wanem nem bilong liklik ples/Wod/Strit nem yu stap long em?</p>		Insert Village name for rural area & Street/Ward name for urban areas

1.41	What is the name of Village where you reside? Wanem nem bilong liklik ples yu stap long em?		Open end																					
1.42	What is the name of Ward where you reside? Wanem nem bilong Wod yu stap long em?		Open end Ask if S1 = 2																					
1.43	What is the name of Street Name where you reside? Wanem nem bilong Strit nem yu stap long em?		Open end -allow to be left blank																					
1.5	What is the name of Province where you reside? Wanem nem bilong Provins yu stap long em?	<table><tr><td>1</td><td>Rewa Province</td><td>Only (if S1 = 1)</td></tr><tr><td>2</td><td>Tailevu Province</td><td>Only (if S1 = 1)</td></tr><tr><td>3</td><td>Ba Province</td><td>Only (if S1 = 1)</td></tr><tr><td>4</td><td>National Capital District (NCD)</td><td>Only (if S1 = 2)</td></tr><tr><td>5</td><td>Central Province</td><td>Only (if S1 = 2)</td></tr><tr><td>6</td><td>Eastern Highlands Province</td><td>Only (if S1 = 2)</td></tr><tr><td>7</td><td>Other (specify)</td><td>ALL</td></tr></table>	1	Rewa Province	Only (if S1 = 1)	2	Tailevu Province	Only (if S1 = 1)	3	Ba Province	Only (if S1 = 1)	4	National Capital District (NCD)	Only (if S1 = 2)	5	Central Province	Only (if S1 = 2)	6	Eastern Highlands Province	Only (if S1 = 2)	7	Other (specify)	ALL	We will provide a list of this when it is available.
1	Rewa Province	Only (if S1 = 1)																						
2	Tailevu Province	Only (if S1 = 1)																						
3	Ba Province	Only (if S1 = 1)																						
4	National Capital District (NCD)	Only (if S1 = 2)																						
5	Central Province	Only (if S1 = 2)																						
6	Eastern Highlands Province	Only (if S1 = 2)																						
7	Other (specify)	ALL																						
1.6	To what level you have completed your education? Wanem mak or gred bilong skul em yu pinis long em?	1= Illiterate 2= Primary or below 3= Middle 4=Secondary 5= Higher Secondary & Above	Single response																					
1.7	What is your gender? Yu man or meri?	1. Male 2. Female	Single response																					

		3. Third Gender 4. Decline to respond (DO NOT SHOW)	
1.8	What is your marital status? Yu marit or nogat?	1. Never married 2. Legally Married 3. De facto 4. Widowed 5. Separated 6. Divorced	Single Response
1.9	Which religion do you follow? Wanem lotu bilong yu?	1. Christian 2. Muslim 3. Hindu 4. Buddhist 5. Jewish 6. Other (specify) 7. No religion	Single Response
1.10	What is the Primary Source of income for your household? Wanem em main rot bilong kisim moni bilong lukautim yupela long dispela haus?	1 – Agriculture & Allied 2- Casual Wages 3 - Government Assistance 4 -Formal/Informal Business 5 – Salaried Job/regular wages 6- Informal borrowing from money from friends/families 7- Regular Remittance 8- Superannuation/Pension Payments 9- Interest/Dividends 10- Rent/Lease payments 11-Royalty Payments 12- Other	Single Response

1.11	Are you a member of any of the following community groups? Yu memba bilong wanpela bilong ol dispela kominiti grup?	<ol style="list-style-type: none"> 1. Agricultural / livestock / fisheries producer's group (including marketing groups) Agrikalsa/ laivstok/ fiseries produsa grup (dispela em inkludim tu ol grup bilong maketim ol dispela produs) 2. Water users' group Grup bilong lukautim wara 3. Forest users' group Grup bilong lukautim bush graun (forest) 4. Credit groups (village banks) Kredit grup bilong givim na kisim moni (liklik benk bilong ples) 5. Savings groups (Self-help groups, VSLAs, merry-go-rounds, etc.) Savings grup (VSLAs, Sunday grup, etc) 6. Mutual help or insurance group (including burial societies) Insurens Grup (inkludim ol grup bilong halivim long taim bilong dai) 7. Trade and business association group Tred na bisnis asosiesen grup 8. Civic group (improving community) or charitable group (helping others) Grup bilong improvim kominiti or chariti (givim free halivim long kominiti_ 9. Other (specify) Narapela grup (tok klia gut wanem kain grup na nem bilong em): _____ 	Multiple Response Enumerator note: Read all options and mark all those whose response is yes.
1.12	What is your primary source of income? Wanem em main rot bilong yu long kisim moni?	<ol style="list-style-type: none"> 1. Agriculture & Allied Agrikalsa na ol agrikalsa bisnis 2. Casual Wages Kesual wok pei 3. Government Assistance, Halivim kam long gavman 4. Formal/Informal Business, Bisnis 5. Salaried Job/regular wages Pei kam long peminem wok 6. Informal borrowing from money from friends/families Dinau moni kam blong ol poroman 7. Regular Remittance Famili save salim moni kam 	Single Response Interviewer instruction: This is for the RESPONDENT not the HOUSEHOLD

		8. Superannuation/Pension Payments Supa or penson peimen 9. Interest/Dividends Winmoni kam long ol invesmen 10. Rent/Lease payments Rent/Lis moni 11. Royalty Payments Royolti peimen 12. Others Narapela 13. No source of income (Exclusive, do not read out) Nogat wei bilong kisim moni (Noken ritim out dispela)	
1.13	How many people are there in your household? Hamaspela manmeri stap long haus bilong yu?		Numeric only

Section 2 – Financial Literacy & Inclusion

Now, we will ask you some questions about finance and inclusion **Nau mipela gat samepla askim long pasin bilong lukautim moni**

S. No	Question	Response codes	Guidance									
2.1	Have you ever undergone any training on financial literacy or any training that discussed how to manage your money, household or business budgets in the past 12 months? <i>Insait long 12pela mun go pinis, yu bin kisim trening or skul bilong lukautim moni bilong yu or haus or bisnis?</i>	1) Yes 2) No	Single Response Skip to Question 2.3 if 2 in 2.1									
2.2	Who conducted the financial literacy training that you received? <i>Wusait bin mekim dispela trening bilong lukautim moni?</i>	<table><tr><td>1.</td><td>FSPs <i>FSPs</i></td><td></td></tr><tr><td>2.</td><td>Savings Club <i>Sevings Klab</i></td><td></td></tr><tr><td>3.</td><td>Agent <i>Agen</i></td><td></td></tr></table>	1.	FSPs <i>FSPs</i>		2.	Savings Club <i>Sevings Klab</i>		3.	Agent <i>Agen</i>		Multiple response - Use Checkmark to record response Enumerator note: Read all options and mark all those whose
1.	FSPs <i>FSPs</i>											
2.	Savings Club <i>Sevings Klab</i>											
3.	Agent <i>Agen</i>											

		<table border="1"> <tr> <td>4.</td><td>Other (specify) Narapela (yu tok klia whosait tru)s</td><td></td></tr> </table>	4.	Other (specify) Narapela (yu tok klia whosait tru)s		response is yes.									
4.	Other (specify) Narapela (yu tok klia whosait tru)s														
2.3	During the past 12 months, did you receive any training on Digital Financial Products such as mobile money? Insait long 12pela mun go pinis, yu bin kisim trening bilong Digitel Fainensel Prodak olsem mobile moni?	1. Yes 2. No 3. Refused 9999 – Don't know	Single response Skip to Question 2.5 if 2, 3 or 9999 in 2.3												
2.4	Who conducted the Digital Financial Literacy training for you? Wusait givim trening bilong Digitel Fainensel Prodak long yu?	<table border="1"> <tr> <td>1.</td><td>FSPs</td><td></td></tr> <tr> <td>2.</td><td>Savings Club</td><td></td></tr> <tr> <td>3.</td><td>Agent</td><td></td></tr> <tr> <td>4.</td><td>Other (specify)_____</td><td></td></tr> </table>	1.	FSPs		2.	Savings Club		3.	Agent		4.	Other (specify)_____		Multiple response - Use Checkmark to record response Enumerator note: Read all options and mark all those whose response is yes.
1.	FSPs														
2.	Savings Club														
3.	Agent														
4.	Other (specify)_____														
2.5	An account can be used to save money, to make or receive payments, or to receive wages or financial help. Do you currently have an account at any of the following places: a bank, the post office, a microfinance institution, or another type of formal financial institution? Yu ken usim akaunt long savim moni na long salim or kisim moni. Yu gat akaunt long wampela bilong ol dispela ples: benk, post ofis, microfinens, ol narapela kain ofisel fainensel institusen?	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response Skip to 2.7 in case of 1, 3, 9999												
2.6	Please tell me whether each of the following is A REASON why you, personally, DO NOT have an account at a bank or another type of formal financial institution. Inap yu tokim mi sapos wanwan bilong ol dispela toktok EM AS TINGTING bilong yu yet wai yu NOGAT akaunt long benk or narapela ofisel fainensel institusen.	<table border="1"> <thead> <tr> <th>Code</th><th>Reason</th><th>Yes =1</th><th>No =2</th></tr> </thead> <tbody> <tr> <td>1</td><td>Because financial institutions are too far away. Bikos fainensel institusen em stap</td><td></td><td></td></tr> </tbody> </table>	Code	Reason	Yes =1	No =2	1	Because financial institutions are too far away. Bikos fainensel institusen em stap			Multiple Response Enumerator note: Read all options				
Code	Reason	Yes =1	No =2												
1	Because financial institutions are too far away. Bikos fainensel institusen em stap														

			long wei tru			and mark yes or no for each
		2	Because financial services are too expensive. Bikos fainensel institusen em dia (sasim bikpela moni) tumas			
		3	Because you don't have the necessary documentation (identity card, wage slip, etc.) Bikos yu nogat ol impoten pepa bilong mekim akaunt (ol pepa olsem ID kad, pei slip, etc).			
		4	Because you don't trust financial institutions. Bikos yu nogat bilip long ol fainensel institusen.			
		5	Because of religious reasons. Bikos long lotu bilip bilong yu mekim nay u no opim akaunt			
		6	Because you don't have enough money to use financial institutions. Bikos yu nogat inap moni long opim akaunt na usim fainensel institusen.			
		7	Because someone else in the family already has an account. Bikos wanpela narapela insait long famili gat pinis akaunt			
		8	Because you cannot get an account. Bikos yu nonap long			

		<table> <tr> <td></td><td>kisim/opim akaunt</td><td></td><td></td></tr> <tr> <td>9</td><td>Because you have no need for financial services at a formal institution. Bikos yu nogat nid long sevis bilong ol fainensel instiusen</td><td></td><td></td></tr> <tr> <td>10</td><td>Because my spouse/other household member disagrees/does not support my need to have one. Bikos man or meri or narapela long haus no laikim or no sapotim yu long gat akaunt</td><td></td><td></td></tr> <tr> <td>11</td><td>Because I feel disrespected by staff from formal financial institutions. Bikos yu save pilim olsem ol wok manmeri bilong benk ino save mekim gutpela pasin long yu</td><td></td><td></td></tr> <tr> <td>12</td><td>Other Narapela</td><td></td><td></td></tr> </table>		kisim/opim akaunt			9	Because you have no need for financial services at a formal institution. Bikos yu nogat nid long sevis bilong ol fainensel instiusen			10	Because my spouse/other household member disagrees/does not support my need to have one. Bikos man or meri or narapela long haus no laikim or no sapotim yu long gat akaunt			11	Because I feel disrespected by staff from formal financial institutions. Bikos yu save pilim olsem ol wok manmeri bilong benk ino save mekim gutpela pasin long yu			12	Other Narapela			
	kisim/opim akaunt																						
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11	Because I feel disrespected by staff from formal financial institutions. Bikos yu save pilim olsem ol wok manmeri bilong benk ino save mekim gutpela pasin long yu																						
12	Other Narapela																						
2.7	How many other household members that currently live with you, have an account? Hamaspela ol narapela long haus bilong yu gat akaunt?		<p>Numeric response only</p> <p>Scripting: check to ensure no more than response at 1.13</p>																				
2.8	Who in your household primarily makes decisions related to the use of the	1. Me	Single Response																				

	bank accounts? Wusait long haus bilong yu save go pas long mekim disisen bilong usim benk akaunt?	2. Joint decision between respondent and spouse 3. Husband 4. Wife 5. Other	
2.9	<p>A debit or ATM card is a card connected to an account at a financial institution that allows you to withdraw money, and the money is taken out of THAT ACCOUNT right away. Debit or ATM kad em konekt go long akaunt long fainensel institusen na alauim yu long rausim moni na moni bai ol rausim long DISPELA akaunt nau yet.</p> <p>How many ATM or debit cards are there in your household? Hamaspela ATM or debit kad stap long haus bilong yu?</p>	1. Zero 2. 1-3 3. 4-5 4. More than 5 5. Refused 9999 – Don't know	Single Response. Skip to 2.14 in case of 1 (zero)
2.10	Is there any debit or ATM card connected to an account with your name on it? Igat debit or ATM kad ikonekt go long akaunt wantem nem bilong yu?	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response If 2.5 = 2,3,9999 Skip directly to 2.13 Skip to 2.13 in case of 2/3/4
2.11	Have you personally used your debit or ATM card to DIRECTLY make a purchase in the past 3 months? Yu yet bin usim debit or ATM kad long baim samting LONG AI BLONG YU YET insait long 3pela mun go pinis?	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response Skip to 2.13 if No
2.12	Have you personally used your debit or ATM card to DIRECTLY make a purchase in the past month? Yu yet bin usim debit or ATM kad long baim samting LONG AI BLONG YU YET insait long 1pela mun go pinis?	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response
2.13	Has anyone else in your household used a debit or ATM card to directly	1. Yes	Single Response

	make a purchase in the last 3 months? Ibin gat wanpela narapela long haus bilong yu bin usim debit or ATM kad long baim samting insait long 3 pela mun go pinis?	2. No 3. Refused 9999 – Don't know	
2.14	<p>In the past 12 months, has money been DEPOSITED into your personal account(s)? Insait long 12pela mun go pinis, ibin gat moni ol putim go insait long akaunt bilong yu yet?</p> <p>This includes cash or electronic deposits, or any time money is put into your account(s) by yourself, an employer, or another person or institution. Dispela em inkudim kes moni or ilekronik deposit, long eni taim igo insait long akaunt bilong yu na kam long yu yet, bossman bilong wok, narapela manmeri or kampani.</p>	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response Only to be asked in case response in 2.5 is "Yes"
2.15	In a typical MONTH, about how many times is money DEPOSITED into your personal account(s)? Insait long wanpela MUN, hamaspela taim moni save GO INSAIT long akaunt bilong yu yet?	1. One or two times per month 2. Three or more times per month 3. Money is not deposited in a typical month 4. Other (specify) 5. Refused 9999 – Don't Know	Single Response Only to be asked in case response in 2.5 is "Yes"
2.16	In the past 12 months, has money been DEPOSITED into any account held by other household members? Insait long 12pela mun go pinis, moni bin GO INSAIT long akaunt bilong wanpela long haus bilong yu?	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response
2.17	<p>In the past 12 months, has money been TAKEN OUT of your personal account(s)? This includes cash withdrawals in person or using your debit or ATM card, electronic payments or purchases, checks, or any other time money is removed from your account(s) by yourself or another person or institution.</p> <p>Insait long 12pela mun go pinis, bin gat moni ol RAUSIM long ol akaunt</p>	1. Yes 2. No 3. Refused 9999 – Don't know	Single Response Only to be asked in case response in 2.5 is "Yes"

	bilong yu yet? Dispela em inkudim kes moni yu rausim yu yet long benk tela, or usim debit or ATM kad, yu baim samting wantaim kad or sek book, or eni narapela taim moni raus long akaunt bilong yu. Na dispela em yu yet yu rausin or narapela manmeri or institusen rausim bilong yu.		
2.18	In a typical MONTH, about how many times is money TAKEN OUT of your personal account(s)? <i>Insait long wanpela MUN, hamaspela taim moni save RAUS or GO ARASAIT long moni blong yu yet?</i>	<ol style="list-style-type: none"> 1. One or two times per month 2. Three or more times per month 3. Money is not taken out in a typical month 4. Refused 9999 – Don't Know	Single Response Only to be asked in case response in 2.5 is "Yes"
2.19	When you need to GET CASH FROM your account(s), how do you USUALLY get it? <i>Taim yu laik KISIM KES MONI long ol akaunt bilong yu, hau tru yu save kisim PLANTI TAIM?</i>	<ol style="list-style-type: none"> 1. You get it at an ATM 2. You get it over the counter in a branch of your financial institution 3. You get it from a bank agent who works at a store or comes to your home 4. Through a Mobile Wallet 5. You get it some other way 6. Do not need to get cash 7. Refused 9999 – Don't Know	Single Response Only to be asked in case response in 2.5 is "Yes"
2.20	Who in your household primarily decides when money is taken out of any account held by you or other household members? <i>Wusait long haus bilong yu save go pas long mekim disisen bilong wanem taim moni ol save rausim long akaunt blong yu yet or akaunt bilong narapela long haus?</i>	<ol style="list-style-type: none"> 1. <i>Me</i> 2. <i>Joint decision between respondent and spouse</i> 3. <i>Husband</i> 4. <i>Wife</i> 5. <i>Other</i> 	Single Response
2.21	Has access to a formal bank account resulted in any of the following? <i>Taim yu bin gat akaunt long ofisel benk, ol dispela samting bin kamap?</i>	<ol style="list-style-type: none"> 1. Improved livelihood opportunities <i>Gutpela wei bilong mekim gutpela sidaun bilong famili</i> 	Multiple Response If 2.5 = 2, 3, 9999

		2. Preparedness to meet social commitments (weddings, funeral expenses) Yu rere na ken stretim ol komitment bilong family (marit, dai/haus krai) 3. Preparedness to meet medical emergencies Yu rere na ken stretim family long taim ol go long haus sik 4. Preparedness to pay for education of children Yu rere na ken stretim skulfi bilong ol pikinini 5. Ability to buy assets Yu ken baim ol bikipela samting 6. None of these (DO NOT READ OUT) (EXCLUSIVE) Nogat wanpela bilong ol dispela (Noken ritim out dispela)	skip to 3.1 without asking Enumerator note: Read all options and mark all those whose response is yes.
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Section 3: Financial planning, Savings Information and Access to other financial services

I will now ask you some questions about financial planning, savings and access to other financial services. **Nau mi gat samepla askim long fainensel planning, savings na hau yu save kisim sevis bilong ol fainensel institusen.**

S. No	Questions	Response	Guidance
3.1	For your monthly household expenditure, do you prepare a budget? Yu save mekim bajet bilong moni yu save baim ol samting bilong haus long wanpela mun?	1. Yes 2. No	Single Response
3.2	Do you currently have any personal cash savings (at home or financial institutions) that you keep in case of emergencies or because you plan to make a major purchase or investment? Nau yet yu gat savings akaunt bilong yu yet (long haus or long fainensel institusen) wher yu lukautim moni bilong usim long taim bilong hevi (imegensi) or bilong yu long baim wanpela bikipela samting or mekim bikipela invesmen?	1. Yes 2. No	Single Response
3.3	During the last 12 months, has your personal cash saving- Insait long 12pela mun go pinis, kes savings bilong yu yet	1. Decreased greatly bin go daun bikpla tru 2. Decreased bin go daun 3. Stayed the same stap wantain tasol 4. Increased bin go antap 5. Increased greatly bin go antap bikipela tru	Single Response INTERVIEWE INSTRUCTION: READ OUT

3.4	Where do you save? Yu savim moni long wher?	1. Bank Benk 2. SHGs/Savings Groups/VSLAs/ Saving Clubs SHGs/Sevings Grup/VSLAs/Sevings Klab 3. Merry-go-rounds, Sundei grup 4. At home Long haus 5. Village Savings and Loan Association Sevings na Loan Asosiesen blong ples 6. Through assets (livestock, jewellery, land etc) Yu baim ol bikpela samting gat planti velu (laivstok, julri, graun) 7. Others – Specify Narapela – Tok klia _____	Multiple Response Enumerator note: Read all options and mark all those whose response is yes.
3.5	How frequently do you save? Hamaspela taim yu save putim moni bilong save	1. Daily 2. Weekly 3. At least once in a month 4. At least once every 2- 3 month 5. Infrequently - whenever I have spare money 6. Never	Single Response
3.6	For what purposes, have you used your savings in last year? Insait long las yia, yu bin usim savings bilong yu long mekim wonem tru?	1) Education 2) Medical Care – Self 3) Medical Care- Other household members 4) Buying assets (livestock, gold, electronics, means of transport) 5) Livelihoods or business need 6) Social Commitments (Weddings, Festivals, death, etc) 7) Emergency 8) Covering loan payments 9) Covering basic living expenses 10) Natural disaster 11) Outward remittance	Multiple Response

		12) Others 13) Did not use at all (EXCLUSIVE, DO NOT READ OUT)	
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Access to other financial services:

<u>3.7 Financial services</u>	<u>3.7.1 Have you ever heard about this product/service? (Yes =1, No=2)</u> Yu bin harim long dispela prodak/sevis? <u>SKIP to next product in case of '2'</u>	<u>3.7.2 Usage (In Last 3 Months)</u> Have you use it in last 3 months? Use (insait long 3pela mun go pinis) (Yes =1, No=2) <u>SKIP to next product in case of '2'</u>	<u>3.7.3 Usage (In Last 1 Months)</u> Have you use it in last 1 month? Use (insait long 1pela mun go pinis) (Yes =1, No=2)	<u>3.7.4 Anyone else in your household has used these services? (In Last 3 Months)</u> Ibin gat wanpela narapela insait long haus bilong yu bin usim ol dispela sevis? (Yes =1, No =2)
Pension Penson				
Insurance (other than credit linked) Insurens				
Direct benefit transfers like Pension/scholarship/govt. subsidy etc Direk benefit transfer olsem Penson/skolasip/ gavman subsidy				
Credit/Micro Credit Kredit/ Micro kredit				
SHG / Village Savings and Loan Association (VSLA)/ Savings club SHGs/ Village Savings and Loan Association				

(VSLA)/Sevings Klab				
Remittances Moni kam long ol wantok				
Payments (person-to-person) Peimen kam long narapela man				
Payments (bill pay, consumer products, etc.) Peimen kam bilong bill, samting yu salim, etc				

Section 4: Digital Financial Services

I will now ask some questions about your use of digital financial services.

Nau mi gat sampela askim long hau yu save usim ol digital fainensel sevis.

S. No	Question	Response codes	Guidance												
4.1	Does anyone in your family own a mobile phone?	1. Yes 2. No	Single Response Skip to 4.5 in case of ‘2’												
4.2	How many of each of the following mobile handsets are owned by your family? Hamaspela bilong ol dispela kain mobile fon yupela gat insait long famili?	<table><tr><th>Code</th><th>Mobile Type</th><th>#phones HH has</th></tr><tr><td>1</td><td>Smartphone Smartfon</td><td></td></tr><tr><td>2</td><td>Feature Phone Fitsha fon (namel long smartfon na wan bang fon)</td><td></td></tr><tr><td>3</td><td>Black & White Blek na wait (wan bang) fon</td><td></td></tr></table>	Code	Mobile Type	#phones HH has	1	Smartphone Smartfon		2	Feature Phone Fitsha fon (namel long smartfon na wan bang fon)		3	Black & White Blek na wait (wan bang) fon		Single Response for each row. Capture zero if the Mobile Type is not available in HH.
Code	Mobile Type	#phones HH has													
1	Smartphone Smartfon														
2	Feature Phone Fitsha fon (namel long smartfon na wan bang fon)														
3	Black & White Blek na wait (wan bang) fon														
4.3	Do you own a personal mobile phone? Yu yet gat mobile fon?	1. Yes 2. No	Single Response. Skip to 4.5 in case of No												
4.4	How many of each of the following mobile handsets are owned by you personally? Hamaspela bilong ol dispela	<table><tr><th>Code</th><th>Mobile Type</th><th>#personal</th></tr></table>	Code	Mobile Type	#personal	Single Response for each row. Capture zero if the Mobile									
Code	Mobile Type	#personal													

	mobile fon em yu yet gat?	<table><tr><td></td><td></td><td>phones</td></tr><tr><td>1</td><td>Smartphone Smartfon</td><td></td></tr><tr><td>2</td><td>Feature Phone Fitsha fon (namel long smartfon na wan bang fon)</td><td></td></tr><tr><td>3</td><td>Black & White Blek na wait (wan bang) fon</td><td></td></tr></table>			phones	1	Smartphone Smartfon		2	Feature Phone Fitsha fon (namel long smartfon na wan bang fon)		3	Black & White Blek na wait (wan bang) fon		Type is not available to respondent.
		phones													
1	Smartphone Smartfon														
2	Feature Phone Fitsha fon (namel long smartfon na wan bang fon)														
3	Black & White Blek na wait (wan bang) fon														
4.5	Do you have access to Internet? Yu gat wei bilong kisim intanet?	1. Yes 2. No	Single Response (If yes, go to 4.6 else Skip to 4.7)												
4.6	How do you access internet? Hau tru yu save kisim intanet?	1. Phone 2. WIFI (at home) 3. WIFI (place of business, community centre) 4. Cyber café 5. Access to friend's/relative's connection	Multiple response Interviewer instruction: Multiple response, select all that apply												
4.7	Have you completed a financial transaction like purchasing online, paying bills, mobile recharge etc. using a mobile phone in the past 3 months? Insait long 3pela mun go pinis, yu bin usim mobile fon long mekim ol fainensel trenseksen olsem baim samting onlain, baim bill na mobile kredit?	1. Yes 2. No	Single Response. Skip to 4.9 if No												
4.8	Have you done a financial transaction like purchasing online, paying bills, mobile recharge etc. using a mobile phone in the past month? Insait long 1pela mun go pinis, yu bin usim mobile fon long mekim ol fainensel trenseksen olsem baim samting onlain, baim bill na mobile kredit?	1. Yes 2. No	Single Response												
4.9	If given a chance, will you feel comfortable and secure in doing a financial transaction using a mobile phone? Sapos yu gat sans, yu ting yu orite long mekim ol fainensel trenseksen wantaim mobile fon?	1. Yes 2. No	Single Response												

4.10	How far is the nearest ATM from your house? Wanem longwei bilong ATM klostu long haus bilong yu?	<ol style="list-style-type: none"> 1. Less than 1 KM 2. Between 1-3 KMs 3. Between 3 – 5 KMs 4. More than 5 KMs 5. Don't Know where it is (DO NOT READ OUT) 	Single Response
4.11	Do you know any agent enabling the access of financial services within the reach of your community? Yu save long agent bilong fainensel sevis stap klostu long komuniti bilong yu?	<ol style="list-style-type: none"> 1. Yes 2. No 	Single Response (If no, skip to 5.1)
4.12	How far is the nearest operational agent from your house? Wanem longwei bilong agent klotu long haus bilong yu?	<ol style="list-style-type: none"> 1. Less than 1 KM 2. Between 1-3 KMs 3. Between 3 – 5 KMs 4. More than 5 KMs 5. Don't Know where it is (DO NOT READ OUT) 	Single Response
4.13	Have you engaged with the agent to make any financial transaction? Yu bin mekim fainensel trenseksen wantain dispela agent pinis?	<ol style="list-style-type: none"> 1. Yes 2. No 	Single Response (If no, skip to 5.1)
4.14	In the last 3 months, how often have you visited with the agent to make a transaction? Insait long 3pela mun go pinis, hamaspela taim yu bin lukim dispela agent long mekim tenseksen?	<ol style="list-style-type: none"> 1. Zero 2. Once 3. 2-3 times 4. 4+ times 5. Don't remember 	Single Response
4.15	How satisfied are you with your experience interacting with the agent? Yu bin hamamas long sevis yu kisim taim yu wok wantaim dispela agent?	<ol style="list-style-type: none"> 1. Very satisfied Hamamas tru 2. Somewhat satisfied Hamamas liklik 3. Not satisfied No hamamas 	Single Response

Section 5: Consumer Empowerment

S. No	Question	Response Codes	Guidance
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5.1	If you needed more information about different financial services that are available to you, would you know where to go to get this information? Sapos yu nidim moa infomesen long ol kainkain fainensel sevis yu ken usim, yu save long wanem hap yu ken go long kisim dispela infomesen?	1. Yes 2. No	Single Response
5.2	Are you confident you could compare prices and terms for similar financial products offered by different MFIs, banks, etc.? Yu ting yu inap long komparim prais na ol infomesen bilong ol wankain fainensel prodak ol narapela MFI, benk, etc ol save givim?	1. Yes 2. No	Single Response
5.3	Are you confident that you can select the products or services that are right for you? Yu ting yu inap long markim prodak or sevis irait long yu?	1. Yes 2. No	Single Response
5.4	Do you agree or disagree with the following statement: Financial service providers use language and product descriptions that I can easily understand. Yu wanbel or ino wanbel long dispela toktok: Ol fainensel sevis provida save usim ol toktok na tokples bilong ol prodak wher ino isi long andastendim.	1. Agree 2. Disagree	Single Response Enumerator to read out the statement to respondent.
5.5	Do you agree or disagree with the following statement: I understand the risks of borrowing. Yu wanbel or ino wanbel long dispela toktok: Mi save long ol birua long kisim dinau	1. Agree 2. Disagree	Single Response Enumerator to read out the statement to respondent.
5.6	Do you feel that choosing between a financial provider or products is a stressful experience? Yu pilim olsem em hat tru long makim namel long ol fainensel provida and ol prodak bilong ol?	1. Yes 2. No	Single Response
5.7	Do you understand your rights as a consumer and what you should expect from financial services providers? Yu klia long ol raits bilong yu olsem kastoma na wanem yu ken kisim long ol fainensel institusen?	1. Yes 2. No	Single Response
5.8	Do you feel confident in discussing your financial needs with a financial service provider? Yu pilim orite long toktok long fainensel nid bilong yu wantaim wanpela fainensel provaida?	1. Yes 2. No	Single Response

5.9	Do you feel financial service providers listen to your needs and try to respond to them? Yu pilim olsem ol fainensel provaida save harim yu gut na bahain long ol traim long stretim wari bilong yu?	1. Yes 2. No	Single Response
5.10	Do you feel confident enough to identify a financial scam? Yu pilim orite long lusave long ol kon fainensel prodak or sevis?	1. Yes 2. No	Single Response
5.11	Do you feel treated with respect from financial service providers? Yu pilim olsem ol fainensel sevis provida givim yu gutepla sevis wantaim ruru?	1. Yes 2. No	Single Response
5.12	Do you agree or disagree with the following statement: I am in control of my use of financial services, financial services do not control me. Yu wanbel or ino wanbel long dispela toktok: Mi yet mi kontrolim use bilong fainensel sevis na fainensel sevis ino kontrolim mi	1. Agree 2. Disagree	Single Response
5.13	Do you know where to go to file a complaint or raise questions with a financial service provider? Yu save wanem hap yu ken go long putim komplain	1. Yes 2. No	Single Response
5.14	When you want to file a complaint or provide input, do you find the processes easy to follow? Yu painim wei bilong putim komplain or givim tingting em isi long yu long behainim?	1. Yes 2. No 3. Don't know 4. Not applicable	Single Response

CLOSE: Thank you for taking the time to speak with me today. **Tenk yu long givim mi taim bilong yu long toktok wantaim mi tete.**

In-Depth Interview Guideline for PFIP Staff under Program Evaluation of Pacific Financial Inclusion Programme

Objective of the study:

Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme that has helped more than two million low-income Pacific islanders gain access to formal financial services and financial education. It does so by funding innovative approaches in development of financial services, supporting policy and regulatory initiatives, and empowering consumers. PFIP is jointly administered by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Governments of Australia and New Zealand and the European Union.

Grameen Foundation is conducting the impact evaluation of Pacific Financial Inclusion Programme in the focus countries. The evaluation adopts OECD/DAC framework and will assess the programme on five parameters: Relevance, Efficiency, Effectiveness, Sustainability and Impact. As part of the program evaluation, we are interviewing PFIP staff to gain an understanding of the programme, its design & structure, implementation plan and impact. At the end, KII will capture outlook and recommendation of the programme. Information captured during these KIIs will be used for triangulation purposes.

Thank You & Consent:

I want to thank you for taking the time to meet with me today. My name is _____ and I would like to talk to you about your experiences related to Pacific Financial Inclusion Programme. Specifically, the aim of the study is to understand your feedback on the programme about the implementation, relevance of the content, clients' reaction to the programme and the changes which could be incorporated in future. The interview should take less than an hour. I will be taping the session because I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. Because we're on tape, please be sure to speak up so that we don't miss your comments. All responses will be kept confidential. This means that your interview responses will only be shared with research team members and we will ensure that any information we include in our report does not identify you as the respondent. Remember, you don't have to talk about anything you don't want to and you may end the interview at any time. Are there any questions about what I have just explained? Are you willing to participate in this interview?

Interviewee

Witness

Date

General Guidelines for conducting IDIs:

1. The interview should be done in a place free from noise and interference
2. Interviewer of the IDIs should use pre-determined questions for the discussion and establish a permissive environment
3. The interviewer will make a smooth and snappy introduction of the project and the objective of the IDIs. S/he should
 - a. Welcome the interviewee
 - b. Provide an overview of the topic
 - c. Set the ground rules for the discussion
 - d. Introduce the first question
4. Use probes as needed. These include:
 - a. Would you give me an example?
 - b. Can you elaborate on that idea?
 - c. Would you explain further?
 - d. I'm not sure I understand what you're saying.
 - e. Is there anything else?
5. At the end of the discussion, the interviewer should conclude the IDI with thanks to the participant.

S. No	Question	Response
1.	Name of Respondent	
2.	Organisation Name	
3.	Designation/Position	
4.	City	
5.	Country	
6.	No. of years working on/associated with the PFIP?	

Program History & Evolution

1. Can you brief us about programme history? How was it conceptualised and has evolved over the tenure?
2. How was programme strategy conceptualised and what was the idea behind its realignment during 2017?

- a. What are some of the changes the realignment has brought in the overall programme?
- b. Do you think the current programme strategy is overarching and facilitates market development and expands access of financial services to low -income population of Pacific Countries?

Programme Design

1. Is the programme aligned with overarching goals of UNCDF - FIPA's financial inclusion policies/strategies (and to what degree)?
 - a. How programme is addressing key focus of UNCDF of advancing inclusive digital economy?
2. Does PFIP and its objective align with country's and the region's current and planned overarching policies and strategies (Maya Declaration commitments ,2020 Money Pacific Goals, etc.)? Why or why not?
 - a. If not, what would need to be changed?
 - b. Has PFIP been able to build a broad community of practice committed to financial inclusion?
3. Given the guidelines provided under the Support Facility Policy, what has:
 - a. Worked well in the selection and engagement of grantees/partners
 - b. Not worked in the selection and engagement of grantees/partners
 - c. Is there any separate target mechanism for public and private partners? If yes, can you explain the reasons for the same?
 - d. What is the onboarding process for partners under the programme?
4. Can you please share the steps involved in intervention design under PFIP? Probe for its participative nature (Government, partners, citizens)
 - a. What are some of the key considerations during intervention design? Probe for inclusion measures taken for Gender, Youth and microentrepreneurs.
 - b. Has there been use of market research/needs assessment survey for intervention design? If yes, can you cite some examples.

Programme Implementation & partnership development

1. Have PFIP activities supported initiatives that expanded delivery of financial services to marginalized populations?
 - a. How do you manage to track the program outreach for different segments - low income households, gender, youth, vulnerable segments?
 - b. Probe if they have targets for each one of these segments.
2. How has implementation support changed over time? What has been some of the key considerations for these changes?
 - a. Has there been any change in the role of Investment Committee (IC)? If yes, what are some of those?
 - b. Which forms of PFIP support have been most or least successful in your opinion? Why?
3. What are some of the key barriers and enablers in programme implementation? Probe for following:
 - a. Government support
 - b. Infrastructure issues
 - c. Partnership development
 - d. Profitability for partners
4. Can you explain how the DFS for Women strategy was operationalized at the country and at the FSP level?
 - a. How were countries and FSPs expected to operationalize the strategy?
 - b. How well do you believe they operationalized the strategy?

- c. Were there trainings conducted by the PFIP staff level with banks, communities of practice or with FSPs directly? For example, were there any training(s) of FSP or other frontline staff related to gender/power dynamics?
5. What were adoption rates by product and gender and what are the implications of these rates on potential benefit, future programming priorities?
- a. Given some of the bigger constraints for women are for those living in rural areas, is it possible to break down the data to compare urban vs. rural women and rural women vs. rural men?
 - b. There wasn't much growth in remittance services, despite how important these are for women. Why might be reasons that remittance services were not considered more?

Staff Onboarding & Capacity Building

1. What is the training and capacity building plan for PFIP staff under the programme? Are Learning and Development goals part of KRA for staff? Is there sufficient focus on:
- a. Understanding of Pacific context
 - b. Gender
 - c. Financial Innovation
 - d. Regulation and Policy

If yes, probe for reasons?

PFIP Impact

1. How has PFIP Interventions impacted the market development process in the region?
- a. Has there been inflow of new institutions, financial services and products in the region during the 2nd phase of the programme?
 - b. If yes, what are some of those? Probe about entry barriers, profitability and acceptance of the same.
2. Do you think that initiatives under PFIP II has led to consumer empowerment? If yes, why do you think so?
- a. Can you please elaborate on customer education initiatives under the programme?
 - b. How has client protection and grievance redressal mechanisms developed during the programme tenure? Cite some examples.
3. How had PFIP impacted the Financial Innovation in the region?
- a. Do you think there has been enough new products and services introduced in the region during this phase?
 - b. If yes, can you cite some examples and what gaps they have bridged?
 - c. In general, how have consumers responded to the financial innovation - introduction of new product and services?
- i. Can you cite some examples of successful and unsuccessful innovation?
- d. What are some of the key challenges faced during innovation?

Knowledge Management

1. How has knowledge management translated to strengthening the policy, practice and outreach of financial inclusion initiatives?
- a. Can you please cite some examples and probe for each of the workstreams?
2. How did the market research for products and services designed to incorporate an understanding of women's roles and who influences their mobility, etc.?
3. How did the market research for products and services incorporate an understanding of women's roles and who influences their mobility, etc.?
- a. Were any special tactics used to raise awareness of the products for women?

- b. If yes, what lessons did you learn?
- c. If no, why was there a decision not to develop a different strategy for women to raise their awareness?

Outlook and recommendations

1. Overall, how will you rate performance of PFIP II? What are some of the key achievements and failures? Probe for all the three workstreams - Financial Innovation, Policy and Regulations and Consumer Empowerment.
 - a. Also, probe along all the DAC criteria - Relevance, Effectiveness, Efficiency, Impact and Sustainability
2. What are some of the key focus areas for PFIP if it continues operating? Also, cite reasons for your recommendations for each of the workstreams.
 - a. What are some of the key steps PFIP should take to stay relevant to the market and region? Probe for all three workstreams.
 - b. What are some of the steps PFIP can take to increase its effectiveness & efficiency? Probe for all three workstreams.
 - c. What are some of the steps PFIP can take for an incremental increase in impact?

In-Depth Interview Guideline for Policy Regulators under Program Evaluation of Pacific Financial Inclusion Programme

Objective of the study:

Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme that has helped more than two million low-income Pacific islanders gain access to formal financial services and financial education. It does so by funding innovative approaches in development of financial services, supporting policy and regulatory initiatives, and empowering consumers. PFIP is jointly administered by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Governments of Australia and New Zealand and the European Union.

Grameen Foundation is conducting the impact evaluation of Pacific Financial Inclusion Programme in the focus countries. The evaluation adopts OECD/DAC framework and will assess the programme on five parameters: Relevance, Efficiency, Effectiveness, Sustainability and Impact. As part of program evaluation, we are interviewing Policy Regulators to understand the support and services they have received from the programme and its impact on the overall policy making, government affairs and regulatory framework related to financial inclusion in the country.

Thank You & Consent:

I want to thank you for taking the time to meet with me today. My name is _____ and I would like to talk to you about your experiences related to Pacific Financial Inclusion Programme. Specifically, the aim of the study is to understand your feedback on the programme about the implementation, relevance of the content, clients' reaction to the programme and the changes which could be incorporated in future. The interview should take less than an hour. I will be taping the session because I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. Because we're on tape, please be sure to speak up so that we don't miss your comments. All responses will be kept confidential. This means that your interview responses will only be shared with research team members and we will ensure that any information we include in our report does not identify you as the respondent. Remember, you don't have to talk about anything you don't want to and you may end the interview at any time. Are there any questions about what I have just explained? Are you willing to participate in this interview?

Interviewee

Witness

Date

General Guidelines for conducting IDIs:

1. The interview should be done in a place free from noise and interference
2. Interviewer of the IDIs should use pre-determined questions for the discussion and establish a permissive environment
3. The interviewer will make a smooth and snappy introduction of the project and the objective of the IDIs. S/he should
 - a. Welcome the interviewee
 - b. Provide an overview of the topic
 - c. Set the ground rules for the discussion
 - d. Introduce the first question
4. Use probes as needed. These include:
 - a. Would you give me an example?
 - b. Can you elaborate on that idea?
 - c. Would you explain further?
 - d. I'm not sure I understand what you're saying.
 - e. Is there anything else?
5. At the end of the discussion, the interviewer should conclude the IDI with thanks to the participant.

S. No	Question	Response
1.	Name of Respondent	
2.	Organisation Name	
3.	Designation	
4.	City	
5.	Country	
6.	Support from PFIP	<ol style="list-style-type: none">1. Grant2. Technical Assistance3. Other _____

Support received

1. What type of support did you receive from PFIP?
 - a. Did the results correspond with your expectations? Why (not)?

- b. Which factors did support or hamper the project?
2. What were concrete improvements that you achieved with PFIP support?
 - a. What are some of the key areas under the intervention?
 - b. How has PFIP support led to development of NFIS? How it has led to the development of partnerships and networks in the country?
 - c. Probe for developments under the three workstream - Customer Education, Financial Innovation & Policy & regulation.
 - I. Has it led to demand generation at the last mile? Probe separately for women, youth and microentrepreneurs.
 - II. How has PFIP support strengthened the financial services' value chain in your country?

PFIP's impact

1. Did PFIP activities contribute to changes in policies and regulations supporting financial inclusion? If not, why?
 - a. If yes, what are some of those policies & regulations?
 - b. How relevant and effective those policy changes have been? Probe for the changes it has resulted in market development & removing entry barriers.
2. Did PFIP support enable you to achieve your financial inclusion objectives?
 - a. Has it resulted into greater budgetary allocation & appointments for expediting financial inclusion in your country?
 - b. Has it resulted in increased outreach/development of new products or services/ initiatives for customer education? Probe for each one of them.
 - c. How has the measurement framework for financial inclusion changed or evolved due to PFIP support?
3. Has PFIP supported initiatives that expanded access to finance to marginalized populations?
 - a. Do you think women, youth and microentrepreneurs have benefited by the program? If yes, how. Please cite some initiatives which targeted them and the resultant benefit thereof.
4. Do you think that PFIP knowledge products contribute to raising public awareness? Have you participated in their dissemination activities and have you applied the outcomes to your context?
 - a. Do PFIP knowledge products support project implementation? Probe for examples across three workstreams.
 - b. Has it led to the development of actionable insights?
5. What do you think about sustainability of PFIP interventions? Did (will) the project carry on after PFIP funding? If yes, how? If not, why?
 - a. Has there been measures adopted at PFIP for institutionalization of interventions at partner organisations?

PFIP relevance

1. Does PFIP and its objective align with your country's and the region's current and planned overarching policies and strategies (Maya Declaration commitments ,2020 Money Pacific Goals, etc.)? Why or why not?
 - a. If not, what would need to be changed?
 - b. Has PFIP been able to build a broad community of practice committed to financial inclusion?
 - c. Are you a member of the Pacific Islands Regional Initiative (PIRI)?
 - d. Are the objectives of PFIP and PIRI (AFI) aligned?

Collaboration with PFIP

1. How would you describe the collaboration with PFIP? How it has evolved over time and how do you see it to grow in the future?
 - a. Which elements of the collaboration did you specifically appreciate? Why (not)?
 - b. Do you have any recommendations on how to improve collaboration in the future?
 - c. What are some of the prospective areas of collaboration in the future? Why do you suggest these?

Outlook and recommendations

1. Do you think you will need further PFIP support after your current cycle is coming to an end? Why?
 - a. In which areas would you need support?
 - b. By when, in your opinion, will PFIP have fulfilled its role?
 - c. What recommendations do you have for PFIP to change/improve?
2. How do you rate the performance of PFIP in market development and customer education?
 - a. What are some of the recommendations you have to make it more effective and improved? Also, suggest, if there are some challenges associated.

In-Depth Interview Guideline for FSPs under Program Evaluation of Pacific Financial Inclusion Programme

Objective of the study:

Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme that has helped more than two million low-income Pacific islanders gain access to formal financial services and financial education. It does so by funding innovative approaches in development of financial services, supporting policy and regulatory initiatives, and empowering consumers. PFIP is jointly administered by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Governments of Australia and New Zealand and the European Union.

Grameen Foundation is conducting the impact evaluation of Pacific Financial Inclusion Programme in the focus countries. The evaluation adopts OECD/DAC framework and will assess the programme on five parameters: Relevance, Efficiency, Effectiveness, Sustainability and Impact. As part of program evaluation, we are interviewing Financial Service Providers to understand the support and services they have received from the programme and its impact on their outreach, product offering, business and bottom-line.

Thank You & Consent:

I want to thank you for taking the time to meet with me today. My name is _____ and I would like to talk to you about your experiences related to Pacific Financial Inclusion Programme. Specifically, the aim of the study is to understand your feedback on the programme about the implementation, relevance of the content, clients' reaction to the programme and the changes which could be incorporated in future. The interview should take less than an hour. I will be taping the session because I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. Because we're on tape, please be sure to speak up so that we don't miss your comments. All responses will be kept confidential. This means that your interview responses will only be shared with research team members and we will ensure that any information we include in our report does not identify you as the respondent. Remember, you don't have to talk about anything you don't want to and you may end the interview at any time. Are there any questions about what I have just explained? Are you willing to participate in this interview?

Interviewee

Witness

Date

General Guidelines for conducting IDIs:

1. The interview should be done in a place free from noise and interference
2. Interviewer of the IDIs should use pre-determined questions for the discussion and establish a permissive environment
3. The interviewer will make a smooth and snappy introduction of the project and the objective of the IDIs. S/he should
 - a. Welcome the interviewee
 - b. Provide an overview of the topic
 - c. Set the ground rules for the discussion
 - d. Introduce the first question
4. Use probes as needed. These include:
 - a. Would you give me an example?
 - b. Can you elaborate on that idea?
 - c. Would you explain further?
 - d. I'm not sure I understand what you're saying.
 - e. Is there anything else?
5. At the end of the discussion, the interviewer should conclude the IDI with thanks to the participant.
6. Probe and categorise against:
 - a. Relevance
 - b. Effectiveness
 - c. Efficiency
 - d. Sustainability
 - e. Impact

S. No	Question	Response
1.	Name of Respondent	
2.	Organisation Name	
3.	Designation	
4.	City	
5.	Country	
6.	Support from PFIP	1. Grant 2. Technical Assistance 3. Other _____

Policy Landscape

1. How have policy and regulation changes due to PFIP efforts facilitated your business model and sector as a whole?
 - a. Has it resulted in diversification of product suite offered by FSPs? If yes, how? Cite some examples.
 - b. Has it resulted in market development paving the way for access to earlier inaccessible market? Probe for infrastructure development, code of conduct, broadening of funding base, demand generation, channel & product development.
 - c. How has consumer awareness and education changed due to policy interventions of PFIP?

PFIP Support Received

1. When did you start thinking about the low-income population as customers for you? What was PFIP's role in this process? Would you have gone for the project without PFIP support?
 - a. What type of support did you receive from PFIP (funding, technical advice, capacity building etc.)?
 - b. Did the support meet your expectations? Why (not)?
 - c. Do you think the support was relevant for community as well as for your organisation? How it has led to change at community level?
 - d. How has it led to channel and product innovation, if any?
 - e. Has it aided to financial sustainability of the organisation and business model?
2. What are the different operational models that exist (digital / non-digital / hybrid)? How has PFIP contributed to these?

FSP/TSP Intervention

1. Can you please share the intervention(s) details supported by PFIP?
 - a. What was the geographical spread of intervention(s)?
 - b. Did it target women, youth or vulnerable community? If yes, how.
 - c. How well have cross-cutting issues (gender, environment and agency banking) been integrated into the engagement design?
 - i. Have you identified the key gatekeepers to women's access and benefit of the

- services? (These can be husbands, community leaders, political parties, family members, etc.)
 - ii. Have you identified stakeholders that have potential to “divide” or “connect” women to the intervention? What are strategies to leverage the “connectors” and mitigate risks/influence of the “dividers”?
 - d. Does your market research plan/implementation plan/ describe how and when the actors will be engaged?
2. What were the key changes that happened at organisational level due to this intervention(s)?
 3. What behavioural bottlenecks have been identified in the adoption and use of various financial products and services?
 4. Has it led to development of any partnerships or network to foster last mile outreach?
 5. How are risks such as agent fraud, identity thefts, and digital forgery addressed by the implementing agencies?
 6. Does the programme and its partners have adequate data security protocols? How secure are the data flow mechanisms?
 7. How does the service provider measure outputs and outcomes for their intervention?

Results

1. Did the results correspond with your expectations? Why or why not?
 - a. Which factors did support or hamper achievement of results?
 - b. Do you think that results have positively affected women and vulnerable?
2. How has the results affected (positively/negatively) organisational growth, mission and vision? Has it resulted in expansion of provided service (by your organization or new market entrants)?

Organisational Sustainability

1. Did (will) the project carry on after PFIP funding? If yes, how? If not, why?
2. Are the products/services you developed with PFIP support financially sustainable?
 - a. Are the services commercially scalable?
 - b. What does the usage data reveal about customer adoption rates?
3. Which forms of PFIP support have been most or least successful in driving innovation in financial channels and Services?
4. What are the major factors that affect their operational plans in the long run? How will the challenges be addressed once PFIP exits?
5. Has the project been successful in promoting responsible practices in terms of consumer protections, environment, social performance and how well are such systems and indicators incorporated?

Collaboration with PFIP

1. How would you describe the collaboration with PFIP?
2. How did this collaboration develop over time? (probe for contributing to and benefitting from peer learning from other PFIP partners)
3. Which elements of the collaboration did you specifically appreciate?
4. Do you have any recommendations on how to improve collaboration?

Other questions:

1. Besides supporting service providers, PFIP supports the enabling environment via support to Central Banks.
2. What are the current gaps in the value chain that are attributable to the lack/absence of adequate infrastructure?
3. How cost efficient is the infrastructure in responding to consumer needs? (focus on low income consumers that define a typical LDC economy)
4. How well have the knowledge management initiatives been able to define the existing payment flows

and infrastructure constraints? Were the outcomes useful and actionable?

PFIP's impact

1. In your opinion has PFIP contributed to advancing financial inclusion?
2. Do you think that PFIP knowledge products contribute to raising public awareness? Do they have an advocacy function? Do you use them in your daily work?
3. Do PFIP knowledge products support project implementation? Can you cite some examples from your organisation?

Outlook and recommendations

1. Do you think you will need further PFIP support after your current project is coming to an end? Why?
 - a. In which areas would you need support? What are those supports?

Which recommendations do you have for PFIP to change/improve?

Annex 5: Quantitative Research - Main Tables

How to read a table (Sample Tables):

Demography Distribution

LOCATION	Fiji	PNG	Grand Total	Total Frequency
Rural	45% (rural Fijians out of total fiji clients)	26% (rural PNG clients out of total PNG clients)	35% (rural clients out of total clients)	46 (Number of rural clients surveyed (total of FIJI & PNG Rural Clients))
Urban	55% (Urban Fijians out of total fiji clients)	74% (Urban PNG out of total PNG clients)	65% (Urban Clients out of total clients)	85 (Number of Urban clients surveyed (total of FIJI & PNG Urban Clients))
Grand Total	100%	100%	100%	
Total Frequency	65 (Total Fiji Clients Surveyed)	66 (Total PNG clients surveyed)		131 (clients surveyed (total of FIJI & PNG Clients))

COUNTRY	Illiterate	Primary	Middle	secondary	highersec	Total
How to read rows	Total no of surveyed clients for Given Education level as proportion of total Fji or PNG clients surveyed respectively.					
Fiji	1%	9%	17%	34%	38%	100%
PNG	9%	18%	17%	23%	33%	100%
Total	5%	14%	17%	28%	36%	100%

Country wise distribution of smart phone ownership of clients

COUNTRY	No	Yes	Total
How to read rows	% of people not having the <i>listed attribute</i> (smart phone ownership here) as a proportion of total surveyed clients of <i>row Category variable</i> (country here)	% of people having the <i>listed attribute</i> (smart phone ownership here) as a proportion of total surveyed clients of <i>row category variable</i> (country here)	
Fiji	45%	55%	100%
PNG	55%	45%	100%
Total	50%	50%	100%

Formal Banking Attributes: Awareness, Access & Usage

Household prepares budget

LOCATION	Fiji	PNG	Total
Rural%	31% (Percentage Fiji Rural Clients having the said attribute (<i>preparing household budget here</i>) of total FIJI-rural clients)	71% (Percentage PNG Rural Clients having the said attribute (<i>preparing household budget here</i>) of total PNG-rural clients)	46% (Percentage Total Rural Clients having the said attribute (<i>preparing household budget here</i>) of total rural clients)
urban%	39% (Percentage Fiji Urban Clients having the said attribute)	71% (Percentage PNG- Urban Clients having the said	58% (Percentage Total Urban Clients having

	(<i>preparing household budget here</i>) of total FIJI-Urban clients)	attribute (<i>preparing household budget here</i>) of total PNG-Urban clients)	the said attribute (<i>preparing household budget here</i>) of total Urban clients)
Total %	35% (Percentage total Fiji clients having the said attribute (<i>preparing household budget here</i>) of total FIJI- clients surveyed)	71% (Percentage total PNG clients having the said attribute (<i>preparing household budget here</i>) of total PNG- clients surveyed)	53% (Percentage Total Clients having the said attribute (<i>preparing household budget here</i>) of total surveyed clients)

Demographic Distribution;

Country count distribution:

COUNTRY	Total	%
Fiji	65	50%
PNG	66	50%
Grand Total	131	100%

Table 4 Country count

Country Wise Location Distribution

LOCATION	Fiji	PNG	Grand Total	Total Frequency
Rural	45%	26%	35%	46
Urban	55%	74%	65%	85
Grand Total	100%	100%	100%	131
Total Frequency	65	66		

Table 5 Country-location

Country wise Gender Distribution

GENDER	Fiji	PNG	Grand Total	
Female	51%	53%	52%	68
Male	49%	47%	48%	63
Grand Total	100%	100%	100%	
Total Frequency	65	66	131	

Table 6 Country-gender

Country wise age-distribution of clients

age group	Fiji%	PNG%	Total
19-24	9%	11%	10%
25-32	31%	21%	26%
33-40	12%	23%	18%
41-49	8%	9%	8%
50-59	11%	2%	6%
60-73	28%	35%	31%
74-80	2%	0%	1%
Total	100%	100%	100%

Table 7 Country wise age distribution

Country Wise education distribution of Clients

COUNTRY	Illiterate	Primary	Middle	secondary	highersec	Total
Fiji	1%	9%	17%	34%	38%	100
PNG	9%	18%	17%	23%	33%	100
Total	5%	14%	17%	28%	36%	100

Table 8 Education level

Gender Wise education distribution of Clients

GENDER	Illiterate	Primary	Middle	secondary	highersec	Total
Male	6%	16%	17%	24%	37%	100%
Female	4%	12%	16%	32%	35%	100%
Total	5%	14%	17%	28%	36%	100%

Table 9 Education at gender level

Country wise distribution of primary source of income for client

PRIMARY_HH_INCOME	Fiji	PNG	Total
Agriculture and Allied	12%	8%	10%
Casual Wages	17%	3%	10%
Government Assistance	2%	0%	1%
Formal or Informal Business	5%	32%	18%
Regular Income	55%	42%	49%
Regular Remittance	0%	2%	1%
Pension	5%	0%	2%
Interest/ Dividend	2%	0%	1%
Rent	3%	0%	2%
Others	0%	14%	7%
Total	100%	100%	100%

Table 10 Primary source of income-Country

Location wise distribution of primary source of income for client

PRIMARY_HH_INCOME	Rural	Urban	Total
Agriculture and Allied	15%	7%	10%
Casual Wages	15%	7%	10%
Government Assistance	0%	1%	1%
Formal or Informal Business	11%	22%	18%
Regular Income	39%	54%	49%
Regular Remittance	0%	1%	1%
Pension	4%	1%	2%
Interest/ Dividend	2%	0%	1%
Rent	4%	0%	2%
Others	9%	6%	7%
Total	100%	100%	100%

Table 11 Primary source of income- location

Gender wise distribution of primary source of income for client

PRIMARY_HH_INCOME	Male	Female	Total
Agriculture and Allied	17%	3%	10
Casual Wages	8%	12%	10
Government Assistance	2%	0%	1
Formal or Informal Business	19%	18%	18
Regular Income	44%	53%	49
Regular Remittance	2%	0%	1
Pension	2%	3%	2
Interest/ Dividend	0%	1%	1
Rent	2%	1%	2
Others	5%	9%	7
Total	100%	100%	100

Table 12 Primary source of income- gender

Country-wise distribution of community group membership of clients

Social Member	Fiji (%)	PNG (%)	Total (%)
0 (No community group membership)	88%	41%	64%
1 (Not more than 2 community group membership)	11%	50%	31%
2 (Not more than 4 community group membership)	2%	8%	5%
3 (More than 4 community group membership)	0%	2%	1%
Total	100%	100%	100%

Table 13 Community membership

Country-wise distribution of financial group membership of clients

Finance group member	Fiji	PNG	Total
0 (No community group membership)	89	85	87
1 (1 finance group membership)	9	14	11
2 (2 finance group membership)	2	2	2
Total	100	100	100

Table 14 Finance group membership

Country wise distribution of smart phone ownership of clients

COUNTRY	No	Yes	Total
Fiji	45%	55%	100%
PNG	55%	45%	100%
Total	50%	50%	100%

Table 15 Country-smartphone

Gender wise distribution of smart phone ownership of clients

GENDER	No	Yes	Total
Male	44%	56%	100%
Female	54%	46%	100%
Total	50%	50%	100%

Table 16 Gender- smartphone

Country wise distribution of Internet access for clients

COUNTRY	No	Yes%	Total
Fiji	49%	51%	100%
PNG	50%	50%	100%
Total	49.5%	50.5%	100%

Table 17 Country internet access

Gender wise distribution of Internet access for clients

GENDER	No	Yes	Total
Male	41.3%	58.7%	100%
Female	57.3%	42.7%	100%
Total	50%	50%	100%

Table 18 Gender internet access

Formal Banking Awareness:

Location based country-wise data for various financial access attributes:

1. Household prepares budget

LOCATION	Fiji	PNG	Total
Rural%	31%	71%	46%
urban%	39%	71%	58%
Total %	35%	71%	53%

Table 19 HH makes budget- Location

2. Household does cash savings

LOCATION	Fiji	PNG	Total
Rural%	66%	53%	61%
urban%	69%	76%	73%
Total %	68%	70%	69%

Table 20 Cash savings-location

3. Household member used debit card in last 3 months

LOCATION	Fiji	PNG	Total
Rural%	34%	65%	46%
urban%	31%	80%	59%
Total %	32%	76%	54%

Table 21 HH member debit card usage- location

4. Pension awareness

LOCATION	Fiji	PNG	Total
Rural%	69%	59%	65%
urban%	78%	65%	71%
Total %	74%	64%	69%

Table 22 Pension aware- location

5. Insurance Awareness

LOCATION	Fiji	PNG	Total
Rural%	83%	53%	72%
urban%	92%	78%	84%
Total %	88%	71%	79%

Table 23 Insurance aware- location

Gender based country-wise data for various financial access attributes:

1. Household prepares budget

GENDER	Fiji	PNG	Total
Male%	41%	65%	52%
Female%	30%	77%	54%
Total %	35%	71%	53%

Table 24 HH makes budget- gender

2. Household does cash savings

GENDER	Fiji	PNG	Total
Male%	63%	65%	63%
Female%	73%	74%	74%
Total %	68%	70%	69%

Table 25 Cash savings- gender

3. Household H member used debit card in last 3 months

GENDER	Fiji	PNG	Total
Male%	41%	74%	57%
Female%	24%	77%	51%
Total %	32%	76%	54%

Table 26 HH member debit card usage- gender

4. Pension awareness

GENDER	Fiji	PNG	Total
Male%	72%	65%	68%
Female%	76%	63%	69%
Total %	74%	64%	69%

Table 27 Pension aware- gender

5. Insurance Awareness

GENDER	Fiji	PNG	Total
Male%	94%	81%	87%
Female%	82%	63%	72%
Total %	88%	71%	79%

Table 28 Insurance aware- gender

6. DBT Awareness

LOCATION	Fiji	PNG	Total
Rural%	55%	24%	43%
urban%	61%	55%	58%
Total %	58%	47%	53%

Table 29 DBT aware- location

7. Micro Credit Awareness

LOCATION	Fiji	PNG	Total
Rural%	62%	41%	54%
urban%	53%	33%	41%
Total %	57%	35%	46%

Table 30 Credit aware-location

8. P2P payment Awareness

LOCATION	Fiji	PNG	Total
Rural%	34%	35%	35%
urban%	47%	53%	51%
Total %	42%	48%	45%

Table 31 P2P- location

9. Remittance Awareness

LOCATION	Fiji	PNG	Total
Rural%	52%	59%	54%
urban%	36%	47%	42%
Total %	43%	50%	47%

Table 32 Remittance - location

6. DBT Awareness

GENDER	Fiji	PNG	Total
Male%	59%	35%	48%
Female%	58%	57%	57%
Total %	58%	47%	53%

Table 33 DBT aware- gender

7. Micro Credit Awareness

GENDER	Fiji	PNG	Total
Male%	59%	52%	56%
Female%	55%	20%	37%
Total %	57%	35%	46%

Table 34 Credit aware- gender

8. P2P payment Awareness

GENDER	Fiji	PNG	Total
Male%	41%	58%	49%
Female%	42%	40%	41%
Total %	42%	48%	45%

Table 35 P2P- gender

9. Remittance Awareness

GENDER	Fiji	PNG	Total
Male%	44%	61%	52%
Female%	42%	40%	41%
Total %	43%	50%	47%

Table 36 Remittance- Gender

Formal Banking Access:

Location based country-wise data for various financial access attributes:

1. Own Personal Bank Account

LOCATION	Fiji	PNG	Total
Rural %	59%	76%	65%
Urban %	75%	76%	75%
Total %	68%	76%	72%

Table 37 Own bank A/c- location

2. Have Personal ATM Or Debit Card

LOCATION	Fiji	PNG	Total
Rural%	59%	71%	63%
Urban %	69%	76%	73%
Total%	65%	74%	69%

Table 38 ATM card- location

3. Any other household member used insurance in last 3 months

LOCATION	Fiji	PNG	Total
Rural%	17%	6%	13%
Urban %	10%	5%	15%
Total%	15%	8%	11%

Table 39 HH member Insured- Location

4. Any other household member used pension in last 3 months

LOCATION	Fiji	PNG	Total
Rural%	7%	12%	9%
Urban %	8%	2%	5%
Total%	8%	5%	6%

Table 40 HH Member pension- Location

5. Aware of any nearby finance agent

LOCATION	Fiji	PNG	Total
Rural%	48%	6%	33%
Urban %	9%	16%	14%
Total%	28%	14%	21%

Table 41 Finance Agent- Location

Gender based country-wise data for various financial access attributes:

1. Own Personal Bank Account

GENDER	Fiji	PNG	Total
Male%	75%	74%	75%
Female%	61%	77%	69%
Total %	68%	76%	72%

Table 42 Own bank A/c- gender

2. Have Personal ATM Or Debit Card

GENDER	Fiji	PNG	Total
Male%	69%	74%	71%
Female%	61%	74%	68%
Total %	65%	74%	69%

Table 43 Own ATM card- gender

3. Any other household member used insurance in last 3 months

GENDER	Fiji	PNG	Total
Male%	13%	10%	11%
Female%	18%	6%	12%
Total %	15%	8%	11%

Table 44 HH member insured- Gender

4. Any other household member used pension in last 3 months

GENDER	Fiji	PNG	Total
Male%	6%	0%	3%
Female%	9%	9%	9%
Total %	8%	5%	6%

Table 45 HH Member pension- Gender

5. Aware of any nearby finance agent

GENDER	Fiji	PNG	Total
Male%	38%	6%	22%
Female%	27%	20%	24%
Total %	32%	14%	23%

Table 46 Finance Agent- Gender

Formal Banking Usage:

Location based country-wise data for various financial usage attributes:

1. Client USED PERSONAL ATM 90 DAYS

LOCATION	Fiji	PNG	Total
Rural %	21%	59%	35%
Urban %	39%	67%	55%
Total %	31%	65%	48%

Table 47 ATM Use- Location

2. Account Deposit_12 Months

LOCATION	Fiji	PNG	Total
Rural%	41%	59%	48%
Urban%	46%	71%	66%
Total	51%	68%	60%

Table 48 Deposit- Location

3. Client withdrew from bank A/c in last 12Months

LOCATION	Fiji	PNG	Total
Rural%	45%	59%	50%
Urban%	61%	71%	67%
Total	54%	68%	61%

Table 49 Withdrawal- Location

4. Client used insurance in last 90 days

LOCATION	Fiji	PNG	Total
Urban	2	4	6
Urban %	6%	8%	7%
Total	2	4	6

Table 50 Insured- Location

5. Client used P2P Payment

LOCATION	Fiji	PNG	Total
Rural%	10%	12%	11%
Urban%	11%	33%	25%
Total	12%	27%	20%

Table 51 P2P done- Location

6. Agent services used

LOCATION	Fiji	PNG	Total
Rural%	28%	6%	20%
Urban%	0%	4%	2%
Total	12%	5%	8%

Table 52 Agent Used- Location

Gender based country-wise data for various financial usage attributes:

1. Client USED PERSONAL ATM 90 DAYS

GENDER	Fiji	PNG	Total
Male%	34%	65%	49%
Female%	27%	66%	47%
Total %	31%	65%	48%

Table 53 ATM Use Gender

2. Account Deposit_12 Months

GENDER	Fiji	PNG	Total
Male%	59%	65%	62%
Female%	42%	71%	57%
Total %	51%	68%	60%

Table 54 Deposit- Gender

3. Client withdrew from bank A/c in last 12Months

GENDER	Fiji	PNG	Total
Male%	59%	65%	62%
Female%	48%	71%	60%
Total %	54%	68%	61%

Table 55 Withdrawal- Gender

4. Client used insurance in last 90 days

GENDER	Fiji	PNG	Total
Male%	0%	10%	5%
Female%	6%	3%	4%
Total %	3%	6%	5%

Table 56 Insured Gender

5. Client used P2P Payment

GENDER	Fiji	PNG	Total
Male%	9%	45%	27%
Female%	15%	11%	13%
Total %	12%	27%	20%

Table 57 P2P done- Gender

6. Agent services used

GENDER	Fiji	PNG	Total
Male%	16%	3%	10%
Female%	9%	6%	7%
Total %	12%	5%	8%

Table 58 Agent Used- Gender

7. Credit used

LOCATION	Fiji	PNG	Total
Rural%	3%	41%	17%
Urban%	6%	16%	12%
Total	5%	23%	14%

Table 59 Credit Used- Location

8. DBT Used

LOCATION	Fiji	PNG	Total
Rural%	3%	6%	4%
Urban%	6%	12%	9%
Total	5%	11%	8%

Table 60 DBT Used- Location

9. BILL_PAYMENT_USED_P3M

LOCATION	Fiji	PNG	Total
Rural%	38%	35%	37%
Urban%	24%	59%	47%
Total	34%	53%	44%

Table 61 Online Bill Payment Done- Location

7. Credit Used

GENDER	Fiji	PNG	Total
Male%	3%	29%	16%
Female%	6%	17%	12%
Total %	5%	23%	14%

Table 62 Credit Used- Gender

8. DBT Used

GENDER	Fiji	PNG	Total
Male%	6%	10%	8%
Female%	3%	11%	7%
Total %	5%	11%	8%

Table 63 DBT Used- Gender

9. BILL_PAYMENT_USED_P3M

GENDER	Fiji	PNG	Total
Male%	47%	58%	52%
Female%	21%	49%	35%
Total %	34%	53%	44%

Table 64 Online Bill Payment done- Gender

Annex 6: Mission Work Plans/Schedule

PFIP Implementation: Phase II (2014-20)

Table 65 PFIP Evaluation Timeline

	Fiji	Papua New Guinea	Solomon Islands	Vanuatu
Visit Duration	15 th - 20 th July, 2019	8 th Aug- 14 th Aug, 2019	22 nd - 26 th July, 2019	31 st July- 7 th August 2019

Countries (Start Date) /Visitors	Alok	Rahul	Devahuti	Andy	Vereimi
Fiji (15 th July,2019)	✓	✓			✓
Solomon Island (22 nd July,2019)	✓	✓			✓
PNG (22 nd July,2019)			✓	✓	
Vanuatu (29 th July,2019)			✓	✓	
Total number of countries to be visited	2	2	2	2	2

PFIP -II final evaluation work plan

The final evaluation of PFIP -II was structured in three phases:

Inception phase – The inception phase of the programme evaluation of PFIP -II begun with the introduction call with UNCDF Evaluation Unit and PFIP -II programme team. Subsequently, the evaluation team had a consultation with the Deputy Director at FIPA, UNCDF. All of these helped the evaluation team assess the expectations of the programme evaluation. The inception phase involved desk review of programme documents, development and finalisation of Theory of Change, evaluation matrix, qualitative and quantitative research instruments and stakeholder list. A tentative field plan was also prepared during this phase. This phase completed with the submission of the inception report to UNCDF.

Field-Mission Phase – The field mission phase of the final evaluation of PFIP -II embarked with the country visit of Fiji. A total of 4 countries were visited as part of this evaluation. Details of in-country phases across the 4 countries are mentioned in Table 6. Two teams, comprising of key and regional experts, were formed for the in-country visits. KIIs and FGDs were conducted by the visiting team members during the field mission phase and the client survey was conducted by a vendor agency -Tebbutt Research during 23rd August – 1st September 2019. Field-missions in each of the countries ended with a de-brief session with the country staff(s) of PFIP -II, informing them about the observations of the evaluation team and seeking clarification, if needed.

Table 66: Field Mission Timeline

S. No	Country	Field Mission Phase	Visiting Team Members
1.	Fiji	15 th July – 19 th July 2019	Alok Misra, Rahul Ranjan Sinha & Vereimi Levula
2.	Solomon Islands	22 nd July – 29 th July 2019	Alok Misra, Rahul Ranjan Sinha & Vereimi Levula
3.	Vanuatu	31 st July - 7 th August 2019	Devahuti Choudhury, Andy Philip
4.	Papua New Guinea	8 th Aug - 14 th August 2019	Devahuti Choudhury, Andy Philip

Post-Mission Phase – The post-mission phase of the final evaluation of PFIP -II began with analysing quantitative and qualitative data obtained through KIIs, FGDs, client surveys and data secured from FSPs/TSPs during field mission phase. Calls with Executive Secretary- UNCDF, Investment team, Director – FIPA and PMU helped the evaluation team in developing a deeper understanding of the strategic focus of UNCDF and situating PFIP within it and learn finer details about the programme. As part of deliverables, 4 draft country reports were submitted to the UNCDF - Evaluation Unit along with the draft evaluation report.

Annex 7: Grant List: List of interventions and status- PFIP Phase II

Country 1: FIJI

Table 67 FIJI Grant List

SNO	Workstream	Grantee Organisation	Grant Duration	Grant Amount USD	Disbursed Amount USD	Project Summary	Key Activities
1	Financial Innovation (FI)	Fiji National Provident Fund	8 Dec. 2015 – 30 June 2019	167,890	125,780	The first FI grant was given to Fiji National Provident Fund. Under this project, a research was to be undertaken to carry out a demand assessment for pension among those in the informal sector and that a proposed strategy be made to extend the voluntary contribution scheme to the informal sector. An extension was also made to the initial grant after the research for validation phase of field trials of testing and piloting.	Research Validation of field trials of testing and piloting.
2	Financial Innovation	BIMA	4 January 2016	500,641	301,766	The FI grant was	The Funding was mainly to

			to 30 June 2019			given to BIMA. The project involved the selling of micro insurance through a mobile platform, in this case, with Digicel Fiji Limited and Capital Insurance as the insurer behind the distribution channel. The assistance was meant to also set up Fiji as a Pacific Hub Call Centre for the remaining PICs.	cover for variable costs of operations from 2016/2017 and 2017/2018.
3	Financial Innovation	Home Finance Company Limited Trading as HFC Bank	17 February 2016 – 31 December 2018	565,200	565,200	The third grant for financial innovation was made to the Home Finance Company Limited trading as HFC Bank. This project was for agency banking between HFC Bank and Vodafone enabling for the first-time financial services and products to be delivered through branchless banking linking a mobile network	1. The assistance was primarily for the integration of the two systems, HFC Bank's Ultradata core banking system with Vodafone's M-PAiSA system.

						operator and a formal Bank.	
4	Financial Innovation	Vodafone Fiji Limited	2017 – 30 June 2019	529,800	529,800	<p>This grant was made to Vodafone Fiji Limited for the establishment of a Vodafone M-Paisa Innovation Lab.</p>	<ol style="list-style-type: none"> 1. This involved the setting up of the Lab. 2. Putting in place the Innovation Lab Core team, Operations team and Technical Experts. 3. The project dealt with product development and user experience optimization to drive usage. There were initiatives expected to be undertaken including the design of money transfers and utility payment products tailored specifically to improve the customer. 4. The design of a new technology that will enable credit and savings products; the analysis of existing user experience to identify opportunities for improvements. 5. The conduct of a gender analysis for offering products and designing services to suit the needs of women.
5	Financial Innovation	Fiji Care Insurance Limited	1 September 2017 to 30 June 2019	77,890	77,890	<p>Fiji Care was given this grant for the launch and awareness of a new</p>	<ol style="list-style-type: none"> 1. This project includes a revision of existing company policy administration, claims management, Information

						<p>bundled insurance package that will offer a term life, funeral, property and personal accident cover at low, standardized and affordable premiums. The Sugar Cane Growers Fund (SCGF) as the first group insurance policy customer of Fiji Care for this product, will be the aggregator for collection and remittance of premiums for over 12,500 farmers who are members of SCGF.</p>	<p>Technology Platform and setup of a dedicated IT module to cater for customer registration, claims administration, management, insurance group policy issue, customer servicing, policy renewals, management information, statutory reporting and finance processing.</p> <p>2. The module will be capable of being remotely accessed with sufficient safeguards and access protocols by customer's organizations and data will be updated real time on the Fiji Care computer server⁴.</p>
6	Financial Innovation	IT Galaxy	5 January 2018 – 30 June 2020	100,000	80,000	<p>IT Galaxy was granted the sixth innovation grant. This project was for the development of a farmer's app that is to help farmers access market information such as the going rate / price of produce,</p>	Development of Farmers App

⁴ Fiji Care PBA Document

						enable quick payments to be made and even weather information.	
7	Financial Innovation	Vodafone	February 2019 – January 2020	596,300	Nil	<p>A second grant and technical assistance was given to Vodafone titled “Vodafone M-Paisa Innovation Lab – Phase II. This is a regional project covering Fiji, Vanuatu, Samoa, Cook Island and Kiribati and is ongoing.</p>	<ol style="list-style-type: none"> 1. This project covers infrastructure set up and deployment planning. 2. It includes the setting up of an International Money Transfer (IMT) Hub technology platform and the set-up of a Digital Finance Plus platform with Government initiative of digital Fiji. 3. It also covers product development and user-based testing of the IMT Hub platform and the Digital Finance Plus and the launch of the IMT Hub in at least 3 PIC’s and the launch of Digital Finance Plus together with the full-scale on-boarding of merchants. 4. The final part of the project deals with the product upscaling and impact assessment for the expansion of the IMT Hub and the Digital Finance Plus and Merchants based digital ecosystem and Impact Assessment.
8	Financial Innovation	Fiji Care Insurance Limited	30 June 2019 – 30 June 2020	291,096	Nil	A second grant was given to Fiji Care	1. This project will first begin with strengthening the

						Insurance. This deals with the expansion of the micro insurance cover to other PICs especially Vanuatu where Fiji Care's subsidiary, Van Care operates.	operations of Fiji Care Insurance including the creation of an innovation lab to fully review processes, product design and IT systems to ensure a vibrant and financially viable home base company that can support the expansion and bring micro insurance to scale in other PIC's.
9.	Policy and Regulation (PR)	Reserve Bank of Fiji	15 May 2015 – 31 March 2016	188,300	188,300	The first PR grant given was to RBF. The PBA covered the following outputs. The first on the development and finalization of the National Financial Inclusion Strategic Plan 2016 - 2020. The second on Inclusive Insurance Development. The third on mainstreaming financial inclusion into government programmes and budget, fourth on the development of Progress out of Poverty Index and fifth was on public	Financial Inclusion Strategy Development Inclusive Insurance Development. Mainstreaming Financial Inclusion in Government Programme and Budget Progress out of Poverty Index Public Awareness

						awareness and education campaign for insurance.	
10	Market Information	Reserve Bank of Fiji	14 Nov.2014 – 31 Dec. 2015	254,787	254,787	An earlier grant was given to RBF. The outcome of this project was the production of a completed Demand Side Survey for Fiji.	Training of enumerators, The actual field data collection, subsequent cleaning of data and The completion of the final report.
11	Consumer Empowerment	Ministry of Education	26 Nov. 2014 – 31 Dec. 2017	144,268	144,268	A grant was given to the Ministry of Education. This project was for professional development training to be conducted for primary school teachers within year bands 3/4 and 5/6 across 6 school districts in the central and western divisions. Similar training was to be conducted with primary school teachers within year 9 to 12 across 7 educational centres in the northern, central, western and	

						eastern education divisions and training to the remaining education division. Post training evaluation of the effectiveness of the teacher training model was to then be conducted thereafter.	
12	Consumer Empowerment	Sugar Cane Growers Fund	21 Nov. 2017 – 30 June 2020	50,505	50,505	A grant was given to the Sugar Cane Growers Fund that was for an awareness program for the farmers and a workshop for staff. This followed its agreement to insure its 12,500 members as pilot under the new micro insurance bundle product of Fiji Care Insurance.	Public Awareness Campaign

Country 2: Papua New Guinea

Table 68 PNG Grant List

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Policy and Regulation	Bank of Papua New Guinea-Data project	24/4/2015 to 31/12/2016	200,000	150,000	Closed	Grant support to BPNG to streamlining data reporting from partners and for the development of NFIS-II, including dissemination workshop	To build a financial inclusion dashboard for strengthening data management for policy and market development. This component was spearheaded by the Results Management team at PFIP Building capacities of financial inclusion and financial literacy working groups from NFIS-I through workshops to build the framework for Second Strategy.
Policy and Regulation	Mid term NFIS review	1/2/2019 to 31/5/2019		14,700	Closed	The study aimed to understand the current progress on NFIS-II implementation and the role of CEFI in driving implementation of the strategy.	Stakeholder interviews Desk research Final mid-term review report and presentation
Policy and Regulation	Regulatory study of Micro-banks in PNG	1/11/2018 to 28/2/2019		39,777	Closed	PFIP collaborated with BPNG to commission a report to define a pathway for the regulation and supervision of microbanks that	The report offers insights on the microbanks' scale, sophistication, ability to harness technology and overall sustainability to serve the NFIS mandate. To this end, the report provides a way forward to define a common vision for the

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
						ensures improvements in their financial resilience while balancing their development mandate.	regulatory framework for microbanks.
Policy and Regulation/Consumer Empowerment	Foundation for Development Cooperation (FDC)	26/6/2017 to 31/12/2017	100,000	100,000	Closed	PFIP supported the Foundation for Development Cooperation (FDC) to host the Financial Inclusion Innovation Summit, 2017 which is a biannual industrial event for financial inclusion service providers, regulators, governments and advocates in the Pacific region.	The summit was attended by 185 delegates from 14 countries. According to the evaluation report submitted by FDC, 25 percent of the participants represented policy makers or regulatory bodies, 30 percent from the non-profit or civil society organizations and the remaining representing commercial banks, business houses, TSPs and industry bodies.
Policy and regulation	(TA) Pinbox Solutions superannuation feasibility study	15/2/2018 to 30/6/2018	49,900	49,900	Closed	TA contract with Pinbox Solutions to conduct a study on the NASFUND offerings around voluntary pension product, reception in the field, triggers and barriers thereof.	The study examined opportunities and barriers to comprehensive micro-pension coverage expansion through NASFUND and involved an evaluation of Eda Supa (NASFUND's voluntary superannuation plan for non-salaried workers including product features, benefits, process architecture, sales and distribution

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
							model (including digital infrastructure), operational and financial challenges
Policy and regulation/ Financial Innovation	NASFUND	1/4/2019 to 28/2/2020	3,04,600	Not drawn yet	Ongoing	The project seeks to test and pilot a product called “Agri Supa”, built specially for informal workers in the agricultural and allied sectors. This product will also have a significant implication from a gender perspective since 55% of the population active in subsistence agriculture are women, employing 70.3% of the female rural population.	Key activities includes use of HCD research to design client centric product that may include insurance cover. Use of regulatory sandbox to try innovative product models hitherto not tested in the PNG market

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Policy and Regulation/Consumer Empowerment	POWER diagnostic (Dalberg)	16/8/2018 to 30/6/2019	2,84,430	2,84,430	Closed	Diagnostic study – Participation of Women in the Economy Realised to understand the gender dynamics within the informal sector, the possible gateways into engaging progressively with women through financial products and services	The diagnostic study, conducted by Dalberg, used UNCDF's PoWER diagnostic tool and sought to understand the triggers and barriers to access, usage of and agency to make financial decisions by women in the country.
Financial Innovation	BIMA-Microinsurance	7/7/2015 to 30/6/2019	5,03,236	5,03,236	Closed	In alignment with PFIP's objective to deepen financial services, the goal of the grant to BIMA was to bring convenient, affordable microinsurance products to low income, rural, unbanked and or underbanked PNG citizens.	The project aimed to reach out to 76,542 people within two years that would include 50% women, of which 90% would be based out of rural areas and 100% would have been previously uninsured

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Financial Innovation	MiBank-Solar loan	27/7/2016 to 31/12/2017	1,05,500	85,000	Closed	PFIP helped MiBank integrate the Pay-As-You-Go (PAYGO) platform with MiBank's mobile money platform--MiCash and Digicel, to offer solar home solutions with the objective of enabling customers to buy pre-paid electricity on their mobile phones.	<p>A functioning payment channel that allows customers to purchase pre-paid electricity on their mobile phones</p> <p>A partnership between MiBank and Empawa, the solar provider</p> <p>Validation of customer demand for this service</p> <p>Confirmation of a pricing model and a scalable business plan</p>
Financial Innovation	Capital Insurance	26/4/2016 to 31/03/2017	66,841	53,473	Closed	The project sought to assess market potential and identify product design, distribution channel and a business model to effectively supply products like community based asset and infrastructure insurance and home/property insurance	<p>Recruitment of a researcher</p> <p>Agreeing terms of reference and workplan with the researcher</p> <p>Conducting research, designing products, education tools and market testing</p> <p>Building a business case per product</p> <p>Building product launch plans</p> <p>Post project review</p>

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Financial Innovation	WestPac	10/5/2017 to 30/6/201	1,500,000	5,25,000	Closed	PNG Financial Innovation Hub aimed to design and pilot a commercially scalable model for providing financial services to low income populations in PNG, particularly in the Highlands area	Develop financial services that inspire PNG Highlanders to use the services to manage and improve their daily financial lives. The project aimed to employ HCD tools and experts to create services that inspire usage by Highlands dwellers, women and smallholder farmers, in particular. The operational structure will be developed to deliver the necessary service quality with a commercially viable cost structure.
Financial Innovation	Women's Microbank Limited (WMBL)	15/3/2018 to 30/6/2020	413,625	351,582	Ongoing	The project aims to pilot a technology driven driven solution to reach out to existing and potential women members of WMBL in rural areas who are currently not able to access basic financial services	A functional technology driven channel that allows customers to do basic financial transactions Installation, testing and piloting of application based platform and biometric identification system Validation of acceptance of MAPs by customers and creating a model for replication Offering access to financial services to existing members of WMBL Achieving a 100% growth of the active client base for WMBL

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Financial Innovation	Life Insurance Corporation (PNG Ltd.)- Bundled insurance and DFS	11/4/2019 to 30/6/2020	77,673	15,535	Ongoing	The project is designed to help LICL and UCPNG to redesign and pilot their United Life Insurance Plan	Design the current ULIP product using customer centric design tools Develop a robust and efficient insurance distribution channel Piloting UCPNG to act as agent on behalf of formal financial service providers
Financial Innovation	MiBank-Agri focused Agent Network- Innovation Lab	25/4/2019 to 29/2/2020	313,115	62,623	Ongoing	The PFIP - MiBank Agent Network Innovation Lab will be established and the project will aim to design and pilot a commercially scalable agent network management model for providing financial services to low-income populations, primarily engaged in agriculture and allied sectors in PNG Highlands	The project aims to develop a robust financial services delivery channel by establishing a network of agents capable of offering a range of financial services to farmers in PNG Highlands, in a convenient, accessible and affordable manner. The project will rely on branchless banking expert(s) using human-centric design tools to create and test multiple agent network management models The project will leverage on the operational structure of MiBank which will be refined further to deliver the services through network of low-cost agents in an easy to replicate manner

Workstream	Grantee organization	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Financial Innovation	Sola-PayGo Pvt. Ltd.	15/2/2019 to 30/6/2020	300,000	90,000	Ongoing	This project aims to accelerate the scale up of a relatively new pay-as-you-go solar energy business in PNG, providing affordable, high quality solar power lighting and mobile phone charging solutions to rural and remote households in the Highlands of PNG.	
Consumer Empowerment	TVET- Kamaliki Technical and Vocational Institute, Goroka						There is no agreement and funding support offered to Kamaliki TVET. PFIP supports them with printed material and ToTs only using internal resources that were developed under a TA contract with BASIX

Country 3: Solomon Islands

Table 69 Solomon Islands Grant List

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
1.	Policy & Regulation	Central Bank of Solomon Islands	2015-19	215,000	215,000	Closed	The grant was made to CBSI for the formulation of National Financial Inclusion Strategy -II, financial inclusion data management, advocacy and development of consumer protection principles.	Financial Inclusion Strategy Development 2016-20 Mainstreaming of Financial Inclusion in government programmes and budgets Financial Inclusion Data Management Development of consumer protection guidelines Public awareness and advocacy programmes for uptake and proper use of financial services
2.	Policy & Regulation	Central Bank of Solomon Islands	2014	54,671	52,381	Closed	This grant was made by PFIP to undertake the research for G2P payments.	Organization and implementation of the Solomon Islands Government to Person (G2P) field survey Conduct the training workshop for field enumerators Conduct the National stakeholder workshop
3.	Policy & Regulation	Central Bank of Solomon Islands	2015	197,817	186,494	Closed	This grant as made by PFIP for conducting a household survey with a nationally representative sample on status of financial inclusion.	Planning and conduct of household survey with a nationally representative sample of 1000 households in the Solomon Islands Monitoring and successful completion of survey and

								submission of the cleaned dataset to Bankable Frontier Associate (BFA) for analysis
4.	Policy & Regulation	Inland Revenue Department	2017-19	454,200	340,650	Ongoing	This grant was made to Inland Revenue Division, Ministry of Finance & Treasury, Government of Solomon Islands by PFIP to modernize the tax revenue management system. Payments for a total of 6 taxes were digitized as part of this grant.	Modernizing the tax Revenue Management System by digitizing the process of submission, assessment, response, payment, and analysis for Goods Tax, Sales Tax, Pay as You Earn (PAYE) & PAYE reconciliations, Income Tax and Withholding Tax. Facilitating self-management of tax obligations by taxpayers via e-filing of tax returns using an IRD web portal for registered online taxpayers and facilitating the generation of e-payments of taxes.
5.	Policy & Regulation	Alliance for Financial Inclusion	2015-16	422,384	391,622	Closed	Grant to AFI was made by PFIP to conduct technical workshops, PIRI summits and global representation of PICs.	Conduct technical workshop on Consumer Empowerment and Market Conduct, Pacific Roadshow, Global representation of the Pacific – PIRI members attend Planning and conduct of PIRI Summits at Mozambique and Timor-Leste
6.	Policy & Regulation/Consumer Empowerment	Dalberg Global Development Advisors	2018-19	284,430	284,430	Closed	This grant as made by PFIP for conducting client research on identifying critical constraints to women and girls' financial inclusion.	To run country-level diagnostics in the Solomon Islands and Papua New Guinea on the critical constraints to women and girls' financial inclusion for economic empowerment using the PoWER

								<p>toolkit</p> <p>20 Key Informant Interviews with FSPs, government, civil society members</p> <p>5 Focus Group Discussions with women groups</p> <p>Quantitative survey with 400 women and girls in the rural and urban area</p>
7.	Financial Innovation	World Vision	2015-19	61,217	48,974	Closed	<p>This grant was made under PFIP-II to World Vision for the formation of savings club in South Malaita region of the Solomon Islands with 100% unbaked clients.</p>	<p>Recruitment and training of 20 village agents and community facilitators</p> <p>Community awareness and pilot roll-out of an enhanced savings club methodology – CSLG (Community Savings and Loan Group) in South Malaita</p> <p>Formation of 73 new savings club covering 1825 members, with a maximum of 50% women and likely 100% unbanked.</p> <p>Pilot a micro-insurance scheme with 250 members of World Vision. Included as supplementary in the project.</p>
8.	Financial Innovation	SPBD Microfinance	2015-19	185,057	185,057	Closed	<p>This grant was made to SPBD to expand its operations outside Honiara to rural Guadalcanal and to one more province (Malaita or Western).</p>	<p>SPBD to expand core microfinance operations and reach out to excluded communities outside Honiara in rural Guadalcanal in 2015 and expand to one more province (Malaita or Western) in late 2015/early 2016 and going</p>

								forward explore the possibility to expand to other provinces from 2017 onwards.
9.	Financial Innovation	SPBD Microfinance	2016	44,078	44,078	Closed	This was an additional grant made to SPBD for starting offering solar products in rural Guadalcanal & Western province.	SPBD to launch and promote Solar lighting products in rural Guadalcanal and Western Province by SPBD microfinance Hire, train and develop a team to promote sales and provide high-quality customer services Develop required human and office infrastructure to promote the new solar product and offer support services
10.	Financial Innovation	ANZ Banking Group	2016-19	175,000	175,000	Closed	This grant was made to ANZ banking group by PFIP to digitize the coconut value chain. Under this, payments made to farmers by Direct Expellers through goMoney in Malaita. Digitization was done for the payments direct expellers does to individual farmers. Once a farmer gets the goMoney in his/her account, s/he goes to an agent and gets the cash.	The core project deliverables reflect the expansion of the goMoney channel, product development, and an increase in customers and transaction volumes over a 24-month period: 75 new cash merchants (for a total of 175), including 45 linked to value chain customers 24,000 new or newly activated customers, of which 5,000 value chain customers; 12,500 women 16,000 rural Improvements to the customer experience with the goMoney channel New financial products A business appraisal of scale-up

								potential
11.	Financial Innovation	CBSI	2019-20	250,000	75,000	Ongoing	This is a pilot project for using airtime for savings and payments by clients in Solomon Island. Based on the feasibility study done in 2018 and consultations held with MNOs, CBSI, and SINPF, this pilot project, this project is currently is being operationalized.	PFIP is supporting the pilot through two ways – providing TA through PHB for feasibility study and Grant to CBSI/MNOs. Under the project, \$100, 000 has been given to each MNO for technology upgrade and \$200,000 to CBSI for equivalence fund. At present, Telcos incur an average of 18% as distribution cost (Cost of Solomon Telecom is higher at 21%) and to compensate them; the following formula has been devised: Govt will waive 10% tax on Top-ups later – currently to be covered under equivalence fund 5% charge will be paid by You Save Subscriber 3% commission to be paid by SINPF
12.	Financial Innovation	ANZ Banking Group	2018-20	110,000	33,000	Ongoing	During the MicroSave scoping mission and research, school fees were identified as the biggest expenditure for households. This further got more expensive with associated additional costs such as transportation, accommodation, and feeding costs. PFIP is supporting ANZ in digitizing school fees	A total of 16 schools registered and on-boarded for digital school fees payment A total of 2000 unique parents registered and on-boarded digital school fees payments 1600 active parents making digital school fees payments (making at least 1 transaction per 90 days) A total of 600 female students

							payments under the project.	benefiting from the digital school fee payment 1000 parents outside Honiara and Guadalcanal province registered on the digital school fees payments 6 provinces with registered and on-boarded schools on the digital school fees payments
13.	Financial Innovation/Consumer Empowerment	Solomon Islands National Provident Fund	2015-17	176,820	176,820	Closed	In 2016, SINPF, supported by Blue Print Pension Services (BPPS) used a three-phased approach which included (a) customer needs research (b) a human-centered product design and (c) pilot roll-out and initial sign up /validation phase.	Conducting demand assessment for voluntary contribution superannuation scheme, microinsurance, and micro-pensions among informal sector market segments based on client-centered research. Preliminary findings to be presented to SINPF and PFIP and other key stakeholders. A proposed strategy to cost-effectively extend the voluntary contribution scheme to the informal sector and/or a new model for the provision of pension benefits to the informal market segment. Based on the decision of SINPF, after considering the proposed strategy, a full implementation/business plan may be prepared for the implementation of the endorsed model or approach.

14.	Financial Innovation	Solomon Islands National Provident Fund	2018-20	550,000	459,000	Ongoing	<p>Using the conservative estimates on the business case on scale-up of youSave by BPPS, SINPF board approved the scale-up phase, and it was noted SINPF would achieve break-even point in 4th year from the operation and realize a profit from 5th year.</p>	<p>By 2022, 30,000 unique members registered and on-boarded on youSave</p> <p>50% of members on youSave are active (making at least 1 transaction per 90 days)</p> <p>50% of registered members are women</p> <p>Average Savings per youSave member is SBD 1,200</p> <p>45% of savings are received through the digital channel</p> <p>15 agents are recruited for SINPF youSave collections</p> <p>Value of AUM is SBD 22 million</p> <p>Operational cost vs. AUM is 3%</p> <p>All 9 provinces have youSave product and members</p>
15.	Consumer Empowerment	Young Enterprise Trust	2016	43,915	43,915	Closed	<p>This grant was made to YET to develop a strategy for integration of financial education in schools in the Solomon Islands. As part of the project YET worked with curriculum division of MEHRD of SOI to develop and finalize the strategy.</p>	<p>A complete stocktake of existing Financial Education learning within the existing curriculum at primary school, secondary school, and TVET.</p> <p>Revise and finalize the definition for Financial Education and diagrammatic framework model, in liaison with the MEHRD.</p> <p>Create a detailed framework of learning outcomes identified by subject level across class levels at primary and secondary schools</p> <p>Develop a strategy for the</p>

								introduction of Financial Education within TVET/rural training centers.
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Country 4: Vanuatu

Table 70 Vanuatu Grant List

Work stream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
Policy and Regulation	Reserve Bank of Vanuatu - DSS	24/4/2015 to 30/9/2016	1,47,058	1,45,326	Closed	This project was commissioned to create a reliable database that can inform different stakeholders in one Vanuatu about the demand side situation in the country from a financial inclusion perspective	Provide the central bank with the necessary data to calculate PIRI core plus indicators, access and usage indicators and data for triangulation with supply side study conducted with PFIP in Phase I of the programme Determine needs and aspirations of ni-Vanuatu with respect to their access and adoption of financial services Understand users and non-users of financial services Identify main barriers that prohibit adults from using formal financial services
Financial Innovation	National Bank of Vanuatu	08/6/2018 to 20/6/2020	4,00,000	1,20,000	Ongoing	The NBV digital financial services project will design, test and validate the hypothesis that both existing and new NBV customers will transact regularly (savings and withdrawals) if provided increased opportunities to	Launch a tablet based customer onboarding and transaction platform that will vastly reduce transaction time and costs besides increase opportunities to transact for remote rural customers It is proposed to ultimately move all the 29,700 customers of NBV from the legacy passbook based system to a digital platform in a phased

						transact.	manner. Add 14,200 active accounts that transact through electronic and/or mobile delivery channels. (50% women) Test and validate additional technology interfaces like mobile banking, combine financial literacy training with the service roll-out to increase usage
Financial Innovation	Telecom Vanuatu Limited	1/10/2018 to 30/6/2020	4,92,863	1,23,216	Ongoing	This grant was made to spur the payments sector in Vanuatu through a mobile money product that will at first offer simple wallet services and then offer more complex payments products in a phased manner. It is also an opportunity for Vodafone Fiji to expand regionally, as both TVL and Vodafone come under the same holding company- ATH	New Mobile Money product that will inspire Ni-Vanuatu to use the mobile money platform to improve their daily financial lives. 20,000 new active customers will be added to the platform over 18 months. An operationally feasible and commercially viable digital platform.
Financial Innovation	Vanuatu National Provident Fund	7/3/2019 to 30/6/2020	1,00,000	0	Ongoing	The project will test the feasibility and various hypotheses around people in the informal sector subscribing to a long-term superannuation savings	Develop and test demand for a suitable voluntary superannuation savings product that will result into a micro pension solution for those in the informal sector in Vanuatu Test and validate hypotheses

						product that will provide micropensions and financial security during their old age.	around savings behavior, attitudes, perceptions and motivations for old age savings and financial security by onboarding 500 to 700 informal sector members during the six-month pilot phase Test and validate technology interfaces like mobile banking, mobile wallets for channeling recurring savings by members and digital customer onboarding using tablets Test and validate financial and operational feasibility for VNPF
Financial Innovation	Vancare (through Fijicare)	3/3/2019 to 30/6/2020	2,91,096	0	Ongoing	Regional expansion of bundled micro-insurance product to Vanuatu	Business process re-engineering and process digitalization Cultivating a market for individual enrollment Enhanced customer empowerment via improved financial literacy programmes Regional expansion
Technical Assistance	Blue Print Pension Service (technical assistance)	DNK	68,800	68,800	Closed	Feasibility study on superannuation product for informal sector in Vanuatu	The objective of the assignment was to undertake research to determine how to extend superannuation benefits to people who are not mandatory VNPF members as well the type of schemes that are suitable to this target segment. This included the clear majority of the nearly 62,172 adults who are

							economically active but presently not covered by the VNPF
Technical Assistance	Cloudcase (technical assistance)	31/7/2019	80,000	20,000	Ongoing	Technical assistance to NBV	To assist NBV to create and implement innovative digital solutions that leverages its existing digitization initiatives and business context to help the bank to be more efficient in delivering MSME credit while propelling the bank to substantially scale its MSME portfolio.

Annex 8: Evaluation Matrix as per OECD/DAC

Keeping the evaluation requirements in mind, the consultants have chosen to follow OECD/DAC guidelines for programme evaluation and classify research questions under the categories of **relevance, efficiency, effectiveness, sustainability and impact**. These will include both direct and indirect outcomes, intended or not, as attribution in a programme context like that of PFIP's incomplete sentence. Research questions and related indicators for the programme evaluation has been classified under these OECD criteria.

The evaluation matrix presents the key research questions for each evaluation area as defined by the five OECD/DAC evaluation criteria of relevance, effectiveness, efficiency, likely impact and sustainability of the programme. The primary questions and sub-questions are outlined in Table 76 listed below. EQ1 denotes primary question, EQ 1.1, 1.2 etc denote the sub questions and EQ 1.1 a, 1.1 b denote follow up questions under each of the research question.

Table 71 Evaluation Matrix as per OECD/ DAC Criteria

DAC Criteria 1: Relevance and quality of programme design	
EQ1	How well designed is the programme to meet its broader objective of enabling access of financial services to low-income Pacific Islanders?
	Synergies
EQ1.1	How well does the current financial services infrastructure foster different relationships within the formal financial services such as FSPs, TSPs, regulators and consumers?
EQ1.1a	How frequently do regulators and FSPs interact? Has PFIP brought them closer?
EQ1.1b	What are the regulatory measures to incorporate consumer demand in policy?
EQ1.1c	What is the process of development of financial products by FSPs?
	Demand for financial inclusion
EQ1.2	What are the FSPs perception of innovative financial products for low income population? Do they perceive it as integral to their future strategy?
EQ1.2a	How diverse are the suite of products and services facilitated/endorsed by the regulatory authorities of PFIP focus countries?
EQ1.2b	How well are the different financial products and services defined within the regulatory framework? (CoC for microfinance, digital financial services, payments, mobile wallets etc.)
EQ1.1	Does the programme design of selecting a variety of TSPs/FSPs most appropriate for expanding financial services to women and in rural areas?
EQ1.3	Is the focus on alternate delivery channels a suitable choice for expanding outreach of financial services?
	Nature and type of institution and TSP/FSP selection
EQ1.5	How appropriate was the design process for TSPs/FSP?
EQ1.6	What type of FSPs/TSPs should be considered for similar programme in future?
EQ1.7	Did the programme target right FSP based on their market position and context?
	Grant design
EQ1.8	To what extent have the TSPs proven their value-add to the FSP? Is the value add in line with budget allocation?
EQ1.9	Has higher budget allocation to TSPs led to lesser ownership among FSPs?
EQ1.10	Did FSPs had adequate say in TA scope and sequencing of delivery?
	Cross cutting issues
EQ1.11	How well have cross-cutting issues (gender, environment and agency banking) been integrated into the engagement design?
EQ1.11a	How well the is the programme designed to bridge the gender gap in awareness and access of financial services?
EQ1.11b	Have you identified the key gatekeepers to women's access and benefit of the services?

EQ1.11c	Have you identified stakeholders that have potential to “divide” or “connect” women to the intervention? What are strategies to leverage the “connectors” and mitigate risks/influence of the “dividers”?
EQ1.12	Has the programme been able to adequately support FSP’s needs with regard to Agency banking? What more can be done in the next phase of the programme?
EQ1.12a	Has the programme been able to drive sustainability for banking agents by facilitating enough products and services through the channel?
EQ1.12b	What are some of immediate barriers and enablers at regulatory level in expanding agency banking and making it more viable business opportunity?
	Relevance of knowledge management and learning strategy
EQ1.13	How well defined is the knowledge management (KM) strategy?
EQ1.14	Is the KM aligned to providing evidence for programme’s key hypothesis?
	DAC Criteria 2: Efficiency of programme management
EQ2	How well has the programme delivered the expected results?
	Quality and efficiency of programme management and monitoring
EQ2.1 EQ2.1a	How well are programme activities being managed and monitored by the programme staff? How well the programme activities are categorised at programme level and country level?
EQ2.2	To what extent is the programme demonstrating value for money with outputs being delivered on time and at expected cost? Are there more efficient ways to deliver the same outputs and realize the same outcomes?
EQ2.2a	To what extent partners are efficient in delivering services in reaching out to defined outreach and achieving profitability?
EQ2.3	To what extent is the M&E system fit for purpose to track and analyze meaningful data at all levels of the results chain from activities to outcome to impact?
EQ2.3a	How efficiently the information gathered from M&E system is fed into the programme implementation for course correction or as feedback?
EQ2.4	To what extent has the program followed up on the recommendations of the mid-term evaluation?
	Quality and efficiency of oversight
EQ2.5	What is the relevance and quality of technical assistance provided by PFIP programme team to relevant stakeholders?
EQ2.6	What is the quality of programme governance and oversight at the country, programme and headquarter level?
	Technical services providers
EQ2.7	What is the quality of technical assistance provided by TSPs to FSPs?
EQ2.8	To what extent do the FSPs perceive the TA support from TSPs as a worthwhile value addition?
EQ2.9	Are the grantee reporting requirements adequate and/or relevant? Should they be reduced or increased?
	Efficiency of RFA/PBA process
EQ2.10	To what extent was the RFA process handled efficiently?
EQ2.11	To what extent were consultant reviews, due diligence missions, Investment Committees effective and/or necessary?
EQ2.12	To what extent did this process allow for the selection of the most appropriate candidates?
EQ2.13	Should there have been an additional level of due diligence allowed for the TSPs before project activities were planned and PBAs negotiated? To what extent did the due diligence process help to surface challenges and mitigate against foreseeable risks?
EQ2.14	To what extent were the PBAs designed appropriately? Most disbursement conditions

	are linked to specific activities and outputs as forecast before project implementation. Should there be greater flexibility in determining disbursement conditions?
	Efficiency of KM activities
EQ2.15	To what extent are the KM activities/products produced efficiently?
	Efficiency of Policy & Regulations
EQ2.16	How well the policy environment responded to the interventions done with the regulators and policy makers?
EQ2.16a	How well does the policy environment respond to key agent management aspects such as appointments, eligibility, interoperability etc.?
	Cross cutting issues
EQ2.17	Has the project been successful in promoting responsible practices in terms of consumer protections, environment, social performance and how well are such systems and indicators incorporated?
	DAC Criteria 3: Effectiveness – organisational change of supported FSPs
EQ3	To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial services to low income populations, particularly women?
	Understanding of financial needs and tailored services
EQ3.1	To what extent has the programme contributed to changes in FSP strategy and capacity of its staff in terms of attitudes towards serving low income populations, especially women? In which ways are attitudes changing?
EQ3.2	To what extent did the market research conducted by the TSPs and/or their partners inform the design of financial products & services provided to the women and low-income population?
EQ3.2a	What is the quality of market research/studies commissioned by PFIP? Have these been useful and actionable? Were the indicators well defined and easy to incorporate in implementation related measurement initiatives?
EQ3.3	To what extent did the financial services developed under the program meet the needs of women and low-income population?
EQ3.3a	How well do such interventions address the possibility to include the financially excluded and underserved to access formal financial services?
EQ3.3b	How effective has the programme been in establishing the market value for reaching out to low income segments? - rural populations, women, microentrepreneurs and youth in particular
EQ3.4	To what extent have financial products and services (developed as a result of the programme) provided by the FSPs contributed to extended outreach, business development and other financial & financial education training to women and rural population?
	Alternative delivery channels
EQ3.5	To what extent have the TSPs been able to support the FSPs in their entry into alternative delivery channels (ADCs)?
EQ3.5a	Which channels are more effective? What are the main challenges and innovative responses? What lessons can be shared among grantees on mobile network operator (MNO) negotiations, agent network build-out, point of sale (POS) vs mobile implementations? What approaches should be disseminated in the industry as best practices?
EQ3.5b	Has there been development of innovative financial products targeted at local needs? How they have addressed locally faced pressing issues through provision of financial products or services?
	Delivery and effectiveness of non-financial services delivery channels
EQ3.6	What forms of financial education were developed/are being developed and offered to

EQ3.6a	customers? Which forms are most effective and least costly to roll out or have the potential to be most effective? Which approaches should be written up as best practice and shared widely to the industry?
EQ3.6b	How well these interventions on financial education targeted youth, women and microentrepreneurs?
Linkages of FSPs with informal savings groups	
EQ3.7	To what extent are FSPs able to successfully link with informal savings groups?
EQ3.7a	Which of the approaches used have been more and less successful and why?
Responsible financial services	
EQ3.8	To what extent have programme initiatives to promote client protection, social and environmental systems and social performance management been successful? To what extent are the FSPs integrating these principles into their institutions?
Effectiveness of KM activities	
EQ3.9	To what extent are the KM activities/products of value to the partner TSPs and FSPs? Which products/events resonate the most with grantees and have the greatest potential to impart knowledge among grantees?
EQ3.10	How well have the knowledge management initiatives been able to define the existing payment flows and infrastructure constraints? Were the outcomes useful and actionable?
DAC Criteria 4: Effectiveness – Policy Influence, market demonstration, up-scaling & consumer empowerment	
EQ4	To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?
Policy influence	
EQ4.1	To what extent does PFIP have the potential to influence policy change in any of its countries of implementation? To what extent has the program actively and effectively involved relevant stakeholders at both the macro and the meso level (as well as actors at the global level) in program-supported initiatives related to savings-led financial services (workshops and events, production of case studies, policy briefs, etc.)?
EQ4.1a	If so, which ones and how should this policy change be pursued? What have been the main strategies/levers employed under PFIP to initiate policy change? What are the key areas of success/challenges and lessons learned to influence policy change?
EQ4.1b	How these policy influences have led to overall market development in these countries?
Market demonstration effect	
EQ4.2	To what extent has the programme influenced other FSPs in the programme countries for providing financial services?
EQ4.2a	To what extent were government and UNCDF involvement (where applicable) instrumental in making a wider sector level impact and fostering policy changes and what are the areas of improvement?
EQ4.2b	In order to optimize its impact on national markets through demonstration effects, what approach should the TSPs or UNCDF be taking in the second half of programme implementation?
EQ4.2c	How has these policy influences resulted in resolving of infrastructure issues and bridging the gaps in value chain?
Up-scaling and replication	
EQ4.3	To what extent have the partnerships enhanced UNCDF's comparative advantage and positioning in the area financial services? To what extent has UNCDF adequately fulfilled its role as promoter of financial services?
EQ4.3a	How can UNCDF increase its country partnerships to maximize its impact on the business

EQ4.3b	case for local market leaders to extend financial services to low income population? How has replication of successful financial products and services across the countries happened during the second phase of programme? Has there been efforts to contextualise it in scale-up countries?
	Consumer Empowerment
EQ4.4	To what extent the consumer empowerment initiatives under the programme been able to influence policy level changes at government and FSPs?
EQ4.4a	Have they resulted in increased awareness of grievance redressal mechanisms, consumer protection, data security at client level?
EQ4.4b	How well defined are the guidelines towards consumer protection and code to ensure consumer centric practices?
	DAC Criteria 5: Likely impact
EQ5	To what extent is the programme on track to contribute to improved access to financial products and services for low-income rural populations?
	Impact of financial and non-financial services
EQ5.1	On the basis of programme design and performance to date, assess the likelihood of the programme contributing directly, either positively or negatively, to the programme's expected final outcomes (programme impact) set out in the Programme Document?
EQ5.1a	How have programme interventions resulted in access, uptake and adoption of formal financial services by low income households?
EQ5.1b	How has the reach and coverage (and gaps) of formal financial services changed since the inception of the programme?
EQ5.1c	How has consumer awareness and capability changed around financial services and value?
EQ5.1d	What are the different operational models that exist (digital / non digital / hybrid)? How has PFIP contributed to these?
EQ5.2	On the basis of programme design and performance to date, what is the likelihood that the programme will have any unintended impacts?
EQ5.2a	What could be some of those unintended impacts and how they are affecting(positively/negatively) the low-income households?
EQ5.3	Which FSP grantees have the potential to have the most impact on its low-income clients (e.g., decrease in poverty rates, increased quality of life)?
EQ5.4	Which FSPs have the potential to have benefited the most from TA provided by TSPs under MLE?
	Knowledge management
EQ5.5	What case study topics (selected from MLE implementation challenges/successes/impact) would be of most interest to MLE grantees and a wider financial inclusion sector? Which institutions would be most interesting/relevant to profile when drafting case studies when nearing program end?
	Client centered approach
EQ5.6	Which types of clients are likely to be reached or best served through PFIP? To what extent are the clients likely to find the financial products offered as relevant to their needs? What is the overall client satisfaction with the products and services offered and with the institutions supported by the programme?
	DAC Criteria 6: Sustainability
EQ6	To what extent are programme results likely to be sustainable?
	FSP sustainability
EQ6.1	To what extent does the supply of financial services for low income households lead to improved growth rates in outreach?
EQ6.1a	To what extent does including financial services for low income households contribute to the financial sustainability of FSPs overall?

EQ6.1b	Has the programme contributed to increased sustainability of partner FSPs?
EQ6.1c	How can financial services and non-financial services, such as business training and financial education, be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients?
EQ6.2	To what extent is the programme contributing to improve institutional and management capacity in the partners with which it is working?
EQ6.2a	How has these efforts institutionalized at partner's end?
EQ6.3	From the financial services developed by the partners, which services/products have the greatest potential to be scaled up after the programme ends?
EQ6.3a	What are the most effective channels for engagement for the Pacific region? (digital, cash based, hybrid)
EQ6.3b	What are the major factors that affect their operational plans in the long run? How will the challenges be addressed once PFIP exits?
EQ6.4	What do partners need to do to continue developing products for low-income clients, especially in rural areas and for women? What are their plans? To what extent are the products and services for low-income clients institutionalized?
EQ6.4a	On the basis of design and performance so far, what is the likelihood that programme outcomes will continue/be sustained by programme partners once the programme comes to an end?
EQ6.5	What are the major contextual factors that are influencing the achievement of programme outcomes? How are these likely to change once the programme comes to an end?
EQ6.6	Are there opportunities for synergy and closer collaboration between PFIP and other UNCDF programming, such as YouthStart, Mobile Money for the Poor, Better Than Cash Alliance?
	Market Development
EQ6.7	Have the programme interventions been able to help service providers identify and meet effective demands for formal financial services? If so, how?
EQ6.7a	What were adoption rates by product and gender and what are the implications of these rates on potential benefit, future programming priorities?
EQ6.7b	Which financial products have the most potential to scale up after the project term ends?
EQ6.7c	What value-added services can be offered sustainably to low income consumers in rural areas through different platforms? (particularly women)
EQ6.8	How many new players have 'followed suit' and entered the market after the interventions made by PFIP?

Annex 9: Budget Details and Break-up

S.No	Workstream	Grant Sanctioned				Grant Disbursed			
		Policy & Reg	Consumer Emp	Fin Inn	Total	Policy & Reg	Consumer Emp	Fin Inn	Total
1	Fiji	1,88,300	4,49,560	20,37,080	26,74,940	1,88,300	4,49,560	13,78,670	20,16,530
2	Fiji/REG	-	-	7,91,737	7,91,737	-	-	3,01,766	3,01,766
3	PNG	4,73,408	3,04,108	36,82,290	44,59,805	2,71,108	2,21,108	15,31,659	20,23,874
4	SOI	12,03,987	4,14,624	14,63,762	30,82,373	10,61,443	3,99,244	11,08,519	25,69,206
5	Vanuatu	1,47,058	-	14,32,759	15,79,817	1,45,326	-	3,32,016	4,77,342
6	Samoa	-	-	3,09,280	3,09,280	-	-	2,20,544	2,20,544
7	Tonga	-	-	1,31,000	1,31,000	-	-	1,04,300	1,04,300
Total		20,12,753	11,68,292	98,47,908	1,30,28,952	16,66,177	10,69,911	49,77,474	77,13,562

DFAT Regional (Samoa, Vanuatu, Tonga)		
Workstream	Budget	Expenses
Payroll/ Technical Support	23,52,950.00	19,87,794.00
Admin	1,28,310.00	1,08,395.00
Travel	4,27,650.00	3,61,280.00
Media	20,400.00	17,223.00
Misc	1,00,000.00	84,403.00
GMS	2,01,856.00	1,70,621.00
Total	32,31,166.00	27,29,716.00

Solomon Islands		
Workstream	Budget	Expenses
Payroll/ Technical Support	20,95,610.00	17,25,610.00
Admin	4,00,000.00	3,55,991.00
Travel	2,80,000.00	2,17,395.00
Media	12,695.72	7,411.00
Misc	1,25,000.00	98,616.00
GMS	3,80,000.00	3,06,818.00
Total	32,93,305.72	27,11,841.00

MFAT (Samoa)		
Workstream	Budget	Expenses
Payroll/ Technical Support	19,00,000.00	14,93,010.00
Admin	1,70,000.00	1,33,552.00
Travel	2,74,687.71	2,66,964.00

Media	38,000.00	29,044.00
Misc	63,000.00	49,954.00
GMS	2,70,000.00	2,17,213.00
Total	27,15,687.71	21,89,737.00

EU PNG		
Workstream	Budget	Expenses
Payroll/ Technical Support	21,65,000.00	14,96,803.00
Admin	1,58,000.00	1,08,606.00
Travel	3,30,000.00	2,27,020.00
Media	65,000.00	49,444.00
Misc	65,000.00	44,830.00
GMS	2,61,416.50	1,80,500.25
Total	30,44,416.50	21,07,203.25

DFAT PNG		
Workstream	Budget	Expenses
Payroll/ Technical Support	5,00,000.00	2,54,025.00
Admin	1,60,000.00	79,438.00
Travel	1,20,000.00	59,892.00
Media	55,000.00	28,936.00
Misc	10,000.00	4,903.00
GMS	1,33,723.71	66,184.00
Total	9,78,723.71	4,93,378.00

Annex 10 – Sample Data Collection Tool

Color Coding:	Formula	Input	NA														
PFIP Data Collection Tool	Baseline	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Comment			
Section 1. Outreach																	
Part I: Access points																	
Total points of service	1	1	1	1	1	1	1	0	0	0	0	0	0				
Branches	1	1	1	1	1	1	1										
ATM																	
Agents																	
Merchants																	
EFTPOS																	
Number of active Agents																	
Number of active Merchants																	
Number of super-agents																	
Agents - % active	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Merchants - % active	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Part II: Overall Outreach																	
Total number of customers enrolled (registered for the Service)	1,19,835	11,606	11,606	11,864	11,864	12,235	12,235	12,235	1,19,835	1,19,835	1,19,835	1,19,835	1,19,835				
Number of unique customers enrolled																	
Number of new customers (for the period)																	
Lapsed customers																	
Net Number of customers (end of period)	1,19,835	11,606	11,606	11,864	11,864	12,235	12,235	12,235	1,19,835	1,19,835							
Part III: Usage																	
Total number of customers active in 90 days																	
% active within 90 days	0	0	0	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!					
Total number of customers active in 30 days																	
% active within 30 days	0	0	0	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!					
Section 2. Customer Segmentation																	
Part IV: Gender																	
Total number of women customers	#REF!	error	error	error	error	error	error	error	error	error	error	error	error	I need to go to Sunita's to fix this			
Total number of men customers																	
Unassigned customers																	
Estimated number of women customers (including "unassigned")	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Estimated % of women customers (including "unassigned")	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Number of women customers active > 30																	
% women customers active > 30	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Number of women customers active > 90																	
% women customers active > 90	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Part V: Geography																	
Total number of rural customers	#REF!	error	error	error	error	error	error	error	error	error	error	error	error	Need to go to Sunita's			
Total number of urban customers																	
Unassigned customers																	
Estimated number of rural customers (including "unassigned")	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Estimated % of rural customers (including "unassigned")	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Part VIII: Other																	
Mobile Banking Customers																	
Insurance Customers	1,19,835	11,606	11,606	11,864	11,864	12,235	12,235	12,235	1,19,835	1,19,835	1,19,835	1,19,835	1,19,835				
Branchless Banking Customers																	
Savings Customers																	
Loans Customers																	
Solar Loans Customers																	
Section 4. Insurance Products																	
Part IX: Policies (end of period)																	
Total number of policies	1,19,835	11,606	11,606	11,864	11,864	12,235	12,235	12,235	1,19,835	1,19,835	1,19,835	1,19,835	1,19,835				
Farmers	12,235	11,606	11,606	11,864	11,864	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235				
Others	1,07,600	0	0	0	0	0	0	0	1,07,600	1,07,600	1,07,600	1,07,600	1,07,600				
Part X: Claims (per month)																	
Total number of claims filed over period	1,000	20	14	21	18	16	21	9	16	56	203	256	350				
Nb. of Claims filed for life insurance	307	10	7	10	7	8	10	4	8	25	64	66	88				
Nb. of Claims filed for funeral insurance	669	10	7	10	7	8	10	4	8	30	131	164	260				
Nb. of Claims filed for parametric insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims filed for health/ hospitalization insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims filed for personal accident insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims filed for fire insurance	24	0	0	1	4	0	1	1	0	1	8	6	2				
Total number of claims paid over period	898	20	14	21	18	16	21	9	16	56	190	236	281				
Nb. of Claims paid for life insurance	274	10	7	10	7	8	10	4	8	25	58	61	86				
Nb. of Claims paid for funeral insurance	600	10	7	10	7	8	10	4	8	30	124	163	213				
Nb. of Claims paid for parametric insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims paid for health/ hospitalization insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims paid for personal accident insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Nb. of Claims paid for fire insurance	24	0	0	1	4	0	1	1	0	1	8	6	2				
Total number of claims rejected over the period	1	0	0	0	0	0	0	0	0	0	0	0	0				
Number of claims outstanding at the end of the period	102	0	0	0	0	0	0	0	0	0	13	20	69				
Total value of claims paid over period	14,91,000	40,000	28,000	43,000	40,000	32,000	43,000	16,000	32,000	1,08,000	3,22,000	3,70,000	4,17,000				
Value of Claims paid for life insurance	8,22,000	30,000	21,000	30,000	21,000	24,000	30,000	12,000	24,000	75,000	1,74,000	1,83,000	1,98,000				
Value of Claims paid for funeral insurance	6,00,000	10,000	7,000	10,000	7,000	8,000	10,000	4,000	8,000	30,000	1,24,000	1,63,000	2,13,000				
Value of Claims paid for parametric insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				
Value of Claims paid for health/ hospitalization insurance	0	0	0	0	0	0	0	0	0	0	0	0	0				

Total number of claims paid over period	898	20	14	21	18	16	21	9	16	56	190	236	281	
Nb. of Claims filed for life insurance	274	10	7	10	7	8	10	4	8	25	58	61	66	
Nb. of Claims filed for funeral insurance	600	10	7	10	7	8	10	4	8	30	124	169	213	
Nb. of Claims filed for parametric insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nb. of Claims filed for health/ hospitalization insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nb. of Claims filed for personal accident insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nb. of Claims filed for fire insurance	24	0	0	1	4	0	1	1	0	1	8	6	2	
Total number of claims rejected over the period	1	0	0	0	0	0	0	1	0	0	0	0	0	
Number of claims outstanding at the end of the period	102	0	0	0	0	0	0	0	0	0	13	20	69	
Total value of claims paid over period	14,91,000	40,000	28,000	43,000	40,000	32,000	43,000	16,000	32,000	1,08,000	3,22,000	3,70,000	4,17,000	
Value of Claims paid for life insurance	8,22,000	30,000	21,000	30,000	21,000	24,000	30,000	12,000	24,000	75,000	1,74,000	1,83,000	1,98,000	
Value of Claims paid for funeral insurance	6,00,000	10,000	7,000	10,000	7,000	8,000	10,000	4,000	8,000	30,000	1,24,000	1,69,000	2,13,000	
Value of Claims paid for parametric insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Value of Claims paid for health/ hospitalization insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Value of Claims paid for personal accident insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Value of Claims paid for fire insurance	69,000	0	0	3,000	12,000	0	3,000	0	0	3,000	24,000	18,000	6,000	
Part XI: Financial Data														
Gross revenues for the period	\$35,08,997	\$45,592	\$45,592	\$46,574	\$46,574	\$47,987	\$47,987	\$47,987	\$6,36,141	\$6,36,141	\$6,36,141	\$6,36,141	*****	
Total Claims	\$14,91,000	\$40,000	\$28,000	\$43,000	\$40,000	\$32,000	\$43,000	\$16,000	\$32,000	\$1,08,000	\$3,22,000	\$3,70,000	\$4,17,000	
Total Claims ratio (Total claims paid \$/total premiums \$)	42.49	87.73	61.41	60.12	85.88	66.68	89.61	33.34	4.99	16.84	50.62	58.16	65.55	
Claims ratio- life and funeral (life and funeral claims paid \$/life and funeral premiums \$)	20.64	107.45	75.21	105.56	73.89	82.36	102.95	41.18	5.76	18.93	51.9	61.3	71.57	
Claims ratio - personal accident (personal accident claims paid\$/personal accident premiums \$)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Claims ratio- fire (fire claims paid \$/fire premiums \$)	12.49	0	0	63.62	255.31	0	63.62	0	0	6.49	52.13	39.1	13.03	

Annex 11 - Programme Outreach

Financial Innovation/Consumer Empowerment	PBA Start Date	PBA End Date	As per PBA			As per RMF-(Maxm Outreach during program cycle)			As per Evaluation Team	
			Outreach Target	Of which, women	Of which, Rural	Outreach	Of which Women	Of which Rural	Highest Outreach at any point	Current Outreach
Digicel (Samoa,Van,Tonga)	NA	NA	NA	NA	NA	76697	16832	12154	0	0
BIMA (PNG)	07-Jul-15	30-Jun-19	76,542	38271	68888	293278	96054	127280	397751	0
MiBank Solar Loan	27-Jul-16	31-Dec-17	2,150	1720	2,150	495	287	309	495	15
Womens Microbank Limited	15-Mar-18	30-Jun-20	5,000	2500	4,000				23542	23542
Westpac	10-Jun-17	30-Jun-19	1,00,000	50000	80,000	54087		-	54087	54087
FinED - PNG	NA	NA	NA	NA	NA	0	0	0	334	334
LICL Insurance with UCPNG	11-Apr-19	30-Jun-20	5,000	2500	NA	0	0	0	-	
Mi Bank Agri agency banking	25-Apr-19	29-Feb-20	5,000	2500	NA	0	0	0	-	
NASFUND	01-Apr-19	28-Feb-20	2,000	1000	NA	0	0	0	-	
FNPF	NA	NA	NA	NA	NA	0	0	0	-	0
Vodafone	01-May-17	30-Jun-19	60,000	-	-	39201	14771	20763	339768	339768
HFC	17-Feb-16	31-Dec-18	66,000	33000	-	197	86	163	211	211
FijiCare	01-Jul-17	30-Jun-20	1,30,000	-	-	119835	-	-	119835	119835
FinEd Fiji	26-Nov-14	31-Dec-17	1,97,000	-	-	0	0	0	197000	197000
Digicel (Fiji)	NA	NA	NA	NA	NA	47163	23887	3363	NA	NA
KlickEx (Fiji,Samoa,Tonga)	NA	NA	NA	NA	NA	96868	259		NA	NA
BIMA (Fiji)	01-Apr-16	31-Mar-18	91,420	27426	77,707	30036	8665	15988	-	0
SPBD	01-Jun-15	30-Jun-19	14,672	9333	7,561	7215	6967	6295	5364	0
World Vision	01-Jun-15	30-Jun-19	1,825	913	1,825	1629	914	1629	1629	1629
ANZ	01-Sep-16	31-Mar-20	34,046	14973	15,717	22639	12898	11718	22639	22639
SINPF (PAD target for Year 2022)	07-Nov-16	30-Jun-20	30,000	15000	-	7637	4276	3766	10204	10204
BSP	NA	NA	NA	NA	NA	79940	37317	28592	-	NA
FinED - SOI	NA	NA	NA	NA	NA	0	0	0	2100	2100
National Bank of Vanuatu	08-Jun-18	30-Jun-20	14,000	7000	-	6330	3038		8009	8009
Vanuatu National Pension Fund	07-Mar-19	30-Jun-20	750	375	-	-	-	-	260	260
Telecom Vanuatu Limited	02-Oct-18	30-Jun-20	79000	-	-	-	-	-	-	0
VanCare	01-Jul-17	30-Jun-20	17500	-	-	-	-	-	-	0
Total			9,31,905	2,06,511	2,57,848	8,83,247	2,26,252	2,32,020	11,83,228	7,79,633

Annex 12 – Country Reports: Fiji, Solomon Islands, Papua New Guinea and Vanuatu

Country

PACIFIC FINANCIAL INCLUSION PROGRAM- II FINAL EVALUATION

COUNTRY REPORT FIJI



GRAMEEN FOUNDATION INDIA

Aanchal Aggarwal

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Abbreviations

ATM	Automated Teller Machine
BTCA	Better Than Cash Alliance
DAC	Development Assistance Committee
DFAT	Department of Foreign Affairs and Trade
EFTPOS	Electronic Fund Transfer Point of Sale
FNFP	Fiji National Provident Fund
FSP	Financial Service Providers
G2P	Government to Person
GDP	Gross Domestic Product
IMT	International Money Transfer
IT	Information Technology
KYC	Know Your Customer
MNO	Mobile Network Operators
MSME	Micro Small Medium Enterprise
NFIS	National Financial Inclusion Strategy
NFIT	National Financial Inclusion Taskforce
OECD	Organisation for Economic Corporation and Development
P2G	Person to Government
PBA	Performance Based Assessment
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
POS	Point of Sale
RBF	Reserve Bank of Fiji
SCGF	Sugar Cane Growers Fund
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

Introduction

The Fiji country report encompasses findings of the final evaluation of the Pacific Financial Inclusion Program Phase II (PFIP- II) at the Country level in Fiji. The PFIP- II is implemented in the region during 2014-2020 and has been instrumental in the development of financial services in the Pacific Island Countries. PFIP-II is jointly administered by the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with funding support from the Australian Government, the European Union (EU), and the New Zealand Government. The evaluation team visited Fiji during July 20th- 25th, 2019 and this report presents the evaluation of the program at the country level in line with the terms of reference for the evaluation.

The goal of PFIP Phase II is to increase access and usage of financial services and products by the underserved populations in the South Pacific region particularly, Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu. PFIP assists the governments and policy makers through technical assistance and capacity building to create an enabling environment that will nurture the growth of financial sector and support the financial service providers to develop new products and services. PFIP- II, aimed to deepen financial access to an additional 1,500,000 previously underserved low-income people in the region.

This report is structured in five sections beginning with Introduction, Country context, PFIP Phase II programmatic and budgetary details, key program findings as per UN/Development Assistance Committee (DAC) criteria⁵, summary and way forward. Annexes to the report provide details of the grants provided, stakeholder consultation schedule, list of reviewed documents and references used in the report.

Prior to discussing the program interventions, the country context is presented to provide the backdrop for better understanding of the role of PFIP and its efforts in accelerating financial inclusion in the country. The country context outlines the key macroeconomic indicators and a detailed overview of the financial inclusion landscape including policy & regulations, status of access to financial services and consumer education. Subsequent section of the report covers the PFIP Phase II interventions in Fiji. The interventions are categorized under the three workstreams of PFIP Phase II and includes the budget allocation for each one of them. The fourth section of the report presents the key program findings, categorized as per DAC criteria. Basis for the evaluation findings come from the stakeholder consultations carried out by the evaluation team, client interactions during field mission and review of program documents. The report concludes with a summary and way forward for PFIP for further enhancing financial inclusion in Fiji.

⁵ OECD Criteria are Relevance, Efficiency, Effectiveness, Likely Impact and Sustainability

Country Context

Demography and Macro Economic Indicators

The Republic of Fiji Islands has a total land mass of 18,333 sq km located in the South Pacific between longitudes 175 and 178 West and latitudes 15 and 22 South. Fiji is the most developed country in the Pacific region with a per capita income of 9,781 USD PPP⁶. As per world bank estimates, 49.5% of the population lives below \$5.5 poverty line (2011 PPP), 14.3% lives below \$3.2 poverty line and 1.4% of the population is living below \$1.9 poverty line⁷. Fiji comprises 330 islands of which only one third are inhabited. Viti Levu and Vanua Levu are the two main islands with Suva - the capital city located on the Viti Levu island.

As per the 2017 census, Fiji had a population of 884,887, registering a decadal growth of 5.7 percent over the population of 837,271 in the 2007 census⁸. Fijians (57.3 percent), Indians (37.6 percent) and Rotumans (1.2 percent) are the main ethnic groups in Fiji, while the rest 3.9 percent comprise of other Pacific islanders, Chinese and European ethnicities.

Fiji is a popular tourist destination and hence tourism is its major source of foreign exchange earning followed by remittances. Fiji's main exports include gold, garments, sugar and bottled water. Fiji experienced 9 years of consecutive economic growth until 2016, when it was interrupted by the impact of a category 5 tropical cyclone 'Winston' that hit Fiji in early 2016. Inflation also rose that year and subsequently in 2018 due to tax increases on certain imported goods and major flooding.

Table 72: Key Economic/Demographic Indicators

Key economic/demographic data	2014	2015	2016	2017	2018
GDP per capita (\$)	8179.3	8771.1	9303.2	9501.7	10,248.3
Inflation (%)	0.1	1.6	3.9	2.8	4.7
Exchange rate (US\$)	0.503	0.470	0.470	0.487	0.476
HDI (Value)*		0.738	0.738	0.741	
Population Growth (Annual %)**	0.098	0.251	0.433	0.578	0.684
GDP growth rate (%)	5.6	3.6	0.7	3	4.2

Source: RBF Annual Report 2017-2018

*http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf

**<https://data.worldbank.org/indicator/SP.POP.GROW?locations=FJ>

Gender and Human Rights

Fiji's Constitution of 2013 contains strong equality and nondiscrimination provisions, guaranteeing equality and prohibiting discrimination on the grounds of race, culture, ethic or social origin, color sexual orientation, gender, marital status, disability, religion, and pregnancy⁹. However, in practice,

⁶ <https://tradingeconomics.com/fiji/gdp-per-capita-ppp>

⁷ <http://documents.worldbank.org/curated/en/531821528202548810/pdf/Fiji-PEB-Spring-2018.pdf>

⁸ <http://www.investmentfiji.org.fj/pages.cfm/ftiborgfi/about-fiji/>

⁹ Constitution of the Republic of Fiji. 2013.

discrimination continues to occur at many levels, particularly for women, the disabled, sexual orientation, and along ethnic identities.¹⁰

In 2017, Fiji ranked 79 out of 160 countries (compared to 159th for Papua New Guinea) on the Gender Inequality Index, which reflects gender-based inequalities across the three dimensions of reproductive health, empowerment, and economic activity. However, the World Economic Forum's Global Gender Gap Index of 2015 ranked Fiji as 121st out of 142 countries¹¹, which suggested women's progress, specifically in the economic and political empowerment sphere were severely curtailed.

In Fiji, 16% of parliamentary seats are held by women and 41% of women compared to 75% for men participate in the labor market.¹² Sixty-four percent (64%) of women reported exposure to domestic violence some point during their lifetime and 43% justified domestic violence, making violence against women a major issue in Fiji.¹³

Section 19 of the Human Rights Commission Decree for Fiji prohibits any form of unfair discrimination in a person's access to or use of financial services (or any service) including those provided through banking, insurance, grants, loans, credit or finance, the provision of land or housing.¹⁴ While there are no formal laws prohibiting women's access to credit, banks have historically required husbands to act as loan guarantors for women and women often lack the collateral requirements (compared to men) needed to use credit.¹⁵

Fiji scored 74.38 on the Women, Business and the Law Index (100 representing the best score overall).¹⁶ The index assesses statistically significant associations with outcomes related to women's economic empowerment, in particular with women's labor force participation in 187 economies. This means there is, on average, gender inequality in about a quarter of the indicators examined in the index (including laws regarding mobility, starting a job or business, managing assets, etc.). Of the 35% of women noted to be in the workforce in Fiji, they tend to work in lower-paying, more informal jobs or run businesses more in the informal sector compared to men; rural women are also more subject to traditional gender norms and have fewer economic opportunities than urban women.¹⁷

Financial Inclusion Landscape

Fiji's financial system has evolved over the period of PFIP Phase II. Gross assets of the Fiji Financial System grew by 36 percent between 2014 and 2018. Most of this growth came from the two main sectors, the Commercial Banks and the Fiji National Provident Fund (FNPf). The total Gross Assets of the Fijian financial system stood at FJD 19.8billion (US\$ 9.42 billion)¹⁸ as at June 2018. Commercial banks account for 50.4 percent of this (FJD 9.9 billion) while Fiji National Provident Fund holds 33 percent (FJD 6.5 billion). Insurance Companies together hold 16.3 percent of the financial assets (FJD 1.6 billion). The remaining is distributed amongst the Credit Institutions, Insurance Brokers, Capital Market, and Non-Bank Financial Institutions.

¹⁰ USDOS. 2018. [Fiji 2018 Human Rights Report](#).

¹¹ World Economic Forum, [Global Gender Gap Report](#): Fiji (2015)

¹² [UNDP's 2017 Gender Inequality Index: Fiji](#).

¹³ OECD. 2019. [Social Institutions and Gender Index: FIJI](#).

¹⁴ Government of Fiji. 2009. [Human Rights Commission Decree 2009](#).

¹⁵ Cotula L. 2006. [Gender and law: women's rights in agriculture \(No. 76\)](#). Food & Agriculture Organization.

¹⁶ World Bank. 2019. [Women Business and the Law](#).

¹⁷ ADB. 2018. [Women and Business in the Pacific](#).

¹⁸ RBF Annual Report 2017 / 2018, as per the exchange rate as on June 30, 2018

The figure 1 below provides the number of access points of licensed financial entities including their branches and agencies. These have also registered a consistent increase across the board except for Bank Branches and Money Changers. The biggest growth during 2014 and 2018 came in Bank Agencies and Agent Banking which increased by 21 percent, ATMs, which registered an increase of 17 percent and Electronic Fund Transfer Point of Sale (EFTPOS), registering a 10 percent growth. The increase in Agent Banking is a result of the additional onboarding of agents by HFC Bank through its new agency banking network with Vodafone supported under PFIP-II.

Other formal providers¹⁹ include 22 Credit Unions, 2 Microfinance Institutions, and 1 Provident Fund. There are two Mobile Network Operators (MNOs) with 351 Mobile Money Top Tier agents.

S. No	Financial Infrastructure as of June 2018	Details
1.	Commercial Banks	6
2.	Bank Branches	69
3.	Agencies and Agent Banking	126
4.	ATMs	328
5.	EFTPOS	5949
6.	Credit Institutions	4
7.	Credit Institutions – Branches	18
8.	Life Insurance Companies	2
9.	General Insurance Companies	7
10.	Insurance Brokers	4
11.	Insurance Agents	580
12.	Foreign Exchange Dealers	9
13.	Money Changers	1
14.	Securities Exchange	1
15.	Investment Advisors	11
16.	Stock Brokers	3
17.	Dealers	3
18.	Managed Fund Representatives	15
19.	Stock Broker/Dealer Representatives	13
20.	Investment Advisors Representatives	21
21.	Credit Union	22
22.	Microfinance Institutions	2
23.	Provident Fund	1
24.	Mobile Network Operators	2
25.	Mobile Money Top Tier Agents	351

Source: Reserve Bank of Fiji Annual Report 2017/2018

Policy and Regulatory Environment

The Reserve Bank of Fiji (RBF) regulates and supervises approximately 90 percent of the financial system in Fiji. Formal regulation and supervision of the institutions is well structured and the Bank carries out both onsite and offsite supervision based on international best practices. Institutions that are not regulated such as the MNO's and the Microfinance Institutions align themselves to practices of RBF particularly in matters governing financial inclusion.

¹⁹ PFIP Infographic on Fiji

During the course of PFIP II implementation, there have been a number of changes in the policy and institutional framework for financial inclusion in Fiji, some of which were supported by PFIP II (see below). The National Financial Inclusion Strategic (NFIS) Plan 2016-2020 was produced and acts as a key policy document. This Strategic Plan sets out a road map to move those using the informal sector to the formal sector. The focus will be on increasing the formally served adult population from 64 percent to 85 percent (reaching out to 130,000 adult population), of which 50 percent will be women. The RBF recently issued a policy guideline on the submission of disaggregated data and guidelines for Complaints Management, Agent Banking and Microfinance Units of Commercial Banks. The Government passed the Personal Properties and Securities Act which also allows for the use of movable properties as collateral in addition to the fixed assets. This is meant to boost the development of the Micro Small Medium Enterprise (MSME) segment since in the past, collateral has been a major issue for taking out loans. The Government also passed the Fair Reporting of Credit Act 2016, thereby enabling the registration and licensing of Credit Bureaus to operate in Fiji.

The Government together with the UNCDF signed a commitment to the Better Than Cash Alliance (BTCA) targeting to digitize 85 percent of its payments and processes by 2020. In order to promote a cashless economy, the government is removing all fees on electronic transactions. In another policy initiative, all new born children whose parents earn below FJD30,000 will have a bank account with zero maintenance fee and receive a grant of FJD 1,000 upon formal registration. In order to encourage businesses to offer electronic transactions, the Government is offering to cover 50 percent of the set-up cost. It has also committed to insuring all civil servants and social welfare recipients under the new microinsurance bundle product developed under PFIP-II. These initiatives are indicative of the Government's support to three major drivers of financial inclusion: access to financial services, digitization of financial services and insurance.

Status of Financial Services in Fiji

The Demand Side Survey report of 2015 – funded by PFIP II, noted the extent of financial inclusion in the country. PFIP funding for the demand side survey was pivotal because there was hardly any source for base data, that could form the basis for proper planning and developing a holistic strategy for financial inclusion. The Demand Side Survey found that 60 percent of the adult population had bank accounts and another 4 percent had accounts with other formal institutions. Significant gender gap in bank account ownership was reported with 52% of women having a bank account against 68% of men. Furthermore, it reported that a higher proportion of women (14%) had an account but no longer do than is the case among men (9%). A total of 9 percent of the adults used informal services such as savings clubs, money lenders, credit from shops or hire purchase and 27 percent did not have access to either formal or informal services. The learnings and insights generated by the Demand Side Survey played a central role in development of the National Financial Inclusion Strategy (2016-2020).

Table 73: Financial Inclusion in Fiji

Financial Strand	% of Adult Population	Adult Population	Central	Western	Northern	Eastern
Total Population		614,105	252,169	239,023	96,495	26,418
Bank			68%	58%	51%	41%
	60	368,463	170,220	138,633	48,778	10,832
Other formal			5%	4%	4%	3%

	4	24,564	11,340	8,366	4,198	660
Informal Only			5%	5%	25%	16%
	9	55,269	13,693	12,979	24,257	4,341
Excluded			24%	33%	21%	40%
	27	165,808	57,623	77,682	19,830	10,673

Source: National Financial Inclusion Strategic Plan 2016 – 2020

Consumer Education

As per the Fiji Competency Report²⁰, most low-income households in Fiji are not demonstrating competent financial behavior. Managing budgeting, understanding the cost of money and managing household cashflows, which are the most critical competencies needed for participation in the formal financial system are rated the lowest. In order to change these behaviors, PFIP together with that National Financial Inclusion Taskforce (NFIT) introduced Financial Education (FinEd) into the Fiji education curriculum for students from year 1 to 12, which now covers a total of 197,000 students. The RBF together with Financial sector stakeholders embarked on a financial literacy program for the Fijian adult population. During the period 2014 to 2017, about 50,000 Fijian adults have undergone financial literacy training²¹.

Financial Inclusion Indicators

A high percentage of adults (71.2 percent) saved during the previous year²². However, only 37.9 percent of the adults saved at a formal institution. Some of the reasons articulated for not saving includes: i) not having enough money; ii) someone else in the family already has an account and; iii) distance from access points in particular for those in the rural areas. On a similar trend, 32 percent of the adults took loan in the past year, but only 6.7 percent took loans from a formal financial institution. More adults borrowed from friends and family or used shop credit which was by far the greatest source of credit. Whilst mobile phone penetration is high, usage of mobile phones to make payment or send/ receive remittance remains low. Insurance penetration at 12 percent remains low. Reasons for not using insurance include: i) do not need insurance; ii) do not know what insurance is about; iii) insurance is too expensive and; iv) do not know where to get insurance.

Table 74: Financial Inclusion Indicators

S. No	Indicators	Achievement
1	Account at a formal financial institution (bank or credit union)	64%
2.	Saved at a financial institution in past year (bank, credit union, MFI)	37.9%
3.	Saved any money in past year	71.2%
4.	Loan from a financial institution in the past year	6.7%
5.	Loan in past year from any source	32%
6.	Accounts to receive remittances last year (Total population)	0.6%

²⁰ Financial competency of low-income households in Fiji / Jonathan Sibley. -- Suva, Fiji: Pacific Financial Inclusion Programme, UNDP Pacific Centre, 2012.

²¹ Reserve Bank of Fiji Financial Inclusion Report 2017

²² Demand Side Survey 2015

7.	Debit cards (total population)	47.28%
8.	Mobile phone used to pay bills (total population)	2.3%
9.	Mobile phone used to receive money (total population)	1.4%
10.	Saved using a savings club in the past year	9%
11.	Adults with Insurance	12%

Source: Financial Services Demand Side Survey Republic of Fiji page 34.

The interventions supported under PFIP-II have to be seen in the context presented above. Even after a decade of PFIP interventions, the issues relating access (small number of banking outlets) and awareness (insurance awareness, financial education) persists.

PFIP Phase II in Fiji

PFIP-II's objective is to increase the number of low-income Pacific Islanders who adopt and use formal financial services, with the long-term goal of improving livelihoods. It aims to achieve this objective by supporting financial service providers to innovate with products and services for mass-market consumers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. To this end, PFIP—II is organized into three workstreams: Policy and Regulation, Financial Innovation, and Consumer Empowerment. This Section discusses the work done under PFIP Phase II during the period 2014-2019 and the financial resources committed to achieve the program objectives. The Theory of Change for PFIP Phase II outlines three main work streams namely Financial Innovation, Policy and Regulation and Consumer Empowerment. The strategy is to see work streams feeding into each other and not in isolation with a view to driving the catalytic and sustainable expansion of markets for inclusive financial services supported by appropriate market supervision and regulation.

The following are the country-level focus areas for Fiji:

1. **Output 1** - Better Policies, Regulations and Coordinated Actions: Advocacy for interoperable payment systems including mobile money/branchless banking
2. **Output 2** - Deepening Financial Access
 - Catalysing strategic partnerships between MNOs, banks, agri-value chain players for greater synergies between service providers and enhanced customer value proposition
 - Scaling up microinsurance pilot through products, delivery channels innovations
 - Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF)
 - Support development of community based and other savings mechanisms
3. **Output 3**- Better Market Information and Access to Knowledge
 - Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails
 - Demand side research and supply side feasibility of micropensions
 - Study of leasing sector; build understanding for potential foray into greater transparency in microleasing sector
 - Implement financial diaries to better understand demand side for financial services
 - Scope opportunities for identifying gaps and potential foray into MSME space
4. **Output 4**- Informed and Competent Consumers
 - Support effective implementation and monitoring of FinED;
 - Develop a regional centre of excellence FL through mobile phones; piloting a national financial services helpline

The table below summarizes the projects per each of the workstreams and their budget allocation and current budget status as of June 2019. In addition to what is noted below, Annex 1 provides a detailed

description of all the grants given under PFIP Phase II in a chronological order thus showing a timeline of activities undertaken.

Workstream	Grantee Organisation	Grant Duration	Grant Amount USD	Disbursed Amount USD
Financial Innovation	Fiji National Provident Fund	8 Dec. 2015 – 30 June 2019	167,890	125,780
	BIMA	4 January 2016 to 30 June 2019	500,641	301,766
	Home Finance Company Limited Trading as HFC Bank	17 February 2016 – 31 December 2018	565,200	565,200
	Vodafone Fiji Limited	2017 – 30 June 2019	529,800	529,800
	Fiji Care Insurance Limited	1 September 2017 to 30 June 2019	77,890	77,890
	IT Galaxy	5 January 2018 – 30 June 2020	100,000	80,000
	Vodafone	February 2019 – January 2020	596,300	Nil
	Fiji Care Insurance Limited	30 June 2019 – 30 June 2020	291,096	Nil
Policy and Regulation	Reserve Bank of Fiji	15 May 2015 – 31 March 2016	188,300	188,300
	Reserve Bank of Fiji	14 Nov.2014 – 31 Dec. 2015	254,787	254,787
Consumer Empowerment	Ministry of Education	26 Nov. 2014 – 31 Dec. 2017	144,268	144,268
	Sugar Cane Growers Fund	21 Nov. 2017 – 30 June 2020	50,505	50,505

Financial Innovation Workstream

The Financial Innovation work stream is based on the principle that adopting innovative technology and having the right products and services that meet the requirements of consumers are foundational to progress on increase access and usage. In Fiji, a total of 9 grants were given through PFIP Phase II under the Financial Innovation Workstream accounting for 82 percent of total grants made by PFIP-II in Fiji. The grants supported key projects in the areas of mobile money, branchless banking, insurance and pension as described below.

Mobile Money

The overall approach under PFIP-II has been to diversify the offerings, expand outreach and build linkages with other players- all with the objective of increasing access and usage. A total of 11,26,100 USD was committed by PFIP II for the 2 mobile money projects under FI workstream, both of these grants were made to Vodafone. Mobile Money entered the Fijian market in 2010 when Vodafone and Digicel, the two Mobile Network Operators were given approval by the RBF to operate mobile money. The new service saw a substantial uptake in registration. About 700,000²³ people registered for mobile money services. However, following the initial surge, many restricted their usage to top up airtime. Vodafone was supported by a grant from PFIP-I to meet the development cost of the mobile money product. It not only helped Vodafone to develop and launch M-PAISA in Fiji, it is now taking it to other countries like Vanuatu (M-Vatu), Samoa (M-Tala) and Kiribati. At present, about 300 agents and 23 Vodafone shops offer cash in and cash out services. Out of approximately 700,000 Vodafone subscribers, nearly 450,000 have activated their M-Paisa accounts, and 120,000 of these have transacted at least once. About 90,000 customers have transacted at least once in last 90 days while 45,000 have transacted at least once in last 30 days. By virtue of mass coverage, 50 percent of the Mobile Money customers are women. While the usage rate (10 percent over 30 days) continues to be low, the intervention has to be seen with low banking spread in the country. Other initiatives like the agency banking project with HFC bank, disbursement of education scholarship to students attending the three Universities in Fiji and the use of e-transport card for bus fares launched in October 2017 and Land Transport Authority (LTA) using M-PAISA for loading of travel cards are likely to add traction to M-PAISA usage. SPBD a microfinance organisation has also started using

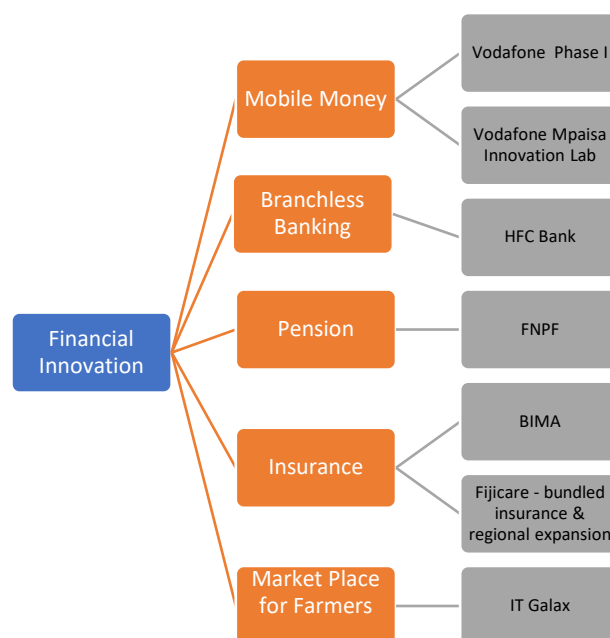


Figure 1: Projects under Financial Innovation Workstream

²³ <http://www.pfip.org/our-work/work-streams/financial-innovation/vodafone-mpaisa/>

M-PAISA. Under PFIP-II, Vodafone was given a grant of \$529,800 to establish an Innovation Lab to design, test and scale innovations in financial services and products to increase the value and volume of transactions. Since the establishment of the Lab, an increase in number of transactions and customer base has been reported. The innovation lab staffed by one person has been instrumental in several initiatives. In order to further increase the reach of M-PAISA, the idea of Mobile Village Agents (MVAs) was developed and rolled out. MVAs are typically persons owning mom & pop shops and offer same facilities as a Vodafone agent. Although, the idea for the MVAs was to be a mobile agent, but during the country visits, they were seen mostly operating out of their fixed shops. The model was piloted with 5 MVAs and later on scaled-up to 61 MVAs. A team of 2 persons from Vodafone moves around the island and to empanel the MVAs. MVAs presently undertake between 100 to 150 transactions in a typical month.

M-Paisa offers multiple services to the clients, such as payment of utility bills, Domestic Money transfer, Recharging travel card and Vodafone mobile recharge. The innovation lab is trying to set up an International Money Transfer (IMT) hub by on-boarding all mobile operators in the region and linking them to IMT companies such as Western Union. It has already partnered with Ria Money Transfer for inward remittance from Australia and New Zealand.

The other initiatives undertaken by the innovation lab relate to integration of HFC agent banking, development of a smart phone app for M-PAISA and integration of M-PAISA as a payment option on e-commerce platforms. While the HFC agent banking has been rolled out, the other two initiatives are in progress.



Figure 2: Mobile Village Agent

Branchless Banking

HFC Bank- M-PAISA Integration

Considering the low number of bank branches in Fiji (69) and the reluctance of banks to go beyond urban centres or major towns, PFIP-II ideated a project to integrate HFC Bank with M-Paisa. Banks are reluctant to expand their outreach owing to thin population density in major parts of the country, which makes brick and mortar banking unviable. In this backdrop, agency banking concept was mooted by PFIP in 2016 and HFC was convinced of its potential to enlarge its footprint in Fiji and strengthen its competitive advantage. The existing PFIP relationship with Vodafone helped build this partnership. The project envisaged integration of Vodafone's agents with HFC bank by integration of HFC Bank's Ultradata core banking system with Vodafone's M-PAISA system. The objective was to expand the outreach of HFC bank to unbanked customers, providing existing HFC bank customers convenient access to transaction points and also building business for Vodafone agents.

The integration has taken place in Vodafone shops – which are 23 in number, but has not been extended to fixed location agents and MVAs so far. The partnership works in a tripartite manner – Vodafone, Epay which provides the EFTPOS, Agent and HFC. These 23 Vodafone shops have so far opened 211 bank accounts. During the country mission, the evaluation team found that one agent at Korovou location had a lion's share with approximately 100 accounts. The bank account is opened on a Tab by the Vodafone shop staff and the client is issued a debit card on confirmation of KYC by HFC –

usually within a day. Card PIN is sent by the bank to the client by post. The services offered through the Vodafone shops includes account opening, Money Transfer, Cash in/Cash out and Bill Payments. Other than deposit, all transactions carry a fee of 0.40 cents, which is split four way between Vodafone, HFC Bank, EPay and the Card issuer.

PFIP-II provided a grant of \$565,200 for the period 2016-2018 and targeted covering 1,000 agents through this project. At present there are 23 agents, of which 7 are in rural areas. These 23 agents put together have opened 211 bank accounts. However, the average deposits and per month transaction volume remains pretty low. For ex. other than one agent, 22 others see maximum 3 transactions per month. Further, of the 211 bank accounts, 130 have been opened by just three agents.

The grant was mainly used by HFC for upgrading the IT systems at HFC bank to enable Agency Banking. The support in spreading awareness through publicity material was also recognized. Despite immense potential, the project has not given adequate results primarily due to change of guard at the HFC bank and client's preference for M-PAISA over HFC bank account despite higher charges of M-PAISA. The new CEO of HFC bank feels that the targets are ambitious and sees it more as a social responsibility project.

Insurance

The Insurance market in Fiji remains highly underserved despite presence of seven players. As per Demand Side Survey, 12% of adults had some form of insurance in Fiji. Though, Governor Reserve Bank of Fiji in his interaction with the evaluation team mentioned that the figures might not be correct as the compulsory vehicle insurance in Fiji might in itself account for a very large number. Recognizing the need for increased coverage under life and health insurance, PFIP -II initiated two projects in Fiji. One of these, Fiji Care insurance has become highly popular and even extended by the Government for its employees and social welfare recipients. A total of 8,69,627 USD was committed by PFIP II through its three projects – BIMA, Fijicare – development of bundle insurance and Fijicare – regional expansion of bundled insurance product.

BIMA

BIMA – an insurance reseller, after its success in PNG was assisted by PFIP-II in 2016 through a grant support of \$500,641 to establish a regional call centre in Fiji to cater to Fiji, Vanuatu, Tonga, Samoa and Nauru. BIMA entered Fiji market in partnership with Digicel- the other mobile network operator in Fiji and offered a monthly insurance coverage product. The premium was collected from the Digicel top up done by customers. It offered both life and health cover and the premium collection on daily basis and monthly insurance cover made the product affordable.

Health Insurance

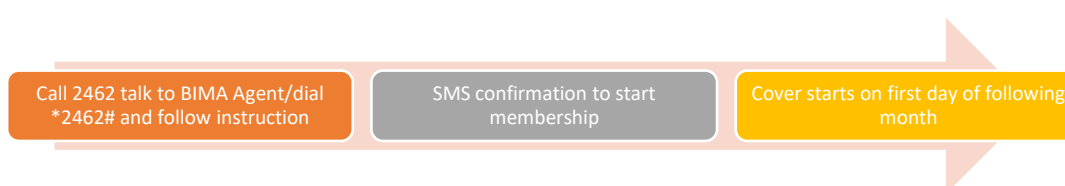
PLAN	Monthly Cost	Cash Benefit
Basic Plan	\$ 2.70 (18 deductions of 15c)	\$24 per night per night in hospital
Medium Plan	\$5.40 (20 deductions of 20c)	\$48 per night per night in hospital
High Plan	\$10.80 (20 deductions of 54c)	\$96 per night per night in hospital

Covered 30 nights per year

Life Insurance

PLAN	Monthly Cost	Cash Benefit
Basic Plan	\$ 2.70 (18 deductions of 15c)	\$3000
Medium Plan	\$5.40 (20 deductions of 20c)	\$6000
High Plan	\$10.80 (20 deductions of 54c)	\$12000

BIMA adopted an innovative sign-up process as it depended on Digicel providing it client mobile phone numbers to spread awareness and enlist subscribers. BIMA is reported to have covered 40,000 policies in a year. However, since 2018, the BIMA project ran into rough weather. Different stakeholders met by the Evaluation Team offered varying reasons. The common factors that came out relate to a) BIMA PNG suffering losses due to frauds; b) Digicel's inability to provide new phone numbers beyond the initial list; c) poor financial health of Digicel and its decision to charge a higher percentage of insurance premium. The decision to close the Fiji operations was taken by its Asia Pacific headquarters based in Singapore in early 2019. At the time of evaluation visit, the office was in the process of being closed down with barely 3 staff remaining to oversee the closure formalities. BIMA is also closing down its PNG operations. While the staff of BIMA met in Fiji claimed that the operations had reached break even in the second year, they could not provide any data on the pretext of closure. When asked about the possibility of switching to Vodafone, BIMA's response was that BIMA they had an exclusivity arrangement with Digicel.



Fiji care

The background to this project lies in the Government approaching Fiji Insurance council in 2015 to pay attention to insurance coverage. It was thought that each player will offer product in its area of strength and the different offerings could be bundled as one product. However, there was no progress till PFIP took up the idea with Fiji Care and the receptivity of the Managing Director of Fiji Care made it easier. Post designing a bundled insurance product, which has a composite cover of \$10,000 (\$1,000 towards Funeral insurance, \$3,000 towards Term Life insurance, \$3,000 towards Accident insurance and \$3,000 towards Fire insurance) at a yearly premium of \$52, the role of the Governor, Reserve Bank of Fiji was critical in starting this scheme with Sugar Cane Grower Fund (SCGF). Governor as Chairman of SCGF got the idea accepted by SCGF.

Particulars	FJD
Premium by Govt	3,843,931
Premium by Farmers	296,367
Total	4140298
Claims of Govt/Social Welfare	3,701,000
Outstanding Govt Claims	479,000
Outstanding Farmer claims	161,000
Total	4341000
Deficit	200702

The product was piloted through Sugarcane Growers Fund for its member farmers and has subsequently been expanded to Fiji Rice Ltd, Copra Millers and Fiji Cooperative Dairy. Under the scheme, group policy is issued and members pay premium and receive benefits through an umbrella organisation like Sugarcane Growers Fund. Group policy is necessitated because of bandwidth limitation of Fiji Care and ease of operations. Most of the operational work is done by the umbrella organization. As of now, the product offers coverage to 12,000 Sugarcane farmers, 150 Rice farmers, 250 Coconut farmers and 250 Dairy farmers.

As bundled insurance product for the farmers gained traction, the Government thought of it as a product which can be useful for the civil servants and social welfare recipients too. In 2018, the Government decided to cover ~36,000 civil servants and ~77,000 social welfare recipients under the scheme. The Ministry of Economy as the nodal Ministry of the Government was to reimburse the premium cost to Fiji Care. The announcement was made in 2018-19 budget and the same has been continued for 2019-20. This has resulted in a huge scale for the product. The Civil servants are covered till they reach 55 years- the retirement age, while in case of social welfare recipients, the coverage continues till they reach 75 years.

The expansion of the program has also led to sustainability issues as well as focus dilution. For the current year 2019, the position of premium and claims paid shows that the scheme is running at a deficit of FJD 200,702 on account of higher payouts. The coverage of farmers has not moved beyond the initial numbers, even though the performance-based agreement with PFIP targeted covering 25,000 farmers during the project period.

Fiji Care in consultation with the Government is trying to limit the deficits by restricting the definition of dependents and it believes this will lower the pay out as currently anyone can be nominated by the policy holder to receive benefits.

The project was supported with an initial grant of \$77,890 in 2017 and in the year 2019 a new grant of \$291,096 was provided for launch of similar product in Vanuatu through its subsidiary and scale up in Fiji. Besides the grant, the role of PFIP in liaising with the government, production of awareness brochure and videos by PFIP communications team have been highly effective and appreciated by Fiji care.

Pension

Fiji National provident Fund- Informal sector pension

Considering the importance of social security, PFIP engaged with Fiji National Provident Fund (FNPF) for conducting a study to explore the feasibility of covering informal workers with pension. The importance of this lies in the fact that nearly 225,000 people in Fiji (25% of population) report being in some form of employment but do not have any pension facility. Blue Print Pensions Services (BPPS) a Netherlands based consultancy firm did the scoping study and presented an outline. The research found strong demand for a micro pension product. More than 72 percent²⁴ of target group respondents planned to rely on their own savings to provide for old age income. More than three-quarters of the respondents were interested in a pension product concept where half of the contribution is saved for the long-term and the other half can be accessed in case of an emergency. **The initial grant of \$160,000 was later supplemented with a grant of \$87,890 for roll out of the product as a pilot with the benchmark of covering 1,000 clients in the pilot phase.** However, the project has not moved beyond the scoping study and PFIP informed the evaluation team that FNPF is no longer interested in going ahead with the project. The project has been closed with partial disbursement of committed funds.

²⁴ <http://www.pfip.org/our-work/work-streams/financial-innovation/fnpf-voluntary-micropension-research-pilot/>

Market Place for Farmers

IT Galax: IT Galax (an IT company) was **supported through a grant of \$100,000 in 2018 for the development of a mobile App to help the farmers to access market information** such as the going rate / price of produce, enable quick payments to be made, access weather information and open up access to other financial services and products. The project sought following core functionalities from the app.

- a) Enable farmers to list their products for sale with indicative price as also buy based on other available quotes. Thus, not only allowing match making of orders but also acting as a price discovery mechanism
- b) Access to agriculture information like weather, inputs, cropping pattern and financial literacy
- c) Link to M-PAISA for money transfer, top ups and utility payments

The project also aims to work with relevant stakeholders like the Ministry of Agriculture and Farmer cooperatives to build traction. While the project is ambitious and plans to reach 63,000 farmers, at the time of the country mission, the app has been developed and a handful of farmers were giving sell and buy quotes on a random basis. Transactions have not happened and it is still in a testing phase.

Policy and Regulation Workstream

During Phase II, PFIP has continued supporting the interventions started during the phase I of the project. Exhibit below summarizes the key grants and technical assistances provided by PFIP II in the Policy and Regulations work-stream. It has worked closely with Reserve Bank of Fiji on key issues affecting financial inclusion. Some of the pivotal work done under PFIP-II includes developing the National Financial Inclusion Strategy for NFIS II, conducting a Demand Side Survey and providing technical assistance for MSME Bank feasibility study, regulatory sandbox, e-KYC etc. All of it has been guided by the urge to develop better policy and regulatory systems in the country.

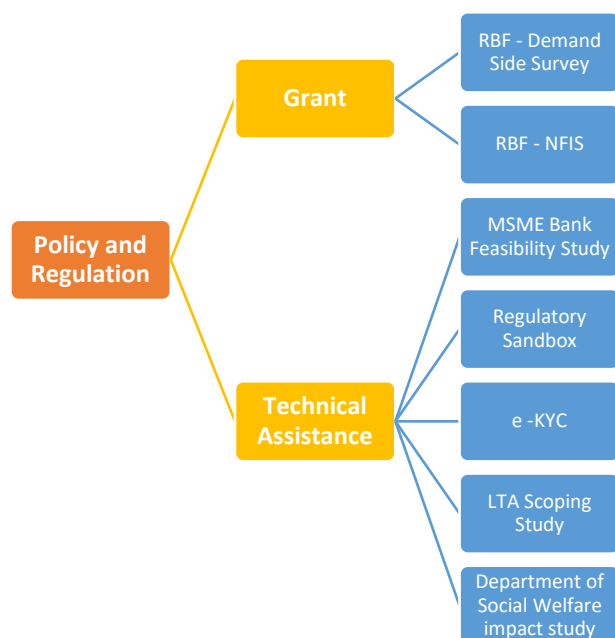


Figure 3: List of projects and TAs under Policy & Regulation workstream

National Financial Inclusion Strategy

PFIP has been instrumental in the development of the national financial inclusion strategies for Fiji. In 2009, when the first strategy was formulated, PFIP facilitated a national microfinance workshop together with the RBF to discuss and formulate a national strategy for microfinance. At that time, PFIP coined the word Financial Inclusion and hence the change in understanding and strategic

approach.

Availability of information was scarce, in particular, meaningful data. At the end of the first strategy, it was decided to strengthen policy decision making in the next strategy with concrete data. PFIP in this regard gave RBF a grant for the period November 2014 to December 2015 for the undertaking a national demand side survey. Data from the demand side survey was important as this provided the much-needed baseline data for developing the new national financial inclusion strategy. During this time as well, work was done with Pacific Island Regional Initiative (PIRI) for the development of key financial inclusion indicators. Going into the next strategy, a workshop was facilitated by PFIP and the RBF. This time, a good resource with data had been established in the form of a financial competency report, PIRI key financial inclusion indicators for Fiji and the completed demand side survey. Going forward however, the RBF has included in the national population census questions, a list of financial inclusion questions that will supplement supply side data.

In 2015, PFIP provided the RBF with a new grant this time for the development of the new national strategy for financial inclusion. The grant was for the period May 2015 to March 2016. Work on the strategy was more focused and organized given the resource now available, the experience gained from the first implementation and the passion and interest from within the financial inclusion stakeholders. The result is a well-documented NFIS Plan 2016-2020 that has incorporated a new overall target to increase the formally served adult population from 64 percent to 85 percent (by 130,000 adults) of which at least 50 percent are women. The NFIS 2016-2020 embraces a financial inclusion implementation structure which includes NFIT and its four main working groups. The drive within and from the NFIT is strong and the Working Groups are also very active.

Insurance was brought into mainstream work for the first time due to low insurance penetration rate in the country. Additionally, the region is heavily prone to natural disasters which makes risk cushioning through insurance doubly important for low income population in the country. Up until this time, insurance companies had played very little role in offering products and services tailored to the needs of the unreached or underserved. PFIP support resulted in NFIT establishing the Inclusive Working Group that had membership of those in the Insurance Council of Fiji. Preliminary work on prototype microinsurance products was developed including a bundled insurance product. Technical assistance was provided to support drafting of a Fiji Inclusive Insurance Guideline. PFIP hosted a workshop on how to develop and implement inclusive insurance regulations. It focused on encouraging and inspiring insurance regulators and supervisors to design, develop and implement policies and frameworks to permit and encourage the growth of inclusive insurance markets. Given the target group of microinsurance, the usual standard insurance requirements needed to be tailored to fit the requirements of the target group. The need for proportionality in regulation is a key consideration surrounding the development of micro insurance. This guideline is with the RBF for market comment and issue.

The importance of harmonizing financial inclusion into government programs and budgets and developing the necessary awareness for financial inclusion work in Fiji was also recognized. Active participation of senior government officials in NFIT and the working groups has elevated the involvement of Government and it has made several commitments and policies in support of financial inclusion.

MSME Bank Feasibility Study

PFIP had designed a technical assistance on behalf of the RBF to carry out a feasibility study for the establishment of an MSME focused Bank in Fiji. The objective of this study was to understand the

possible options for an MSME focused Bank, assess profiles of different financial institutions with the potential to become an MSME Bank and to recommend possible options of converting any existing institution into an MSME Bank or creating a new one.

Microenterprises in Fiji are defined as those with a turnover of up to FJD 30,000 or employing up to 5 employees. Small enterprises are those with a turnover of between FJD 30,000 to FJD 100,000 or between 6 to 20 employees and Medium enterprises have a turnover of between FJD 100,000 to FJD 500,000 and employ between 21 to 50 employees. The table below illustrates the Fiji MSME landscape.

Contribution to GDP ²⁵	18%
Total No. of MSMEs (Base on countries of similar population size)²⁶	72,000
Micro enterprises	63,500
Small enterprises	7,000
Medium and Large enterprises	1,500
Total No. of Employment (Based on countries of similar Population)	85,000
Microenterprises	68,700
Small Enterprises	9,100
Medium enterprises	7,200
Of total 400,000 employees in Fiji, MSME share	60%

Source: Feasibility Study for the establishment of an MSME focused Bank in Fiji June 2019.

The study examined 6 options²⁷ which included: i) HFC Bank to create a subsidiary; ii) Restructure Fiji Development Bank (FDB); iii) A hybrid model of HFC Bank and FDB; iv) A hybrid model of HFC Bank and SCGF; v) Converting the SCGF into a dedicated MSME Bank and vi) Formation of a dedicated MSME Bank. A comparative analysis was conducted over the options and using a heat map analysis, it was determined that Option 1 was the most feasible option. However, the report does not make a concrete recommendation for one particular Option. This study was presented to the Governor of RBF and PFIP.

Regulatory Sandbox

The RBF issued a press release in May 2017²⁸ announcing its intention to promote, encourage and facilitate the testing of innovative solutions that utilises technology that delivers financial services and products. **The regulatory sandbox will provide a safe place for testing and piloting of innovative financial products, services and business models over a specified timeframe without the need to fulfil all regulatory requirements.**

The sandbox would include necessary safeguards to contain the consequences if there is a failure within the approved parameters.

In August 2018, PFIP²⁹ sponsored officials from the Bank of Sierra Leone to undertake a knowledge sharing with RBF on the development of regulatory sandbox. The peer to peer learning helped both the central banks on key financial systems development and initiative in the two countries. Sierra Leone issued a regulatory sandbox and this will help RBF who has issued its own draft regulatory guideline for its sandbox which is being reviewed by the financial service providers. Sierra Leone has already released a regulatory framework and is currently working with its first cohort of four FinTech companies to pilot their new solutions over a 12-month period.

²⁵ Microsave study with MDF

²⁶ Feasibility Study for the establishment of an MSME focused Bank in Fiji June 2019

²⁷ Feasibility Study for the establishment of an MSME focused Bank in Fiji June 2019

²⁸ Press Release No. 13/2017 dated 26/5/2017 "Reserve Bank of Fiji Acknowledges the role of Fintech in enabling innovative financing"

²⁹ <http://www.pfip.org/newsroom/press-releases/2018-2/south-south-cooperation-bank-sierra-leone-officials-undertake-study-visit-fiji/>

E-KYC (Electronic - Know Your Customer)

E-KYC is an ongoing work for PFIP. PFIP is planning to implement an e-KYC³⁰ and digital credit history reporting solution based on Kiva protocol. PFIP is keen to undertake a risk assessment of the proposal and that the e-KYC solution proposed leverages decentralized ledger technology (DLT) to enable the identification and verification of digital identities that can be used in the offline world. The solution is intended to be self-sovereign and General Data Protection Regulation (GDPR)-compliant for privacy by design. The digital credit history solution also leverages DLT to enable both informal and formal financial service providers to integrate their credit data into a single verifiable ledger and facilitate economical credit checks for all users.

Department of Social Welfare impact study

The Department of Social Welfare (DSW) used paper based manual system in disbursement of social welfare benefits to elderly Fiji citizens. PFIP assisted the DSW by introducing electronic transfer of benefits from the manual voucher system to digital transfer of selected welfare benefits. This was undertaken between the DSW, Westpac Banking Corporation and PFIP from 2009 to 2011. Currently these transfer goes into no frills bank accounts provided by Westpac.

In February 2018, a study on the impact of the transition was undertaken by PFIP. The overall objective was to examine the impact of G2P on the digitisation of social welfare benefit payments. The study provided a series of lessons learnt and recommendations to guide future action for the consolidation and/ or scale up of the system.

The survey showed that there was minimal cost savings from travel to access points but for time saving, this was by 3 hours and 40 minutes every six months and up to 4 hours in urban areas due mainly to the long time it takes to access accounts followed by old age as the main cause. For use of financial services, one of the results that best illustrates the relevance of the intervention is the fact that 85.9% of recipients of welfare benefits have had access to a bank account for the first time (89.8% in the case of females). One of the goals of this G2P payment is to encourage the use of other financial services. Only a small proportion have reported using other services. A notable 48% of women needed assistance in carrying out transactions. In terms of savings and expenditure, the project was also meant to encourage savings. Only 18.45% reported using their bank accounts for savings. Still cash savings at home are preferred over bank accounts. Financial literacy training for all beneficiaries around Fiji has not happened in any structured form, with no apparent strategy for its implementation. In terms of the overall system perceptions of the beneficiaries, a vast majority of respondents (88.6%) expressed their satisfaction with the system. User friendliness of the system particularly in rural areas, together with reliability and efficiency are the most valued aspects of the banking-based service.

This system has had an enormous impact on the DSW and has enabled the DSW to efficiently disburse monthly payments to large number of recipients, cope with new additional Social Protection Schemes and simultaneously process other targeted benefits like the disaster relief benefits. Substantial gains in terms of the organization of human resources and administrative cost savings have been reported as some of the positive consequences of the implementation of the bank-

³⁰ http://procurement-notices.undp.org/view_file.cfm?doc_id=184936

based system. The new system has also proved to be more reliable as a means to reduce incidences of fraud or illegitimate benefits.

LTA Scoping Study

Towards the end of 2018, a scoping study was done with Land Transport Authority in Fiji to understand the nature of its payments load in people to Government (P2G) payments. The study narrowed down to 8 types of payments, which accounted for 80% of its payments volume. The required legislative changes were also studied. However, the project is currently stalled as the new CEO has decided to address other emergent priorities.

Consumer Empowerment Workstream

PFIP-II continued the seminal work done under this workstream in phase I with refinements, while also adding a few more interventions. It worked with an aim to support monitoring and implementation of FinEd project in Fiji, test consumer education model and consumer protection mechanism tests. Under this workstream, two grants were given. These were to the Ministry of Education and the Sugar Cane Growers Fund. Similar to the policy and regulation workstream, PFIP pursued work under this workstream internally- that is without funding an external institution.

Financial Education (FinEd)– Ministry of Education

FinEd project in Fiji started under PFIP-I. The intervention was predicated on the premise that financial education, if integrated into the course curriculum for the school students can lead to assimilation and long-term behaviour change. PFIP's journey with the Fiji Financial Education project began in 2009 when the former Minister for Education, Filipe Bole approached the UN following the Forum Education Ministers meeting whereby the Samoa Enterprise Education project was presented. Minister Bole envisaged a programme that would teach school students in Fiji personal money management skills. In January 2011, PFIP launched the Fiji Financial Education project in collaboration with the Ministry of Education. The FinEd curriculum was specially developed to facilitate behavioural change through educational games and activities in the classroom environment. The aim was to create a generation of young women and men with the requisite financial knowledge, skills and confidence to make responsible financial decisions appropriate to their circumstances. Besides making a living in the modern economy, this also was seen as making a contributing to the community and national growth. Financial Education has been placed within the overarching National Curriculum Framework. Starting with piloting integration into curriculum, it was later expanded into a national level in collaboration with the Ministry of Education.

Over the years, it has emerged as an example of best practise in financial education and won several awards such as

- 2013 Maya Declaration Award from the Alliance for Financial Inclusion
- 2016 Child Youth Finance International Award – Global Inclusion award

As the national curriculum changed, integration of FinEd across grades was done again. This project was led internally by PFIP. The curriculum integration was done with different core subjects across grades:

- Grades 1-8 - Integrated in English, Maths and Social Studies

- Grades 9-10- Integrated with commercial Studies
- Grades 11-12- Integrated with English (Later added in Accounting and Economics at Govt's request)

Under PFIP-II, the FinEd strategy also saw other changes. A mid-term review of FinEd was conducted in 2015 which brought out issues in teaching methodology and consequently suboptimal absorption by the students. As a logical corollary, **PFIP-II extended a grant of \$144,268 to the Ministry of Education for training of teachers and monitoring the training outcomes.** The training of teachers at the district level (9), Divisional (4) and National level covered 735 primary and 175 secondary schools. The training focussed on changes in the pedagogy to make it less assessment oriented and more learning oriented. Further, in order to measure changes at the student level and also because of the expectation of the donors to see impact, FinEd was integrated with National Assessment Tool in 2017. A pilot assessment covering 1400 students was conducted across selected grades within a sample of primary and secondary schools. In 2017, the project has been handed over to the Ministry of Education.

In 2017, based on discussions with donors and internal review, it was decided that PFIP will no longer be involved with national level FinEd as it took a lot of time and resources and results take time. Post this, the FinEd work in Fiji only includes a scoping study for Australian Pacific Technical Cooperation (APTU), which has campuses in other PICs. It is a training institute for trade persons and a scoping study assessed how FinEd can be integrated.

Sugar Cane Growers Fund

The SCGF covered under the Fiji Care bundled insurance project was provided a grant support of \$50,505 in 2017 for conducting awareness programs for the farmers and a workshop for the staff. While the amount has been disbursed and SCGF claims to have conducted awareness programs, the evaluation team's discussion with farmers covered under Fiji Care product showed low awareness. Most of the farmers claimed not having received any training. Enrolments were done without product explanation beyond calling it an "insurance product". As SCGF had committed to pay the premiums on behalf of the farmers for first three years, farmers have also not bothered to inquire about the details.

Technical assistance to Consumer Council of Fiji (CCOF)

PFIP provided technical support for reviewing the old Consumer Credit Act, though no grant was provided. A new Act was drafted by a consultant hired by PFIP and is now with the Minister of Trade and Industry for taking to Parliament. The CEO of Consumer Council of Fiji being new could not provide details of the key changes in the new Act nor provide a copy of the Act. However, she informed that the implementing and enforcement agency of this act will be the Fiji Competition and Consumer Commission (FCCC). The CCOF however, will continue to monitor and be involved in consumer advocacy part of the act.

Grants for Projects under the three workstreams

The table below shows the amounts of financing that has been expanded for the Fiji PFIP Phase II program. However, as noted in respective sections, lot of work has been done without grants to any external agency.

Table 75: Grants for Projects as of end July, 2019

Workstream	Partner	Start Date	End Date	Total Grant Amount	Disbursed	Balance
Fin Inn	FNPF	8/12/2015	30/06/2019	167,890	125,780	42,110
Fin Inn	HFC	17/02/2016	31/12/2018	565,200	565,200	
Fin Inn	Vodafone MPaisa Innovation Lab – Phase 1	23/04/2019	30/06/2020	596,300		596,300
Fin Inn	Vodafone Phase 1	5/01/2017	30/06/2019	529,800	529,800	
Fin Inn	BIMA	4/01/2016	30/06/2019	500,641	301,766	198,875
Fin Inn	IT Galaxy	5/01/2018	30/06/2020	100,000	80,000	20,000
Fin Inn	Fiji Care Insurance – Bundle Insurance	13/10/2017	30/06/2019	77,890	77,890	
Fin Inn	Fiji Care Insurance – Regional Expansion	3/06/2019	30/06/2020	291,096		291,096
Fin Competency	Ministry of Education	26/11/2014	31/12/2017	144,268	144,268	
Cons Empowerment	Sugar Cane Growers	21/11/2017	30/06/2020	50,505	50,505	
Fin Competency	Reserve Bank of Fiji	14/11/2014	31/12/2015	254,787	254,787	
Policy & Regulation	Reserve Bank of Fiji	15/05/2015	31/12/2016	188,300	188,300	
Total				3,466,677	2,318,296	1,148,381

Two of the projects had a second grant, (Vodafone Innovation Lab and Fiji Care Insurance), which are yet to be drawn down. Both these projects are regional projects. Projects with part drawdowns are, the FNPF pension work on voluntary members and the BIMA regional project, both of which are now closed. The work with IT Galax is ongoing. Out of the total funding granted, 67 percent has been disbursed leaving a balance of FJD1,148,381.

Evaluation Findings

Relevance

PFIP II aims to increase access to financial services among low income and rural households in Fiji. It provides capacity development and technical assistance to financial service providers, regulatory bodies and government ministries and gives performance-based grants to develop and implement financial products and services that support the poor³¹. The program design comprising the three interrelated workstreams of Financial Innovation, Policy and Regulation, and Consumer Empowerment is robust and appropriate to accomplish the program goals. The workstreams under PFIP-II cover the entire spectrum of financial inclusion sector ranging from policy to product innovation suitable to the context and consumer education and awareness. **PFIP II aligns with the strategies of UNCDF, UNDP and the donors in driving financial inclusion especially by focusing on digital finance for inclusive development.** It's focus on gender as a cross cutting issue at the policy level is evident in the PFIP II supported Fiji NFIS where the overall goal includes a 50 percent target for women. Similarly, grants made under Financial Innovation workstream have maintained strong focus on increased outreach of financial products & services to women. All of the grants have performance-based indicators tied for women outreach, which feeds into the overall programme's target of 50% women outreach.

The focus areas of PFIP II is along the development agenda of the country's policy landscape. The Fiji government's efforts on reducing poverty and making sure that no one is left behind in its economic goals dovetails with the push for financial inclusion and its contribution to government's commitment to its overarching Sustainable Development Goals. There is close alignment between the work of PFIP II in fostering financial inclusion and the RBF and the Government.

The PFIP II management and staff enjoy a good rapport with the RBF and the financial inclusion stakeholders. **Relevance of the program is evident not only from its convergence with the strategic goals of donors and the Government, but also from the wide-ranging acceptance of the role of PFIP II and its ability to contextualize the interventions.** The Governor of the Reserve Bank of Fiji acknowledged that PFIP support was crucial for mainstreaming financial inclusion in the policy agenda of Fiji and making the policy makers aware of the possibilities that can be unlocked with changes in policy and innovation. He cited the example of PFIP II funded Demand Side Survey (DSS) of 2015 besides other interventions as an example of filling the gaps in evidence-based policy. Before DSS, there was no such baseline and hence impossible to measure progress in financial inclusion. NFIS II has included targets based on the DSS. The officials from the Ministry of Economy highly valued the work of PFIP I in digitizing government payments and launch of bundled insurance product developed during PFIP II- which has been extended to civil servants and social welfare recipients. The Ministry of Education remains appreciative of PFIP contribution after seeing the results of FinEd. It is not be an exaggeration to say that the wide-ranging work done by PFIP II has made it an integral part of policy making in Fiji and its contribution is highly valued. On context specificity, the focus of PFIP-II on agent banking and digital finance stand out. Considering the low population density in Fiji and reluctance of banks' to go beyond urban areas and towns, the support to M-PAISA and HFC -Vodafone agent banking

³¹ <https://dfat.gov.au/geo/pacific/development-assistance/Pages/economic-growth-and-private-sector-development-pacific-regional.aspx>

as well as Movable Village Agents (MVA) of Vodafone are highly relevant. The partnerships supported by PFIP-II have led to a positive impact for financial inclusion.

The individual engagements under the various workstreams in PFIP II are highly relevant. The partnership with Vodafone on the Innovation Lab for the design, test and scale of new financial services and products is set to drive increase in user base and transaction activities. The partnership with HFC and Vodafone through the Agency Banking Network further enhances the use of DFS and provides access to banking and financial services to those outside of the main centres. It is also well suited to increasing transactions volume and income of the Vodafone agents. **In a country with just 12% insurance penetration, access to microinsurance is highly relevant.** Surge in the numbers under Fiji Care (~100,000) in a span of 2 years is a testimony to this. BIMA's insurance foray was geared towards coverage of poorer sections of society using via the channel of mobile phone, which is ideally suited to the country context.

In the Policy and Regulatory space, PFIP II has been involved with different aspects of financial inclusion strategy and implementation. At the highest level, PFIP team actively participates in the NFIT³² and in all the Working Groups to provide technical inputs. PFIP's engagement has contributed the development and formalization of NFIS 2016-2020 and the mainstreaming financial inclusion in government programs and budgets. NFIS enables access and usage of financial services and products to low income segments and gives direction to the advancement of financial inclusion in Fiji. The completion of a Demand Side Survey Report 2015 was critical in establishing a concrete baseline that enabled evidence-based policy making under NFIS. Other areas of policy work like feasibility study on SME lending and digitizing government payments are relevant from the perspective of credit constraints faced by SMEs in Fiji and prevalence of cash economy. It is also difficult to draw a strict demarcation between different workstreams. For example, the constant dialogue with the Ministry of Economy through work on government payments led the government to enroll its employees under the insurance product.

In the area of consumer empowerment, the intervention for teacher training and continuous monitoring and evaluation of FinEd is extremely relevant for the success of FinEd and building capacity of the teachers. It was widely acknowledged during the consultations with the officials of Ministry of Education and teachers during the field mission phase of the evaluation. For consumer protection, the importance of a favorable consumer protection environment for the people at the bottom of the pyramid is also critically important, especially when other workstreams are working on expanding the outreach.

In summary, all the interventions under PFIP-II are relevant to the country, appreciated by policy makers and donors and have made a deep impact. These interventions have collectively targeted to further develop the financial inclusion landscape in Fiji at macro, meso and micro level with a primary aim of increasing access and usage of formal financial products and services. However, it will be prudent, to balance between the available resources and priorities to increase relevance. Seeding too many interventions like the IT Galax farmer App, while being relevant dissipate effectiveness.

Efficiency

PFIP Phase II in Fiji has exhibited good efficiency in the execution of its projects. Efficiency is assessed from different perspectives as per the evaluation framework. First, the project identification,

³² National Financial Inclusion Strategic Plan 2016 – 2020 pages 26,27 & 28

sanctioning and disbursement process and secondly through efficiency of the services delivered. **Identification and formulation of projects during PFIP-II was efficient and all the appraisal documents clearly describe the intervention logic, justification for funding as well as progress indicators. All grant proposals were approved by the Investment Committee on time. Interview with the IC members demonstrated that IC members were consulted even during project preparation stage to arrive at consensus.** PFIP goes through a rigorous due diligence process and selection criteria in the selection of partners under different workstreams. For Project Selection, PFIP weighs all projects on three core criteria: i) that the proposed initiative will create a solution that will benefit a large number of low income people; ii) that the solution is operationally feasible and the implementing entity is capable of developing the solution, and; iii) that the solution is eventually commercially profitable at scale. The process is not complete until the Investment Committee approves the partnership. There have been some reservations about projects using donor money (public money) to fund the growth of large private corporations like Vodafone. However, the absence of public enterprises leaves no other option for driving the intended outcomes. Additionally, number of players in the financial inclusion market in Fiji is quite limited which limits the choice for partnership for donor agencies like PFIP. For e.g. There are only 2 major mobile network operators in Fiji – Vodafone and Digicel and Vodafone has a near monopoly in the market with 85-90 percent market share³³. Further, in most cases, instead of an application process, partnerships were done based on readiness of the agency. In a context where there are few organisations and even fewer who are willing to innovate, this approach seems justifiable.

The disbursement process was linked to progress indicators and wherever the projects failed to gather steam beyond the initial phase, release of further tranches was stopped. The case of Fiji National Provident Fund and BIMA are examples of that. In case of BIMA, against the committed amount of \$501,641, the project was closed after disbursement of \$301,766. **None of the grantees expressed any concern with disbursements other than Ministry of Education (MOE).** MOE officials mentioned that disbursement process was too long. Approvals starts from the RBF, post which funds are sent to the Ministry of Economy before reaching the Ministry of Education. In this long process, the Ministry of Education had to pull out funds from its own budget to make Fin Ed payments.

PFIP Phase II delivered in its commitments under the PBAs. **Projects have been completed as per agreed timelines in collaboration with the partners and delivered with cost efficiency.** PFIP provided effective management and oversight on projects reflecting a good management team supported by technically qualified and experienced staff. Continued PFIP handholding during project implementation was valued by partners and led to increased efficiency.

The results management framework of PFIP-II is designed to capture high-level outreach of each project. The project appraisal document contains a set of performance indicators to be achieved and reporting progress to PFIP. The programme is well governed. Regular reporting is made to all the donors. The investment committee meets each quarter for approving project proposals and updates. **The efficiency of the programme could have been higher, if data quality on financial innovation projects was emphasized more.** For example- the RMF captures the coverage under Fiji Care insurance but misses on key aspects like premium-claim ratio or claim-payout ratio. Similarly, under Vodafone-HFC bank agent banking a deeper drill down of data based on transactions at the agent level

³³ <https://fijisun.com.fj/2018/08/11/vodafone-fiji-plans-to-unlock-potential-in-telecom-market/>

and possible reasons for low or nil offtake in certain agent locations would have been helpful. Aggregate numbers do not tell the full story.

A number of the innovation projects involved systems upgrade and integration and the quality of such deliverables has been of a high standard with efficiency gains. The M-Paisa-HFC bank project is based on an in-house system and the changes were done very cost effectively because Vodafone did not need to develop new technology including associated costs such as paying an external provider for license or IT support for modification to the systems.

From the client's perspective, efficiency indicators come from Focus Group Discussion (FGD) done with clients of mobile village agent and sugarcane farmers as also from observing the transactions at agent locations. **Farmers indicated that processing of claims is smooth and supported by SCGF; time taken for receipt of claims is typically 15-20 days. Villagers served through mobile village agent were highly satisfied with the services and opined that it is cost effective for them to transact.** Observance of various types of transactions at Vodafone agent location showed the satisfaction of walk-in customers and ease of transaction. In summary, the performance of PFIP-II on efficiency criteria in Fiji is good but could have been better with more incisive monitoring of data from projects. It must be mentioned that PFIP team mentioned that in the PICs, getting even broad level data is a challenge.

Effectiveness

PFIP Phase II has been effective to a large extent in achieving its objectives of placing financial inclusion at the centre of public policy, be it Government departments or Reserve Bank of Fiji or raising financial literacy standards among students but moderately effective in providing access to financial services and products for low income earners. The strong relationship that PFIP has with the RBF, NFIT, Government and other financial inclusion stakeholders has been instrumental in driving effectiveness.

At the programmatic level, PFIP II has well defined output and outcome indicators in its Result Management Framework. The overall effectiveness of the PFIP-II in Fiji can be ascertained on the performance of the output indicators of the programme's RMF:

Outputs³⁴

1. Policy and Regulations Workstream:
 - a. The RMF requires each country of intervention to have an NFIS in place. PFIP -II has successfully commissioned and assisted RBF in crafting the NFIS-II 2016-2020
 - b. In terms of policy-related TA/research delivered, Fiji has contributed 4 research products to the regional goal of 11; **Evidence:** NFIS -II, CCA Fiji, Fiji Inclusive Insurance guideline and Regulatory Sandbox
 - c. In terms of digital G2P/P2G projects, Fiji has contributed none.
2. Financial Innovations Workstream:
 - a. Number of projects
 - i. Mobile money: 2 projects; Evidence: Vodafone and Digicel
 - ii. Branchless banking: 1 project; **Evidence:** HFC Bank
 - iii. Insurance: 3 Projects; Evidence: Fijicare – bundled insurance and regional expansion, BIMA Fiji

³⁴ Results Management Framework; PFIP Phase II

- iv. Microfinance: none
- v. Savings clubs: none
- vi. Remittances: No Project;
- vii. Pension: No Project
- b. Number of test projects: Against a regional target of 12, Fiji delivered 3; **Evidence: FNPF, Fijicare and HFC**
- c. Projects with the segmentation of women – 2 projects have a segmentation of women; **Evidence: Fijicare and Vodafone**
- d. Knowledge products: Against a regional target of 15, Fiji has contributed 9; **Evidence: Micorpension research, Infographic, Focus Note: Insurance, Insurance awareness brochures, Microinsurance videos (4) and MVA video**
- 3. Consumer Empowerment workstream:
 - a. Fin-ed projects: Against a regional target of 5, Fiji has contributed 1; **Evidence: FinEd Fiji**
 - b. Consumer education model tests: Against a regional target of 3, Fiji has contributed 1. **Evidence: BIMA**
 - c. Consumer protection mechanism tests: Against a regional target of 2, Fiji has contributed 1. **Evidence: BIMA**

The wealth of expertise brought by PFIP staff and access to expertise and resources needed for the implementation of projects contributed to the effectiveness. This is evident in the execution of its projects in Fiji as exemplified in the following activities. The provision of technical expertise facilitated the development of NFIS 2016-2020 and determination of its targets and seven strategies to achieve the goals: 1. Empowerment of Women, Youth and those living with Disabilities, 2. Financial Infrastructure, 3. Digital Financial Services, 4. Services and Products, 5. Financial Literacy and Consumer Protection, 6. Private/Public Sector Collaboration and Partnership and 7. Data Measurement. Reserve Bank of Fiji now monitors progress on financial inclusion goals as set in NFIS-II. Integration of financial inclusion questions in the census is a great step that will provide further pointers to the effectiveness of NFIS. Work on digitising payments and dialogue with key ministries has led to Government's initiative "Digital Fiji" in collaboration with the Govt of Singapore. KDI (a Singapore based company) housed in the Ministry of Information and Communication has started to digitize birth, death and marriage records and will then digitize Registrar of Companies record. PFIP is working closely with KDI.

On financial innovation side, despite numerous interventions, the effectiveness has not been high in terms of outreach for various projects. HFC bank- Vodafone agent banking project has not been able to scale beyond 23 locations and majority of them see miniscule transactions. It is acknowledged that the project has demonstrated the possibilities through a mobile network and bank partnership and it is likely that other banks might get interested in future. **Informal sector pension product did not take off due to reluctance of FNPF.** Despite reaching good numbers, BIMA had to close shop in Fiji thereby erasing the gains made. Fiji Care's bundled insurance product has been a big success with enrolments reaching 1 million, however the essential feature of the project – focus on farmers has been lost. Further, the low awareness levels of farmers about the product also diminishes its effectiveness. Some of them heard about the product over radio, however, a more engaged awareness program with more human touchpoints is needed to increase effectiveness. Vodafone Innovation lab project through its Mobile Village Agent (MVA) roll out has been effective in meeting the needs of people living away from banking centres. In a short period, 61 MVAs are operational and based on the effectiveness of the concept, Vodafone is trying to aggressively scale it.

Financial Education work under PFIP-II has been effective by adapting to changed situation, building capacities, monitoring results and eventually handing over the project to Ministry of Education. The effectiveness of the project also came out in the pilot assessment covering 1,400 students; the results showed that students are generally well versed with the key concepts of financial education and were responding well to the curriculum.

With regards to Consumer Empowerment, the awareness program for the farmers on micro insurance sold to them through SCGF was not very effective as most of the farmers did not directly receive the information about product and offerings.

The role of communications vertical in improving the effectiveness of PFIP interventions needs a special mention. Documentation of best practices, lessons learnt, short videos and pamphlets on products like Fiji Care insurance and press releases have generated wide awareness and contributed to raising effectiveness.

Overall, PFIP II has been effective in creation of an enabling ecosystem for delivering financial services in the country. PFIP II has laid foundation stone for expanse of financial services in the country through its continued work under the Policy and Regulation workstream. It has been further supported by interventions under Financial Innovation workstream which has been highly effective in conceptualization and implementation of agency banking, mobile money and microinsurance in the country. FinEd project under Consumer Empowerment workstream in the country deserves special mention as it has been highly effective in imparting financial education to the young generation of the country.

Client survey findings pertaining to effectiveness

This sub-section of analysis segment of the report evaluates the effectiveness of PFIP-II in Fiji using the primary data obtained through the survey of PFIP II beneficiaries. The quantitative survey in Fiji (65) and PNG (66) covered 131 beneficiaries across the two countries. The sample was had equal representation of women and rural residents in both the countries. In alignment with the PFIP II's objectives, the primary data is used to ascertain the effectiveness of programme on the parameters of access & usage of financial services and financial behaviour & decision making of these beneficiaries using contribution analysis.

Access and usage of financial services

The quantitative survey explored financial literacy and access and usage of financial services by the client. Furthermore, the survey inquired about financial & digital financial literacy of the clients, access and usage of banking services, client's awareness about other financial products and services such as insurance, pension, DBTs.

Only 2% of the clients reported having undergone through any financial literacy training in the past 12 months, and none of them had undergone through any digital financial literacy training in the past 12 months.

Access and Usage of Bank Account was found moderate, with 68% of clients owning a bank account at any formal financial institution with a significant difference between rural and urban locations. Only 59% of clients at a rural location owned bank account while 75% of their urban counterpart owned one. Not surprisingly, proximity, lack of funds, and cost were a few of the main reasons cited by clients for not owning a bank account. On average, each household had 2 members other than the

respondent with a bank account. It was slightly lower in rural areas (1.97) in comparison to urban areas (2.25). Usage of the bank account was found fairly high, with 89% of the clients with a bank account using it in the past 12 months. 75% of the clients with a bank account had deposited money in their account in the past 12 months, while 80% of them had withdrawn money in the past 12 months.

Table 76: Usage of Bank Account

Frequency	Deposit	Withdrawal
One or two times per month	57%	57%
Three or more times per month	18%	20%
Money is not deposited/taken out in a typical month	5%	9%
Refused	2%	2%
Don't Know	18%	11%

Access and usage of Debit Card – Household-level access of debit cards was found very high with 95% of the households owning at least 1 debit card. Personal debit card ownership was found moderate, with 65% of the clients owning at least one debit card. A significant difference between debit card ownership was found with only 59% of rural clients owning a debit card in comparison to 69% urban clients. Usage of debit cards was found limited, with only 48% of the clients with cards using it in the past 90 days and 38% of the clients using it in the past 30 days. This was found in contradiction of reported major cash sources during the survey. 95% of the clients with a debit card mentioned ATM as the main source of cash though reported usage in the past 90 or 30 days was much lower.

Distance to agents and ATMs – Table enclosed below presents the distance to nearest ATMs for the surveyed clients. In many cases, especially for urban areas, it was prohibiting and limited client's accessibility to financial services. Only 32% of the surveyed clients were aware of any agent enabling access to financial services near their community. 81% of these aware clients reported distance to agent less than 1 KM. 43% of these aware clients used the agent facilities and most of them (89%) were very satisfied with the services. However, low bases should be taken into consideration while reading these numbers.

Table 77: Distance to nearest ATM

ATM Distance	% of clients
Less than 1 KM	37%
Between 1-3 KMs	20%
Between 3 – 5 KMs	9%
More than 5 KMs	34%

Access and usage of Other Financial Services – The survey also made an inquiry about awareness and usage of other financial products or services such as insurance, pension, Direct Benefit Transfers, credit/microcredit, savings clubs, remittance, and payments. In general, usage of financial products and services was found very low across rural and urban areas though awareness was moderate for most of the product barring a few such as pension and insurance. Figure enclosed below shows the level of awareness and usage of these financial products by the client and their households.

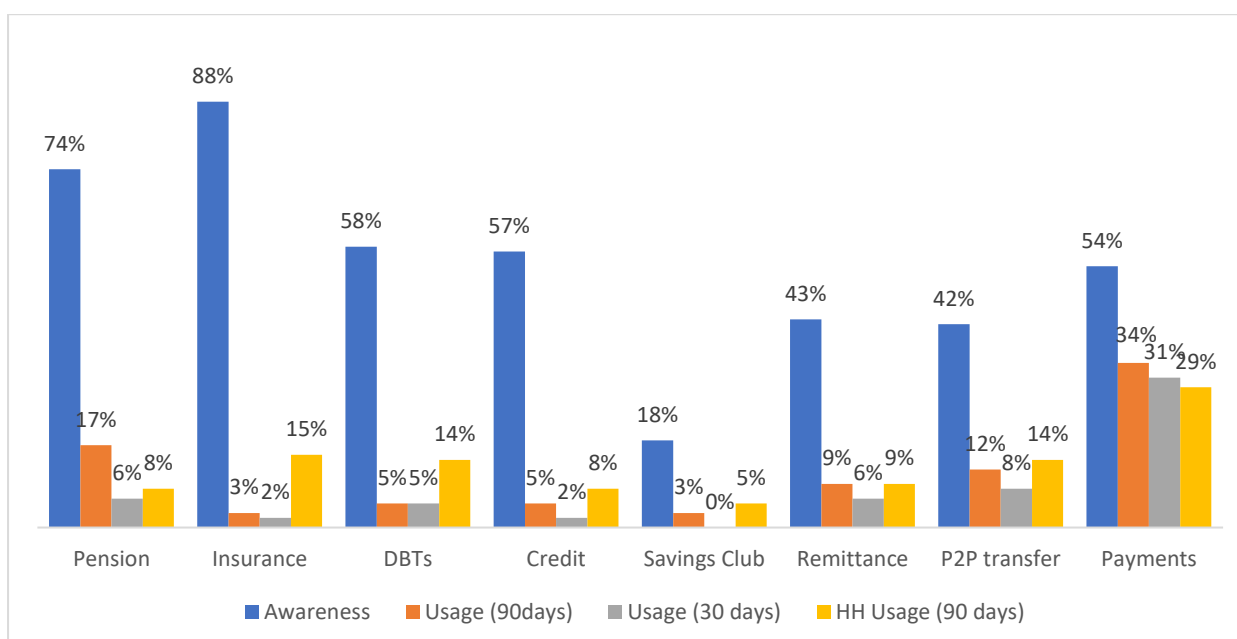


Figure 4: Awareness and Usage of Financial Products & Services

For most of the financial products, awareness was found lower amongst rural clients compared to their urban counterparts. Payments, remittance, and credit were only exceptions and awareness was found higher amongst rural clients. Overall, the usage of financial products and services was found low. Clients cited accessibility and costs as main issues during Focus Group Discussions. Of the clients who owned a bank account, 66% of the clients felt, access to the bank account has increased their preparedness to meet medical emergencies. 43% of the clients it has improved livelihood opportunities and preparedness to meet social commitments. 48% of the clients felt better prepared to pay educational expenses of their children, and 14% felt their ability to buy assets has increased. Thus, it can be seen that most of the clients perceived significant benefits from access to a bank account, leading to a better quality of life. **Overall, it can be said that there has been a significant increase in the bank account ownership in Fiji when compared to DSS results which reported it at 60%. Interestingly, results suggest that there has been an increase of 13% in the rural locations when compared with the results of DSS. Part of this increased access to bank accounts can be contributed to PFIP II's efforts in the country depicting the overall effectiveness of the programme in country's context.**

Financial Behaviours & Decision Making

Quantitative survey with PFIP beneficiaries explored financial behaviours and decision making of the clients and their household. Some of the key financial behaviour were budgeting and saving. Only 35% of the households reported any budgeting for their monthly expenses and 68% of the households reported saving for future or emergency³⁵. Clients saved mostly saved at the bank (65%) and at home (51%). Few of the clients (5%) saved at VSLAs or Savings club³⁶. Overall, 28% of the clients who had any savings reported a decrease in savings in the past 1 year. This was particularly higher in rural areas where 35% of the clients reported a decrease in comparison to 22% of urban clients. In line with this, the increase in savings by urban clients was higher in comparison to rural clients. Most of the clients

³⁵DSS 2015 reported it at 71.2%

³⁶ A client can save at multiple location. Hence numbers don't add up to 100.

who had saved during last 1 year reported good savings discipline; only 15% of them saved infrequently.

The survey also enquired about usage of savings in the past 1 year and it was found that education and medical care for self or household were major usages. About 60% of the households with savings had used it for these. 55% of the households had also used savings for covering basic living expenses. Other major usages of savings for the households were social commitments (34%), buying asset (20%),

livelihood needs (20%), and coping with natural disaster (17%). 5% of the households didn't use their savings in the past 1 year.

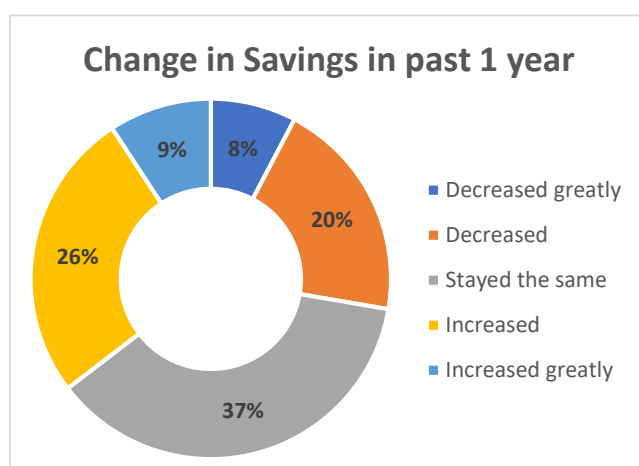


Table 78: Savings Frequency

Savings Frequency	% of clients
Daily	0%
Weekly	28%
At least once in a month	46%
At least once every 2- 3 month	11%
Infrequently - whenever I have spare money	15%

The survey also enquired about the usage of digital payments. It was found that 18% of the clients had made a financial transaction using their mobile phone in the past 90 days, while only 3% did so in the past 30 days. It was particularly low in rural areas where only 10% of clients had used mobile phone for financial transaction in the past 90 days whereas 25% of urban clients did so in the same duration. However, no significant difference between comfort in using a mobile phone for a financial transaction was reported. 45% of clients, each in rural and urban areas, reported feeling comfortable in using mobile phone for making any financial transaction.

Impact

PFIP Phase II has made significant impact on the overall ecosystem of the country by way of favourable policy for financial inclusion and financial education of school goers in Fiji. **The impact on outreach under financial innovation stream has been low on account of premature closure of FNPF and BIMA projects, lower achievements under HFC Bank -Vodafone project and recent launch of farmer app by IT Galax.**

The impact of the interventions under the Policy and Regulatory area is far reaching. The demand side report established the baseline that allows for effective planning and measurement of progress. The NFIS 2016-2020 gives proper perspective and direction to Fiji's approach to financial inclusion. It was noted that as of 2017, 71.6 percent of the new NFIS target of 85 percent to be financially included was achieved with the target for 2018 as 75 percent. For women, an increase from 52 percent to 56.8 percent was achieved in 2017, and the target for 2018 was 60 percent³⁷. PFIP has been one of the active participants in execution of NFIS in the country and part of this achievement can be attributed to PFIP II. Assimilation of financial inclusion into government programmes and budget has a tremendous impact witnessed by government's commitment to the BTCA and launch of Digital Fiji

³⁷ Reserve Bank of Fiji Financial Inclusion Report 2017.

initiative. Feasibility study on SME lending suggesting a focussed SME development bank, work on e-KYC based on KIVA protocol and regulatory sandbox guidelines have been well received by policy makers and are likely to significantly impact financial inclusion ecosystem in the country.

As of 2015, 610,810 clients³⁸ received some form of financial services in Fiji. Since then, slightly more than 250,000 enrolments were made through the grants provided to June 2018³⁹. In the second half of 2018, an additional 100,000 (civil servants and social welfare recipients) took out micro insurance bundled product thus furthering the insurance penetration rate in Fiji from 12 percent⁴⁰ to 19 percent⁴¹. **Most of the new enrolments come from mobile money products and micro insurance. The Innovation Lab of Vodafone has contributed to the growth in mobile money users for M-Paisa which stood at 130,000 active users (transacted at least once) as of June 2018 with an activity rate of 14 percent in the last 30 days.** Since the Lab opened up, 21,771 customers have enrolled with 21 percent being women and transactions have increased by 166 percent. While looking for numbers, on an optimistic side the entire active customers can be counted, while on the conservative side, as M-PAISA was funded in PFIP-I, only incremental numbers since 2015 should be attributed to PFIP-II. However, the segmented data is not available. More crucial impact has been the rollout of mobile money product in other PICs by Vodafone based on Fiji experience and roll out of Movable Village Agents. The potential of MVAs on enhancing financial inclusion is high and is likely to be a game changer in future. MVAs doing mobile money business as additional activity with their existing livelihood activity is more suited for the widespread network as compared to Vodafone fixed agents doing solely mobile money business.

Following the integration of the Vodafone and HFC Banking system, 23 agents have been activated with 211 new accounts opened through this network. The progress has been much slower than projected, however given that there are only 69 bank branches in Fiji, such agency banking network has a lot of potential. Fiji Care's insurance product has been the most impactful in terms of numbers with 11,405 farmers and nearly ~100,000 civil servants and social welfare recipients covered under the product. **The proposed regional expansion of Fiji Care to Vanuatu and other PICs is likely to create significant impact in the near future. Coverage of nearly 40,000 people under BIMA's insurance project has been lost post closure of BIMA operations.**

Though the impact in numbers is limited to incremental additions to M-PAISA subscribers, 211 accounts opened under HFC agency banking and nearly 100,000 enrolments under insurance, the demonstration of bank-MNO partnership opens up possibility of other tie ups. Similarly, retailing of small value insurance through mobile network has shown to be viable and scalable under BIMA project. In future, other market players might pick up these models and thereby impact financial inclusion positively.

Financial education has impacted nearly ~200,000 students, all those who attend school in Fiji. Besides high outreach, its positive impact on learning outcomes has been demonstrated by an evaluation study and as a result of the successful FinEd Fiji project in Fiji, Ministries of Education in Samoa, Solomon Islands and Vanuatu have looked at introducing Financial Education within the curriculum.

³⁸ PFIP Website

³⁹ PFIP Semi Annual Report June 2018

⁴⁰ Demand Side Survey 2015

⁴¹ PFIP Semi Annual Report June 2018

Consumer Empowerment

The program impact was also assessed in terms of how it impacted the end clients or intended users. One of the critical outcomes of PFIP II was to empower customers through financial literacy and consumer protection initiatives by government and FSPs. To assess the impact on the same, contribution analysis has been used by evaluators to critically assess PFIP II's impact under this. The client survey also inquired on the measures of consumer empowerment and these were mostly on their understanding of product features and specifications, consumer rights, the treatment meted out to them by FSPs and grievance redressal mechanisms. A total of 13 variables of consumer empowerment were included in the survey.

Results obtained from the survey paints a mixed picture with most of the clients (91%) reporting respectful treatment meted out by FSPs, 82% of clients feeling they are in control of their use of financial services, 85% of clients claiming to understand the risk of borrowing and 80% of clients exhibiting confidence in selecting right financial products or services for them. On the contrary, clients seemed to have limited information about grievance redressal mechanisms (42%), sources of information to learn more about financial services (45%) and only 49% of them feeling confident in identifying a financial scam. Table enclosed below presents a detailed picture of different variables of consumer empowerment. Overall, the status of the clients from rural locations was worse compared to their urban counterparts and clients felt less confident and aware about product features, selection, and grievance redressal system. Urban clients seemed to be better informed about financial products and their features and felt confident while dealing with FSPs.

S. No	Variables for Consumer Empowerment	% of clients
1	Client knows sources of information to learn more about Financial Services	45%
2	Client is confident to compare prices and terms for similar financial products offered by different FSPs	60%
3	Client is confident to select the products or services that are right for him/her	80%
4	Client feels FSPs use easy to understand language and product descriptions	68%
5	Client understands the risk of borrowing	85%
6	Client feels choosing between a financial provider or products is a stressful experience	78%
7	Client understands consumer rights	82%
8	Client feels confident in discussing her financial needs with FSPs	75%
9	Client feels FSPs listen to client's needs and respond	75%
10	Client feels confident enough to identify a financial scam	49%
11	Client feels respectfully treated by FSPs	91%
12	Client feels s/he is in control of my use of financial services; financial services do not control him/her.	82%

13	Client knows about grievance redressal system	42%
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Sustainability

PFIP Phase II has reached a high level of sustainability at the policy level. The ability of this programme to influence policy decisions with the RBF, NFIT, Government and FSPs is a prominent feature that lends sustainability to this programme. All parties have put up resources to support this work, in particular, the RBF has a dedicated Department that looks after financial inclusion. All stakeholders participate in NFIT and its Working Groups. Government recently announced to promote financial access, digital financial services and micro insurance which reinforces sustainability. **PFIP has been able to place financial inclusion at the centre of policy making in Fiji and has played a role in influencing all major policy changes**, be it NFIS or regulatory guidelines or Digital Fiji initiative. The policy work's sustainability is extremely high as financial inclusion has been owned and internalised by the policy makers. However, RBF as well as government departments indicated that they still need the assistance of PFIP in future work areas.

At the level of financial services providers, interventions through innovation with local partners show a mixed result. Whilst the innovations have gone through test and pilot stage, scale has been reached only in case of Fiji Care and M-PAISA. From sustainability perspective, even these projects show stress. In the case of Fiji Care Insurance, the numbers have swelled due to government's decision to extend coverage to its staff and welfare recipients, however the high pay outs have led to losses in the current year even without taking into account the operational costs to run this scheme. In collaboration with the government, Fiji Care is putting in measures to limit the payouts by redefining beneficiaries. But it is a work in progress. In case of farmers, at present SCGF is paying the premium and based on the qualitative survey, the willingness to pay insurance premium remains low. The other stress comes from the scheme design, where the premium is paid at quarterly interval but the sum insured kicks in from the start.

M-PAISA activity levels remain low with only ~45,000 clients transacting at least once in a month. HFC bank project was expected to increase traction but has not progressed as expected. **The sustainability of agent banking project is suspect as the new CEO of HFC bank views it as social responsibility project and a loss-making proposition.** At present the number of transactions is low and the operating costs exceed income from this channel. **The BIMA project has already closed due to BIMA's decision to exit the country.**

FinEd work of PFIP is highly sustainable as the module has been integrated in course curricula and Ministry of Education has now taken over the ownership of the project. Further, its sustainability has been enhanced due to integration of FinEd training as compulsory part of teacher's contract renewal process.

Summary and Way Forward

The PFIP Phase II program has high relevance to the goals and objectives of its administrators, donor agencies, policy makers, government, financial service providers and those at the lower end of the pyramid. PFIP has become synonymous with financial inclusion policy making in Fiji. The program has also been very efficient in executing the approved projects for financial innovation and making midstream corrections in case of stalled projects. It has been able to reasonably deliver effective financial services and products to the low income earners in Fiji by working with partners thus meeting its objectives. However, the effectiveness has been constrained by the fact that major projects like Agent banking and Vodafone did not gather steam, while BIMA folded its operations and FNPF did not go ahead. The detailed Results Management Framework (RMF) is good in design but the data collection has not kept pace with the required granularity, thereby reducing effectiveness. The governance structure around the program is good and management and staff expertise are able to deliver on the program objectives. The program has also seen its impact on the target group as evidenced by FGDs. The sustainability of the program is high at the policy level and in FinEd work. However, at the financial service providers level, projects have not lived up to the promise and need to reach scale. This is especially so as financial innovation workstream accounted for 82% of the projects budget and 72% of disbursements. The projects supported under PFIP Phase II have far reaching results for the targeted populations, although certain target expectations and benefits may not have been realized.

PFIP Phase II has a target of reaching 1.5 million unreached people within the Pacific. The RMF stipulates targets for outputs and outcomes. The contribution of PFIP should ideally not be measured in terms of only numbers, the ecosystem changes through policy and FinEd work are more critical and sustainable. The numbers themselves do not fully justify the amount of work and effort put into the projects to ensure the delivery of PFIP Phase II. The Program has put financial inclusion as an integral part of the policy landscape in Fiji and the relationship between PFIP management and staff and financial inclusion stakeholders show a great harmony on the part of the stakeholders.

It is also important to note that there are limitations of what can be done due to the limited size of the economy and the limited number of players in the private sector. One does not have the large number of partners to choose from as to whom should they engage with in projects. Given Fiji's size and population achieving economies of scale can be a challenge. Development program such as PFIP Phase II in most cases will need to work beyond the contractual requirements in order to effectively get projects to work.

The focus on the Financial Innovation workstream recognizes the importance of the use of technology in the pursuit of financial inclusion. All projects undertaken by PFIP are relevant for the progress of financial inclusion in Fiji and to take this to the next level. However, what is required cannot be fully achieved in one PFIP funding term. The sustainability of projects is very important and because there are issues governing the sustainability of some projects, their continued support is important. Real progress is realized when results reach scale and when activities have been truly ingrained into operations. This requires time in the implementation phase because continuous awareness, education and training is required to ensure success.

The projects in financial innovation workstream may not immediately have a bearing on the target. The reasons for this are that much of the funding has gone into development tasks, for instance, much of the investment has been done on building systems, processes and product designs. These do not

directly translate into increased number of people reached immediately, but the contribution of this development is warranted to enable the objectives of reaching the masses. Building required infrastructure is the main contributing factor to make this shift to achieving the target of 1.5 million people.

While a strong foundation has been built, going forward, the focus should be on Usage and Quality of financial inclusion and these are very much the current issues surrounding most of the financial innovations that have been conceived in PFIP Phase II. In addition to this, there are other emerging topics from discussions with policy makers, donors and other stakeholders that may be considered in the next phase. These are:

- Results Management Framework (RMF) needs to capture detailed data as per the format and should be a key priority. In the absence of robust data despite having a dedicated person, it has been difficult to gauge the program outreach and usage accurately.
- Financial innovation workstream while focussing in digital needs to a) have an intervention for credit flow to informal sector and micro enterprises- none of the PFIP-II projects focussed on credit, while the demand side survey showed that only 6.7% population had access to credit products for the formal sector and b) adopt a focussed approach as compared to do all approach. RBF Governor is enthused with the idea of an SME Bank and this feeds into point (a) above. There is a concerted effort to develop MSME in Fiji. This is also a commitment that the Reserve Bank of Fiji has made under the Maputo Accord on progressing work in this area.
- Financial inclusion as it applies to Labour Mobility. Labour Mobility requires financial inclusion as this supports economic growth. For instance, with being an important pillar of Fiji economy, issues of cost of remittance and de-risking of MTOs following FATF requirements are issues that arise from the need to extend financial education to recipients of remittances.
- Under the Financial innovation workstream, whilst the objective is to work with private sector in pursuit of economic growth, one must be clear that they are not just necessarily funding the balance sheet of the partner. Therefore, consideration may need to be given to widen the financial innovation spectrum for instance, to Sector based rather than individual firm-based intervention.
- HFC Agency Banking model is a tested model and needs some improvement. Given that HFC treats this work as CSR and is not aggressive in marketing and creating awareness of this delivery channel, PFIP should consider engaging another Bank who is willing to take advantage of this new innovation.
- There are also commitments made by both the Reserve Bank and the Government to Green Finance and Climate change. As this affects most of the PIC's, this is going to be on their development agenda. Subjects such as greening the financial sector should be considered by PFIP.

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Annexures

Grants and Interventions Under PFIP Phase II

SNO	Workstream	Grantee Organisation	Grant Duration	Grant Amount USD	Disbursed Amount USD	Project Summary	Key Activities
	Financial Innovation (FI)	Fiji National Provident Fund	8 Dec. 2015 – 30 June 2019	167,890	125,780	The first FI grant was given to Fiji National Provident Fund. Under this project, a research was to be undertaken to carry out a demand assessment for pension among those in the informal sector and that a proposed strategy be made to extend the voluntary contribution scheme to the informal sector. An extension was also made to the initial grant after the research for validation phase of field trials of testing and piloting.	1. Research 2. Validation of field trials of testing and piloting.
2	Financial Innovation	BIMA	4 January 2016 to 30 June 2019	500,641	301,766	The FI grant was given to BIMA. The project involved the selling of micro insurance through a mobile platform, in this case, with Digicel Fiji Limited and Capital Insurance as the insurer behind the distribution channel. The assistance was meant to also set up Fiji as a Pacific Hub Call Centre for the remaining PICs.	1. The Funding was mainly to cover for variable costs of operations from 2016/2017 and 2017/2018.
3	Financial Innovation	Home Finance Company Limited Trading as HFC Bank	17 February 2016 – 31 December 2018	565,200	565,200	The third grant for financial innovation was made to the Home Finance Company Limited trading as HFC Bank. This project was for agency banking between HFC Bank and	1. The assistance was primarily for the integration of the two systems, HFC Bank's Ultradata core banking system with Vodafone's M-PAiSA system.

						Vodafone enabling for the first-time financial services and products to be delivered through branchless banking linking a mobile network operator and a formal Bank.	
4	Financial Innovation	Vodafone Fiji Limited	2017 – 30 June 2019	529,800	529,800	This grant was made to Vodafone Fiji Limited for the establishment of a Vodafone M-Paisa Innovation Lab.	<p>1.This involved the setting up of the Lab.</p> <p>2. Putting in place the Innovation Lab Core team, Operations team and Technical Experts.</p> <p>3. The project dealt with product development and user experience optimization to drive usage. There were initiatives expected to be undertaken including the design of money transfers and utility payment products tailored specifically to improve the customer.</p> <p>4. The design of a new technology that will enable credit and savings products; the analysis of existing user experience to identify opportunities for improvements.</p> <p>5. The conduct of a gender analysis for offering products and designing services to suit the needs of women.</p>
5	Financial Innovation	Fiji Care Insurance Limited	1 September 2017 to 30 June 2019	77,890	77,890	Fiji Care was given this grant for the launch and awareness of a new bundled insurance package that will offer a term life, funeral, property and personal	1. This project includes a revision of existing company policy administration, claims management, Information

						<p>accident cover at low, standardized and affordable premiums. The Sugar Cane Growers Fund (SCGF) as the first group insurance policy customer of Fiji Care for this product, will be the aggregator for collection and remittance of premiums for over 12,500 farmers who are members of SCGF.</p> <p>Technology Platform and setup of a dedicated IT module to cater for customer registration, claims administration, management, insurance group policy issue, customer servicing, policy renewals, management information, statutory reporting and finance processing.</p> <p>2. The module will be capable of being remotely accessed with sufficient safeguards and access protocols by customer's organizations and data will be updated real time on the Fiji Care computer server⁴².</p>	
6	Financial Innovation	IT Galaxy	5 January 2018 – 30 June 2020	100,000	80,000	<p>IT Galaxy was granted the sixth innovation grant. This project was for the development of a farmer's app that is to help farmers access market information such as the going rate / price of produce, enable quick payments to be made and even weather information.</p>	Development of Farmers App
7	Financial Innovation	Vodafone	February 2019 – January 2020	596,300	Nil	<p>A second grant and technical assistance was given to Vodafone titled "Vodafone M-Paisa Innovation Lab – Phase II. This is a regional project covering Fiji, Vanuatu, Samoa, Cook Island and Kiribati and is ongoing.</p>	<p>1. This project covers infrastructure set up and deployment planning.</p> <p>2. It includes the setting up of an International Money Transfer (IMT) Hub technology platform and the set-up of a Digital Finance Plus</p>

⁴² Fiji Care PBA Document

							<p>platform with Government initiative of digital Fiji.</p> <p>3. It also covers product development and user-based testing of the IMT Hub platform and the Digital Finance Plus and the launch of the IMT Hub in at least 3 PIC's and the launch of Digital Finance Plus together with the full-scale on-boarding of merchants.</p> <p>4. The final part of the project deals with the product upscaling and impact assessment for the expansion of the IMT Hub and the Digital Finance Plus and Merchants based digital ecosystem and Impact Assessment.</p>
8	Financial Innovation	Fiji Care Insurance Limited	30 June 2019 – 30 June 2020	291,096	Nil	A second grant was given to Fiji Care Insurance. This deals with the expansion of the micro insurance cover to other PICs especially Vanuatu where Fiji Care's subsidiary, Van Care operates.	1. This project will first begin with strengthening the operations of Fiji Care Insurance including the creation of an innovation lab to fully review processes, product design and IT systems to ensure a vibrant and financially viable home base company that can support the expansion and bring micro insurance to scale in other PIC's.
9.	Policy and Regulation (PR)	Reserve Bank of Fiji	15 May 2015 – 31 March 2016	188,300	188,300	The first PR grant given was to RBF. The PBA covered the following outputs. The first on the development and finalization of the National Financial Inclusion Strategic Plan 2016 - 2020. The	<ol style="list-style-type: none"> 1. Financial Inclusion Strategy Development 2. Inclusive Insurance Development. 3. Mainstreaming Financial

						second on Inclusive Insurance Development. The third on mainstreaming financial inclusion into government programmes and budget, fourth on the development of Progress out of Poverty Index and fifth was on public awareness and education campaign for insurance.	Inclusion in Government Programme and Budget 4. Progress out of Poverty Index 5. Public Awareness
10	Market Information	Reserve Bank of Fiji	14 Nov.2014 – 31 Dec. 2015	254,787	254,787	An earlier grant was given to RBF. The outcome of this project was the production of a completed Demand Side Survey for Fiji.	1. Training of enumerators, 2. The actual field data collection, subsequent cleaning of data and 3. The completion of the final report.
11	Consumer Empowerment	Ministry of Education	26 Nov. 2014 – 31 Dec. 2017	144,268	144,268	A grant was given to the Ministry of Education. This project was for professional development training to be conducted for primary school teachers within year bands 3/4 and 5/6 across 6 school districts in the central and western divisions. Similar training was to be conducted with primary school teachers within year 9 to 12 across 7 educational centres in the northern, central, western and eastern education divisions and training to the remaining education division. Post training evaluation of the effectiveness of the teacher training model	

						was to then be conducted thereafter.	
12	Consumer Empowerment	Sugar Cane Growers Fund	21 Nov. 2017 – 30 June 2020	50,505	50,505	A grant was given to the Sugar Cane Growers Fund that was for an awareness program for the farmers and a workshop for staff. This followed its agreement to insure its 12,500 members as pilot under the new micro insurance bundle product of Fiji Care Insurance.	Public Awareness Campaign

Annex 3– HFC agent location and transaction details

Location (Urban/Rural)	Province	City/Town	# of accounts opened	Average balance in HFC accounts opened through agents (last 6 months)	Average monthly transaction under accounts opened through agency banking (last 6 months)	Average monthly transaction by agent (last 6 months)
Urban	Rewa	Suva	4	\$ 500.00	4	25
Urban	Naitasiri	Nausori	0	\$ -		50
Rural	Nadroga	Sigatoka	10	\$ 10.00	1	45
Urban	Rewa	Suva	6	\$ 10.00	1	12
Urban	Ba	Lautoka	0	\$ -		15
Urban	Ba	Lautoka	0	\$ -		25
Urban	Tailevu	Nausori	0	\$ -		90
Rural	Ra	Rakiraki	23	\$ 100.00	2	50
Rural	Cakaudrove	Savusavu	39	\$ 10.00	1	60
Rural	Tailevu	Korovou	68	\$ 2,000.00	20	100
Rural	Ba	Tavua	9	\$ 50.00	2	40
Rural	Macuata	Labasa	5	\$ 500.00	4	20
Urban	Ba	Lautoka	4	\$ 700.00	4	30
Urban	Rewa	Suva	9	\$ 350.00	4	130
Urban	Ba	Nadi	6	\$ 50.00	2	65
Urban	Ba	Lautoka	0	\$ -		55
Urban	Rewa	Suva	4	\$ 20.00	1	12
Urban	Rewa	Suva	1	\$ 10.00	1	5
Urban	Rewa	Suva	16	\$ 100.00	4	20
Rural	Ba	Ba	2	\$ 10.00	1	10

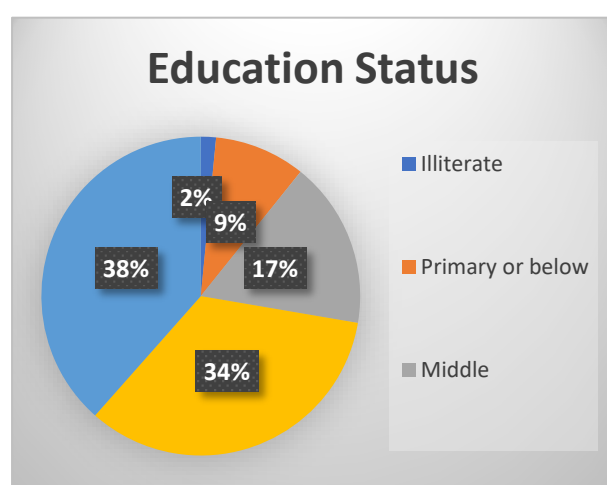
Location (Urban/Rural)	Province	City/Town	# of accounts opened	Average balance in HFC accounts opened through agents (last 6 months)	Average monthly transaction under accounts opened through agency banking (last 6 months)	Average monthly transaction by agent (last 6 months)
Urban	Ba	Nadi	4	\$ 100.00	3	15
Urban	Rewa	Suva	0	\$ -		1
Urban	Rewa	Suva	1	\$ 50.00	2	60

Annex 4: Profile of clients surveyed during the quantitative survey

As part of the evaluation, a quantitative survey with clients in Fiji was implemented. Quantitative research included client interviews with a sample of 54 clients in Suva, Korovou, Lautoka, and Nadi. On the ground, a total of 65 client interviews were conducted with PFIP beneficiaries under different interventions, namely SCGF, Fijicare, BIMA, Vodafone and FinEd. Key findings from this survey have been included in relevant sections, under program effectiveness and program impact. This section presents information on profile of the clients surveyed during the evaluation.

Client Profile

Clients surveyed during the quantitative research mostly belonged to the low-income segment and were dependent on income sources such as farming, daily wage, a salaried job for their livelihoods. A total of 65 clients were surveyed in Fiji against a target of 54;29 of them were residing in rural areas while the remaining 36 were



from urban locations. These surveyed clients were beneficiaries of one of the PFIP grants. 77% of the clients followed Christianity, while the remaining 23% practiced Hinduism. Most of the clients (72%) had completed their secondary education, which was a close resemblance of the high literacy rate of Fiji. Only 2% of the clients interviewed were illiterate. As part of the plan, the survey covered an equal number of men and women. The average age of clients covered under the survey was 43 years and 60% of the clients were below 45 years of age. About 52% of the clients were legally married, and 31% of clients had not married yet. Remaining 17% were divorced or widowed or separated or were living de facto.

Primary Source of Income for household – The table enclosed below presents the primary source of income for client households. A total of 55% of client household were dependent on a salaried job or regular wages as a primary source of income. Another 17% of the client's households were dependent on casual wages as primary sources of income, and 12% of the clients had agriculture and allied activities as the primary source of income.

Table 79: Primary Source of HH Income

Primary Source of Income for Household	% of Households
Salaried Job/Regular Wages	55%
Agriculture and Allied	12%
Casual Wages	17%
Superannuation/Pension Payments	5%
Formal/Informal Business	5%
Rent/Lease Payments	3%
Interest/Dividends	2%
Government Assistance	2%

Primary sources of personal income for clients had close resemblance with household income with 26% of the clients having a salaried job, which was highest amongst all. Another 20% of the clients were dependent on casual wages, 6% were dependent on agriculture, and 28% of the respondents didn't have a source of any income.

Social Capital – reported during the quantitative survey was found limited. Only 22% of the clients were a member of any of the groups such as savings club, credit union, agriculture, and allied groups. About 5% of the clients were members of Agricultural / livestock / fisheries producer's group; 6% of the clients were members of credit groups and savings group, each. A maximum of 9% of clients were members of civic or charitable groups.

Mobile Phone – ownership was found high in Fiji, with 95% of the respondent's household having a mobile phone. Furthermore, personal mobile ownership was found high, and 68% of the total respondents had a mobile phone. Smartphone ownership at the household and client level was found at 89% and 55% respectively.

Internet access was found moderate with 51% of the respondents having access to it. Most of the respondents (91%) having Internet used their mobile phone for accessing Internet.

Overall, the summarised results from the quantitative survey present the client profile of a typical PFIP beneficiary. These clients are typically from a low-income household with formal/informal sources of income and average household size of 6 (5.86 rounded to the nearest integer). The gendered approach of PFIP ensures focussed outreach amongst women. Social capital and network of these clients was found limited, with only a few of them being a member of any group. Furthermore, mobile phone ownership at household and personal level was found high.

Annex 5 - Picture Gallery:





FINAL EVALUATION

**COUNTRY REPORT
SOLOMON ISLANDS**

JANUARY 2020



GRAMEEN FOUNDATION INDIA

E-86, Lower Ground Floor, Sun City, Sector
54, Golf Course Road, Gurgaon-122011
Haryana, India

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Abbreviations

ATM	Automated Teller Machine
ANZ	Australia New Zealand Bank
BTCA	Better Than Cash Alliance
CBSI	Central Bank of Solomon Islands
DAC	Development Assistance Committee
DFAT	Department of Foreign Affairs and Trade
EFTPOS	Electronic Fund Transfer Point of Sale
FSP	Financial Service Providers
G2P	Government to Person
GDP	Gross Domestic Product
IMT	International Money Transfer
IT	Information Technology
KYC	Know Your Customer
MNO	Mobile Network Operators
MSME	Micro, Small, and Medium Enterprise
NFIS	National Financial Inclusion Strategy
NFIT	National Financial Inclusion Taskforce
OECD/DAC	Organisation for Economic Corporation and Development/ Development Assistance Committee
P2G	Person to Government
PBA	Performance Based Assessment
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
POS	Point of Sale
PoWER	Participation of Women in the Economy Realized
RAMSI	Regional Assistance Mission for Solomon Islands
SINPF	Solomon Islands National Provident Fund
SOI	Solomon Islands
SPBD	South Pacific Business Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

1 Introduction

The Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme focusing on providing sustainable financial services to low income households. PFIP currently covers Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands (SOI), Tonga and Vanuatu, with Kiribati and Tuvalu potentially covered before the end of July 2019. Phase I of the PFIP was completed in 2013, reaching 687,000 additional individuals and/or small and microenterprises in the Pacific Island Countries (PIC) who had gained access to one or more appropriate financial services. Phase II, which builds on the efforts of Phase I is jointly administered by the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with funding support from the Australian Government, the European Union (EU), and the New Zealand Government. Phase II, programmed for 2014-2020, aims to deepen financial access to an additional 1,500,000 previously underserved low-income people in the region and aims to do so through three workstreams: *Policy and Regulation, Financial Innovation and Consumer Empowerment*. PFIP's theory of change asserts that markets need these three elements to expand access to finance, and that access to finance improves livelihoods, the ultimate development impact goal of the programme.

In 2019, UNCDF commissioned a final evaluation of PFIP II. This report summarizes the findings from the on-site mission to the Solomon Islands, which occurred between July 22nd to 26th. The report begins with a broad macro-economic environment in the Solomon Islands followed by a snapshot of its financial inclusion policies and developments, followed by a brief description of the PFIP Phase II in the Solomon Islands, evaluation findings arranged according to the Organisation for Economic Corporation and Development/Development Assistance Committee (OECD/DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability as well as a snapshot of clients' socioeconomic profile, financial behaviour, awareness levels and overall expectations from the financial services received from PFIP partner institutions in the Solomon Islands. It concludes with a set of recommendations proposing the way forward to ensure the achievement of the programme goals.

During the country mission, the evaluation team interacted with various stakeholders including the Governor and the Deputy Governor of the Central Bank of Solomon Islands (CBSI), government officials leading policy and regulatory work in the country, Financial Service Providers (FSPs), Mobile Network Operators (MNO), secondary duty bearers as well as other stakeholders directly engaged with the country's financial inclusion sector. A complete list of stakeholders with which the team interacted along with the visit schedule is given in Annex IV.

2 Country Context

2.1 Demography

Situated in the south-west Pacific Ocean, the Solomon Islands (SOI) is a sovereign state consisting of 6 major islands and over 900 smaller islands. Covering a land area of 28,900 square kilometers, it has a population of about 652,858.⁴³ Sixty-three distinct languages are spoken in the country, with multiple local dialects. English is the official language but Solomons Pijin is the lingua franca for the majority of people. The country is divided into ten administrative areas: nine provinces and the capital city Honiara. About 78% of the population resides in rural areas, and the country has a population density of 20 inhabitants per square kilometers. The islands in the South Pacific region are prone to natural disasters such as flooding, sea-level rise, tsunamis, and earthquakes. SOI is ranked the fourth most vulnerable country to natural disasters among the Pacific islands.⁴⁴

The majority of the population in SOI is dependent on agriculture, fishery, and forestry for their livelihood. Copra, timber, palm oil, fish, cocoa, and beef cattle are the main industries. Main exports include timber, fish, copra, cocoa, and palm oil/kernel. The country holds rich reserves of mineral and forest resources. Logging is a dominant sector within the economy but rampant and destructive activities have resulted in grave issues with irreparable damage to the environment and forests. Tourism is considered to have a high potential and demand is expectedly picking up with the development of services and infrastructure.⁴⁵

2.2 Macroeconomic Indicators

SOI is one of the poorest countries in the world with 25.1% of the population living below the US \$1.90 (2011 PPP) international poverty line and 58.8% living below the US \$3.20 (2011 PPP).⁴⁶ After the withdrawal of RAMSI (Regional Assistance Mission for Solomon Islands), Solomon Islands has steadily marched towards the path of development as highlighted by growth in HDI scores in the past decade. Australia is a long-term partner of SOI with a longstanding relationship and economic partnership. SOI recorded a GDP of US\$ 1.412 billion in 2018 and it has grown steadily by around 3 per cent during the previous four years.

Table 80: Key demographic and economic indicators of SOI

Key demographic/economic data	2014	2015	2016	2017	2018
GDP growth (annual %) *	1.8	2.6	3.4	3.2	3.0
GNI per capita, Atlas method (current US\$) **	1840	1870	1820	1830	2000
Population growth (annual %) **	2.72	2.70	2.67	2.65	2.61

⁴³ <https://data.worldbank.org/country/solomon-islands>

⁴⁴ IMF Country Report No. 18/57

⁴⁵ <https://www.adb.org/news/tourism-can-boost-growth-solomon-islands-adb>

⁴⁶ Household Income and Expenditure Survey 2012-13 - <http://documents.worldbank.org/curated/en/158941528204217521/pdf/Solomon-Islands-PEB-Spring-2018.pdf>

HDI (value)	0.539	0.546	0.543	0.546	-
Inflation, consumer prices (annual %) *	5.2	-0.5	1.1	0.1	3.3
Official exchange rate (local currency per US\$, average) **	7.375	7.915	7.948	7.887	7.953

* ADB Data Library - <https://www.adb.org/countries/solomon-islands/economy#tabs-0-0>

** World Bank Indicators - <https://data.worldbank.org/country/solomon-islands>

2.3 Gender and Human Rights

Women in particular face significant economic and social disadvantages in SOI. According to the 2009 Solomon Islands Family Health and Safety Study⁴⁷ of women who had ever been in an intimate relationship, 64% reported having experienced physical and/or sexual abuse by an intimate partner. Furthermore, it reported that more than one-third of women (37%) were being sexually abused before the age of 15, most often by a male acquaintance or a male family member. Rural survivors of violence are more disadvantaged than urban ones because they have less access to trained care providers and counselling. The Gender Equality and Women's Development (GEWD) Policy 2016 - 2020 is the overarching policy framework for achieving gender equality and women's human rights in the Solomon Islands. The goal of the policy is to advance gender equality in all areas of life and at all levels so that women and men in the Solomon Islands can fully enjoy their human rights to participate and access equal opportunities and development outcomes in order to fulfil their needs and support their well-being⁴⁸.

Solomon Islands' Human Development Index (HDI) value for 2018 was .557 – which put the country in the medium human development category. Overall, the country ranks 153 out of 189 countries in the world on HDI. The HDI is based primarily on international data from the United Nations Population Division (the life expectancy data), the United Nations Educational, Scientific and Cultural Organization Institute for Statistics (the mean years of schooling and expected years of schooling data) and the World Bank (the GNI per capita data). Over the past decade, SOI has steadily moved on the path of development, which is aptly exhibited by increased HDI value between 2000 (0.476) and 2018 (0.557).

⁴⁷ <https://pacific.unfpa.org/sites/default/files/pub-pdf/SolomonIslandsFamilyHealthandSafetyStudy.pdf>

⁴⁸ https://www.pacificclimatechange.net/sites/default/files/documents/national_gender_equality_and_womens_development_policy_2016-2020.pdf

2.4 Financial Inclusion Landscape in SOI

In 2010, the Central Bank of Solomon Islands (CBSI) estimated that 85% of the population remained financially excluded.⁴⁹ The Demand-Side Survey conducted by PFIP in 2015 estimated that only 33.8% of the population had access to formal financial services; of those financially included, the majority (71%) were salaried employees. Limited availability of access points is one of the primary reasons for low access to formal financial services.

Policy

CBSI is the regulatory body that oversees the entire financial sector, including banks, insurance companies, and the Solomon Islands National Provident Fund, which is the national pension fund. CBSI formulates and implements monetary policy, manages the foreign exchange, international reserves and the payment system, and leads efforts for financial inclusion.

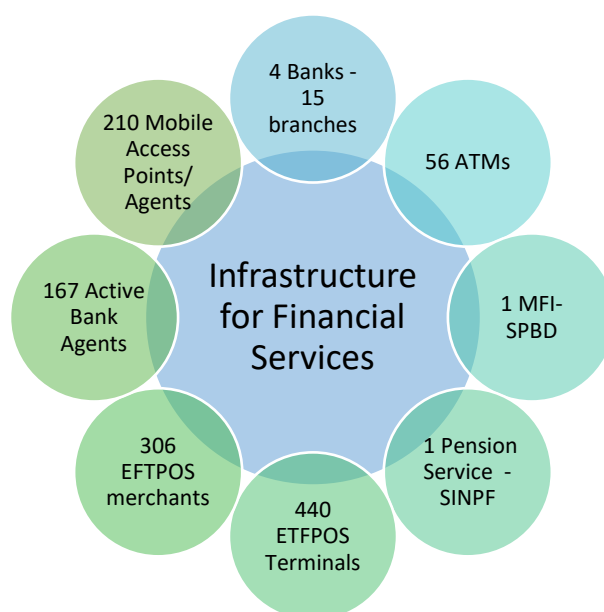


Figure 5: Infrastructure for Financial Services

In 2011, CBSI with the support of Alliance for Financial Inclusion (AFI) developed a National Financial Inclusion Strategy (NFIS). NFIS-II provides the roadmap for financial inclusion in the country and is a major force for expediting financial inclusion in the country. For the period of 2011-15, known as NFIS I, the NFIS set as a target to formally financially include 70,000 people. By the end of NFIS I, they exceeded this target and reached 78,000 individuals. NFIS II covers 2016-20 and has made a strategic shift focusing more on 'usage' of financial services, aiming to include 300,000 adults as active users of formal or semi-formal financial accounts by 2020. The National Financial Inclusion Taskforce (NFIT) provides strategic direction and coordinates implementation of NFIS II. The NFIT comprises key stakeholders that help facilitate financial inclusion within the country, including banks and mobile network operators (MNOs). Chaired by the CBSI Governor, NFIT has four working groups: i) Inclusive Insurance, ii) Consumer Empowerment, iii) Micro, small and medium enterprises (MSMEs) and iv) Digital Finance. The Financial Inclusion Unit (NFIU) acts as the secretariat for NFIS II. It provides information, drives activities and provides coordination and technical support to the NFIT and the working groups. It also manages data related to financial inclusion in the country. During consultations, the stakeholders widely recognized the importance of NFIT in organizing and coordinating financial inclusion efforts and tracking progress in the country. NFIT has also established itself as a platform for inter- and intra-sectoral discussions for expediting financial inclusion efforts in the country.

⁴⁹ CBSI Report – SOI Financial Inclusion Progress report summary 2018

In May 2017, Solomon Islands joined the “Better Than Cash Alliance” (BTCA) to promote digitization of government payments. This is aligned with the NFIS goal to increase digital payments to 80% by the year 2020.

Also underway within the policy domain are policies related to the usage of airtime top-up for payments and savings, agent inter-operability, and the review of an insurance bill that will provide the much-needed legal underpinnings for CBSI to license, supervise, and regulate the Insurance business in the Solomon Islands is awaiting ratification by parliament. It is expected that usage of airtime as a savings and payment instrument and interoperability of agents will accelerate the growth of Digital Financial Services (DFS) in the country, paving the way for financial inclusion of the poor and unbanked. The proposed changes to the insurance bill are expected to strengthen and grow the insurance market in the country.

Infrastructure

Currently, four banks – Pan Oceanic Bank, Bank of South Pacific, ANZ Bank and BRED Bank-- operate in SOI with 15 branches.⁵⁰ These are mostly located in the city of Honiara. In total, there are 56 ATMs, 440 EFTPOS terminals, and 210 mobile access points or agents active in the country. Solomon Islands National Provident Fund (SINPF) is a financial institution regulated by Central Bank of Solomon Islands and provides superannuation services to members from the formal and informal sector. Under the SINPF Act (Cap 109), every employer must deposit a sum equivalent to 12.5% of each employee’s total gross salary to the fund each month. Three insurance companies operate in the country Yet only 7% of the population is covered. Life insurance, followed by vehicle and health insurance is the most commonly used insurance products.⁵¹

South Pacific Business Development (SPBD) is the only microfinance organization working in the country with an outreach of 7,218 female members. DFS is at a nascent stage and no mobile money products are currently available. A practice guide on mobile money wallets was recently published. ANZ offers a USSD-based service called “goMoney”, which leverages the mobile network infrastructure and provides a branchless banking model. Currently, 120 agents offer this service. Agent quality and liquidity remain an ongoing challenge in SOI, like most nascent DFS markets. Credit Unions are another form of financial institution frequently used by formal sector employees for savings and credit services. A total of 6,916 credit union savings accounts were reported with \$51 million in savings and \$46 million in the amount of loans disbursed. Informal savings groups have remained limited in size with 13,103 members to date.⁵²

Overall, the infrastructure for accessing financial services is limited; access points are mostly located in urban locations and have limited outreach. For rural clients, access to these service points is prohibitive due to high travel and opportunity costs, impeding both access and usage of financial services. Financial Service Providers (FSPs) are also challenged to reach clients and provide services due to low population density, pending land and energy reforms, and high duty charges. The economic viability of traditional brick and mortar structures in remote locations is questionable, limiting further expansion.

⁵⁰ CBSI Report – SOI Financial Inclusion Progress report summary 2018

⁵¹ Financial Services Demand Side Survey Solomon Islands

⁵² NFIT – Central Bank of Solomon Islands

Access to Financial Services

Access to financial services remains low in the country with only 235,790 active accounts (active accounts do not represent unique users and includes subscribers of pension and insurance products.)

The gender gap in formal financial inclusion stands at 15 percentage points and is one of the highest in the Pacific region.⁵³ This gap has been attributed to prevalent socio-cultural norms and low literacy, numeracy, and financial literacy. The Participation of Women in the Economy Realized (PoWER) report for SOI conducted identifies low literacy and proximity to access points, limited agency over finance, lack of required documentation, limited liquidity, and discomfort in engaging with staff from the formal financial sector as primary barriers for financial inclusion of women. The SOI government has recognized this disparity and the need to economically and financially empower women. It has responded with a national policy on women's empowerment. In addition, initiatives under NFIS have targeted women, specifically to bridge the persistent gender gap. Table 2 represents key indicators from the DSS and demonstrates despite the high report of savings behaviours, very few have an account or have saved money at a financial institution in the past year. Similarly, more than half report borrowing from any source in the past year, but fewer than 5% have borrowed from a financial institution in the last year

*Table 81: Access to Financial Services**

S. No	Indicators	Achievement
1	Saved any money in the past year	87%
2.	Account at a formal financial institution (bank or credit union)	26%
3.	Saved at a financial institution in the past year (bank, credit union, MFI)	17%
4.	Saved using a savings club in the past year	1.48%
5.	Loan in the past year from any source	64%
6.	Loan from a financial institution in the past year	3%
7.	Received domestic remittances last year	36%
8.	Debit cards (total population)	20.8%
9.	Mobile phone used to pay bills (total population)	1.3%
10.	Mobile phone used to receive money (total population)	3.2%
11.	Adults with Insurance	7%

*Data Source - Financial Services Demand Side Survey: Solomon Islands, 2015

⁵³ PoWER Access and Agency Country Assessments Solomon Islands – June 2019

Mobile phone penetration is reported at 61.7%. Among banked adults, 40.1% have mobile banking services linked to their bank account. These subscribers have used at least one type of mobile banking transaction. High usability and relevance of DFS in the context of Solomon Islands is clearly demonstrated by these numbers. Alternate channels such as digital finance, agency banking etc remain the key to expanding services in unbanked or underbanked locations considering the geography and dispersed population of SOI. In June 2019, Australia and SOI signed an MOU formalizing Australia's funding commitment for the construction of a high-speed undersea internet cable connecting the two countries. It is expected to broaden the outreach of Internet connectivity and bring down the current exorbitant prices. It is also expected to aid the expansion of a digital footprint in SOI and strengthen the provision of DFS.

3 PFIP -II Programmatic interventions in SOI

This section captures the major interventions in SOI under PFIP-II. The interventions have been classified under the three workstreams of PFIP: i) Policy and Regulation, ii) Financial Innovation, and iii) Customer Empowerment. Some of the interventions are at the intersection of two workstreams. These are marked under both the workstreams in Annex II.

3.1 Country Level Focus of PFIP-II

PFIP-II's objective is to increase the number of low-income Pacific Islanders who adopt and use formal financial services, with the long-term goal of improving livelihoods. It aims to achieve this objective by supporting financial service providers to innovate with products and services for mass-market consumers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. To this end, PFIP—II is organized into three workstreams: Policy and Regulation, Financial Innovation, and Consumer Empowerment.

The following are the country-level focus areas for SOI:

1. **Output 1** - Better Policies, Regulations and Coordinated Actions: Strengthening the capacity of CBSI and NFIT to implement and coordinate FI activities
2. **Output 2** - Deepening Financial Access:
 - a. Grants and technical assistance support to partners willing to venture into MM/BB space
 - b. Advocacy and support for G2P riding on MM/BB rails, and for microinsurance
 - c. Work with CBSI to strengthen supervision of savings clubs and build capacities/provide support to NGOs promoting savings club
3. **Output 3** - Better Market Information and Access to Knowledge:
 - a. Agent network scoping/feasibility study
 - b. Demand-side research and supply-side feasibility on microinsurance
 - c. Commissioning research through financial diaries to better understand the demand side of financial services
4. **Output 4** - Informed and Competent Consumers
 - a. Strengthening financial competence with greater emphasis on women
 - b. Advocacy and implementation support for FinEd to CBSI/Min of Education;
 - c. Financial literacy through faith-based and member-based institutions

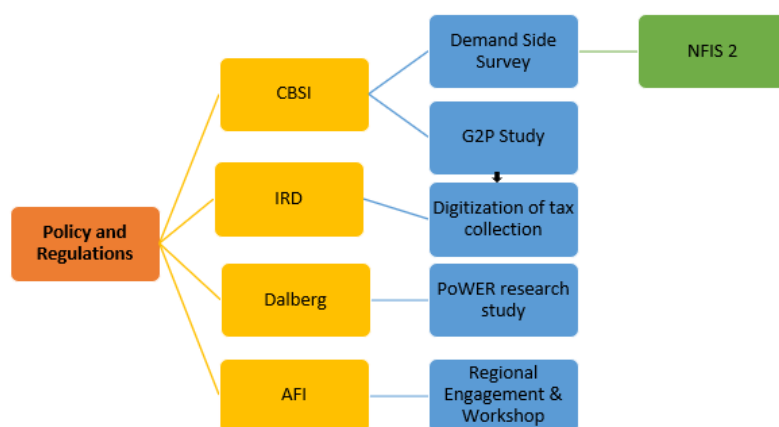
The table below summarizes the projects per each of the workstreams and their budget allocation and current budget status as of June 2019. The projects are briefly summarized below but comprehensively documented in Annexes III and IV.

Table 82: Summary of Projects by Workstream and Budgets

Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status
Policy & Regulation	Central Bank of Solomon Islands	2015-19	215,000	215,000	Closed
	Central Bank of Solomon Islands	2014	54,671	52,381	Closed
	Central Bank of Solomon Islands	2015	197,817	186,494	Closed
	Inland Revenue Department	2017-19	454,200	340,650	Ongoing
	Alliance for Financial Inclusion	2015-16	422,384	391,622	Closed
Policy Regulation/Consumer Empowerment &	Dalberg Global Development Advisors	2018-19	284,430	284,430	Closed
Financial Innovation	World Vision	2015-19	61,217	48,974	Closed
	SPBD Microfinance	2015-19	185,057	185,057	Closed
	SPBD Microfinance	2016	44,078	44,078	Closed
	ANZ Banking Group	2016-19	175,000	175,000	Closed
	CBSI	2019-20	250,000	75,000	Ongoing
	ANZ Banking Group	2018-20	110,000	33,000	Ongoing
	Solomon Islands National Provident Fund	2018-20	550,000	459,000	Ongoing
Financial Innovation/Consumer Empowerment	Solomon Islands National Provident Fund	2015-17	176,820	176,820	Closed
Consumer Empowerment	Young Enterprise Trust	2016	43,915	43,915	Closed

3.2 Policy and Regulation

During Phase II, PFIP has continued supporting the interventions started during PFIP-I. Figure 2 summarizes the key partners and activities completed in the Policy and Regulations work-stream. PFIP has worked closely with CBSI on key issues affecting financial inclusion. Some of the pivotal work done under PFIP-II includes developing the National Financial Inclusion Strategy for NFIS II, conducting a Demand Side Survey, which is a – first of its kind study in SOI which has established the baseline for key financial inclusion indicators, digitizing Government to Person (G2P) payments and conducting the



PoWER study, which was designed to identify barriers and opportunities for the financial inclusion of women. A brief note on the interventions under the Policy & Regulation workstream is provided below:

Figure 6: At-a-glance: PFIP -II Policy & Regulations interventions

- **Demand Side Survey (DSS)** – PFIP made a grant to

CBSI for conducting a DSS from January to June 2015. The survey was conducted with a nationally representative sample of 1,000 households. PFIP provided a grant of US \$197,817 for this intervention. Results from DSS were used to develop the NFIS –II. DSS acts as a baseline for the status of financial inclusion in the country against which progress is measured. Prior to this survey, there was no national-level data on financial inclusion indicators. The National Statistics Office supported CBSI on development of research design and methodology. Bankable Frontier Associates (BFA) provided technical assistance for developing the survey methodology, training of enumerators, analyzing data, and report-writing. CBSI implemented the on-field data collection exercise across the country. As a follow up to DSS - 2015, NFIU has integrated six indicators for financial inclusion into the national-level census (planned for November 2019⁵⁴) to measure the progress made during this period.

- **NFIS II** – PFIP -II supported CBSI to develop NFIS –II with the funding support of US\$ 215,000. Under this grant, major tasks undertaken by CBSI included:
 - Development of NFIS -II,
 - Planning and implementation of public awareness campaigns,
 - Development of financial inclusion dashboard, and
 - Development of consumer protection guidelines.

NFIS-II provides the roadmap for financial inclusion in the country for the 2016-2020 period and is a major force for expediting financial inclusion in the country. NFIS-II aims to financially include 300,000 adults (of which 150,000 must be women) as active users of formal or semi-formal

⁵⁴ <https://www.statistics.gov.sb/census-2019>

accounts. Further, it aims to ensure that 90% of the population has a financial service access point within one hour of an ordinary commute from their home.

Work on the development of consumer protection guideline is ongoing. It includes the development of general guidelines for the banking sector and for savings group institutions. The dashboard for financial inclusion indicators is ready but has not been launched yet. PFIP-II receives quarterly reporting from CBSI on financial inclusion indicators. This dashboard is expected to inform better policymaking and business decisions, which is a challenge currently owing to the limited availability of publicly-available data on financial inclusion indicators in the country.

- **Digitizing G2P payments** – Two grants were made under PFIP-II towards digitizing G2P payments. The first grant of **USD 54,671** was made to CBSI for conducting a study on G2P payments between *October and December 2014*. This study assessed i) G2P payments as a potential catalyst to increase transaction volumes of branchless/ mobile banking deployments, and ii) potential of branchless/ mobile banking to improve the ease, convenience, and cost of access to banking services by G2P payment recipients. Pi Strategy Consulting conducted this study and the study results led to work with the Inland Revenue Department (IRD) of Solomon Islands for modernizing the tax revenue management system.

Started in *July 2017*, this project builds upon the initial funding provided by the Government of New Zealand for tax reforms in the IRD department. PFIP supported IRD with a grant of **USD 454,200** for this ongoing project. Most of the funds received from PFIP has been spent on upgrades in technology and generating awareness of the G2P payments. As an outcome of this intervention, payment of five taxes - Goods tax, Sales tax, Pay as You Earn (PAYE) – Salary & wages, Corporate & SME and Withholding tax – have been digitized. Online payment of taxes started in December 2018 but is currently quite low. PFIP also provided technical assistance to IRD in the development and roll-out of the marketing strategy for mass awareness and adoption of online tax payment facility. This project is in alignment with the NFIS-II & BTCA declaration, which aim to digitize government transactions and promote digital payments.

- **PoWER research study** – The Financial Inclusion Practice Area (FIPA) in UNCDF has developed a global strategy for women’s economic participation and empowerment called Participation of Women in the Economy Realized (PoWER).⁵⁵ Conducted by Dalberg Global in SOI and Papua New Guinea (PNG), this study methodology uses mixed-method research to identify barriers and opportunities for women’s financial inclusion. For SOI, 400 women and girls participated in a quantitative survey, 5 Focus Group Discussions with women farmers, entrepreneurs and adolescent girls were also conducted along with 20 key informant interviews with FSPs, governments and civil society members. The report was submitted to PFIP in June 2019. This research study is expected to inform the design of future programming for PFIP and deepen its engagement and efforts towards women’s economic empowerment with a more intentional and structured focus on enabling women’s access and usage of financial services. Additionally, it presents empirical evidence to policymakers and regulators, highlighting the need for adopting a gendered approach. This grant of **US\$ 283,430** was approved in September 2018.

⁵⁵ <https://www.uncdf.org/power/homepage>

- **Alliance for Financial Inclusion** – PFIP made a grant of **US\$ 422,384** to the Alliance for Financial Inclusion (AFI) to cover activities implemented between August 2015 and July 2016. AFI is a global network of financial sector regulators from developing and emerging countries that work together to increase access to appropriate financial services for the poor. The grant aimed to enable select member countries of the Pacific Island Regional Initiative (PIRI) to focus more systematically on cross-border policy issues and increase peer learning with AFI members in other regions. As part of this grant, AFI conducted workshops on Consumer Empowerment and market conduct and facilitated participation in global events & conferences for PIRI members and conducted PIRI summits.

3.3 Financial Innovation

PFIP-II supported a total of eight interventions under the Financial Innovation workstream. Five of these grants, to World Vision, SPBD microfinance, ANZ bank, Solomon Island National Provident Fund, and CBSI, have been closed while the remaining three are currently ongoing. Figure 3 and the text below describe the purpose of these grants.

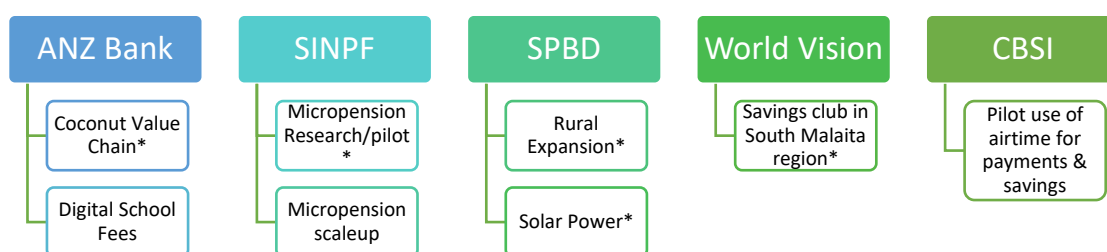


Figure 7: Financial Innovation Project Portfolio - PFIP -II

Note - * implies closed grants

- **ANZ Bank** is one of the four banks operating in the Solomon Islands and has 3 branches in Honiara and Gizo. ANZ has 13 ATMs, out of which 11 are in Honiara.⁵⁶ - ANZ launched its mobile banking platform, ANZ goMoney in Papua New Guinea, Samoa and the Solomon Islands in 2013 with a view to reaching the unserved and under-served market segments in the Pacific region. ANZ goMoney works on a USSD platform and provides a simple menu-based transaction interface capable of working on any feature or smartphone. goMoney enables a) customer signup in one encounter, b) cash deposits and withdrawals through cash merchants, and c) mobile phone-based transactions. Prior to receiving funding from PFIP-II, ANZ had already invested AUD 20 million in the goMoney platform regionally; however, the results failed to justify further investment in the channel as a viable business line. Validation of the business case was required before ANZ could justify further investment in goMoney.

With a grant from PFIP-II of **US\$ 175,000 for July 2016 – June 2018**, ANZ undertook a pilot in Malaita to test the commercial viability of the goMoney platform through **digitizing the coconut value chain** (see Figure 4). This entailed digitizing payments from coconut expellers to individual farmers. Once the farmer receives payment in his/her goMoney account, s/he goes to an agent and withdraws cash. Premier Group of Companies (PGCL) acted as the third-party agency network manager for ANZ. It enrolled and managed all cash merchants, recruited and enrolled customers,

⁵⁶ <https://www.anz.com/solomonislands/en/contact-us/>

and provided personal financial literacy training to clients as well as business basics training to cash merchants.



Figure 8: Coconut Value Chain

Against a target of 24000 customers (of which about 12,500 women), a total of about 16,000 farmers were enrolled by the end of the project, fewer than 500 of them are currently active. A Microsave scoping mission in May 2017 attributed the low activity rate of goMoney to the lack of relevant use cases on the platform. Microsave identified the payment of school fees as a major expenditure for households (in range of SBD 1,500 to SBD 5,000). This led to the formulation of the **Digital School Fees** project with ANZ. PFIP supported ANZ with a grant of **US\$ 110,000** from *November 2018 to March 2020* to support technology upgrades, network development, and customer on-boarding. Under this project, schools and parents aimed to registered and on-board XXX people to make school fee payment using goMoney platform. Figure 5 below describes the process of how the bill pay works.

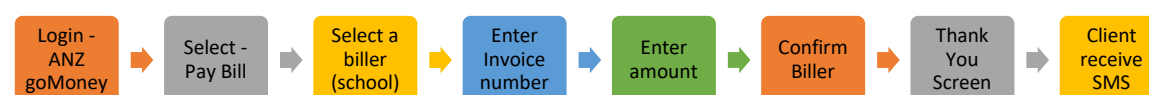


Figure 9: 8 steps procedure for fees payment through goMoney

To-date, about 500 parents are transacting through goMoney platform, and a total of 11 schools have been on-boarded on the platform. ANZ bank has also expanded the scope of the project include the payment of teachers through goMoney.

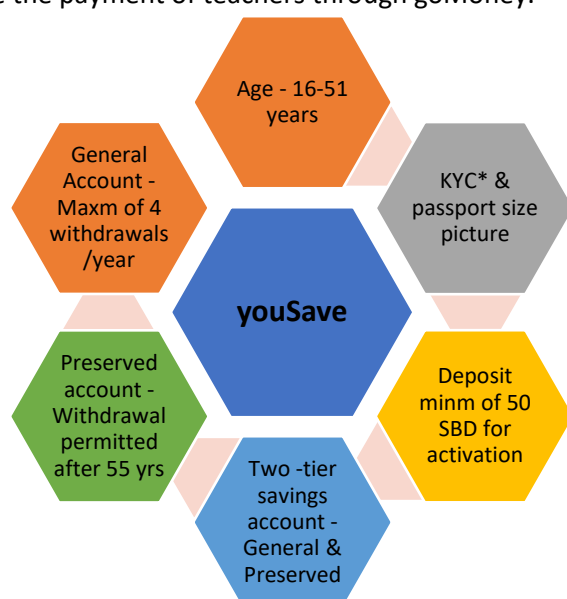


Figure 10: Product Design – youSave

* Birth Certificate, driver's license, voter ID, letter from church leader/village elder

To initiate the first project, a feasibility study was undertaken by Blue Print Pension Services (BPPS) to assess the viability of micro-pension for the informal sector. The research aimed to determine the possible demand for voluntary savings and pension as well as to understand socio-cultural norms, gender issues, behavioural and psychological barriers, and financial capability of households to inform the product development. BPPS provided technical assistance using a three-

- **SINPF** received funding from PFIP-II to support two interventions under the Financial Innovation workstream: 1) a micro-pension research project and pilot and 2) micro-pension scale-up. For intervention one, PFIP-II made a grant of **US\$ 176,820**, which occurred between *October 2015 to December 2017*. For intervention two, PFIP-II, made a grant of **US\$ 550,000** to support work between *April 2018 and December 2019*.

phased approach which included (a) customer needs research (b) human-centred product design and (c) pilot roll-out and initial sign-up/validation phase. Results from the feasibility study suggested market potential existed for a micro-pension product. After approval from the SINPF Board, the scheme—known at YouSave—was piloted within Honiara and nearby areas from May to December 2017 with a target to enroll 500 people. The actual achievement far exceeded the pilot target: 1,200 people with 70% female enrolled with an average savings of 600 SBD per account. The SINPF board unanimously agreed to scale the YouSave product to the rest of the Solomon Islands. A conservative business case needed to break even presented by BPPS suggested that SINPF would have to acquire at least 15,000 clients, making an average savings of SBD 1,200 annually.

The scale-up phase, which is still underway, integrated the learnings from the pilot phase and is rolling out the product. The target is to reach 15,000 people (at least 50% women) and to make the product available across 9 provinces of SOI. The customer onboarding is done through 3 SINPF offices and 37 SINPF agents. Contributions can be made by cash at SINPF offices, through agents and goMoney. Withdrawals can only be made at SINPF offices. Customers get a text update for deposits made, and currently, there is no deposit or withdrawal charge. PFIP-II support has been used for automation and digitizing registration, onboarding the members, agent network development and management, project management, marketing, and communications and innovation to meet set target for AuM.

As of June 2019, a total of 10,204 clients had subscribed to the product out of which 5,410 were women. The product is widely recognized and seems to have garnered the interest of many clients as well as key government stakeholders. As part of the airtime project implemented by CBSI (which is described later), it is planned that members will be able to contribute to their YouSave account using mobile airtime. This is expected to expand the outreach of the product and positively impact the uptake of the product.

- **SPBD Microfinance** received two rounds of funding: one round for **rural expansion of microfinance services** and a second round for **provision of solar products**. It is a microfinance organization working in the Pacific region and works exclusively with women.

Under the first grant, SPBD expanded its core microfinance operations outside Honiara in rural Guadalcanal and the Western Province. A total of **US\$ 185,057** was granted for this project for *June 2015 to December 2016*. This funding was used for hiring new staff, setting up 20 new rural centres, commencement of loan disbursement in these locations, expansion to western province and starting the operations there. All the targets set for the project were achieved by SPBD.

Eighty-five per cent of households in the Solomon Islands have no electricity connection.⁵⁷ In order to address this, SPBD conducted a scoping exercise in 2015 and identified the opportunity to offer access to solar products. PFIP-II supported this endeavour with a grant of **US\$ 44,078** to run a pilot project for a solar access program with the clients of SPBD microfinance in rural areas of Guadalcanal and Western Province. This pilot project was implemented between *January 2016 to June 2017*. Against a target of providing 1,348 solar loans, a total of 822 loans were made by June 2017 to rural women in these two provinces.

⁵⁷ Source: Pacific Lighthouses: Renewable energy opportunities and challenges in the Pacific region: International Renewable energy agency (IRENA) August 2013 (www.irena.org)

- **World Vision** is a global NGO and has been working in SOI for more than 30 years. It has been promoting savings groups in the country since 2011. PFIP-II supported World Vision with a grant of **US\$ 61,217** in *June 2015* for the formation of 73 new savings groups covering a total of 1,825 members. The target was to reach (almost) 100 per cent unbanked and a minimum of 50% women among extremely low-income households within remote rural areas. As a sub-component of the project, a microinsurance pilot with 250 of members of savings groups was planned but did not take off. The project met the outreach targets. As next steps, linkages of these savings groups to banks was proposed by World Vision. These linkages did not materialize due to high costs and the unwillingness of banks to work with the savings groups.

CBSI received a grant of US\$ 450,000 to support a pilot for the use of airtime for payments and savings by community members (Figure 7). US\$ 250,000 was earmarked for technology up-gradation, integration of MNOs and SINPF systems, and a USSD interface. The project was planned

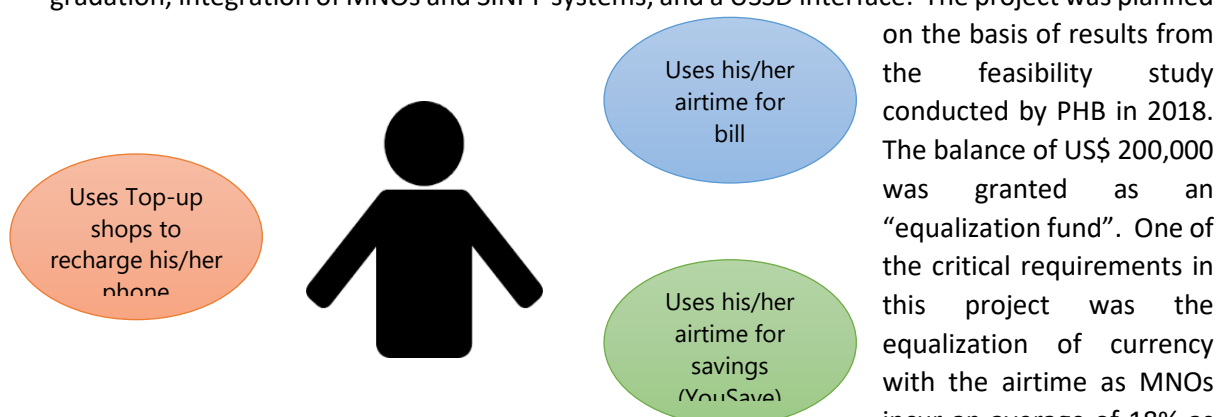


Figure 11: Pilot use of airtime

the distribution cost for airtime in the current model, 5% will be borne by the client using the service, 3% will be borne by billers or SINPF and balance 10% will be borne by PFIP through the equalization fund.

The pilot is expected to be launched by October 2019. Once operationalized, this project will likely be the first of its kind in the world. It is uniquely suited to the SOI context as banking remains patchy and mobile money has not taken off due to scale constraints. If the pilot is successful, the government may consider bearing the equalization amount during the scale-up phase by waiving the 10% tax on top-ups. Both the MNOs present in the Solomon Islands - Solomon Telecom and BMobile-- will be part of this pilot. Considering the potential of this project to expand financial services to the excluded segments, the project has set high expectations from key stakeholders such as SINPF and CBSI.

Overall, the Financial Innovation workstream of PFIP-II had a good mix of FSPs from different backgrounds such as banking, microfinance, MNOs, and NGO as well as regulatory bodies. PFIP-II interventions support a wide range of financial services, including savings, micro-pension, payments, and microcredit. The majority of the interventions have focused on the promotion of DFS suited to the financial sector landscape of the Solomon Islands.

3.4 Consumer Empowerment

PFIP-II interventions under the Consumer Empowerment workstream include: support for the development of a financial education strategy by Young Enterprise Trust (YET), support to Dalberg to run country-level POWER diagnostic on critical constraints in financial inclusion of women and girls, a

grant to AFI for running consumer empowerment workshops, and research and piloting of the YouSave product. Three of these interventions (AFI, PoWER & research, and the pilot for YouSave) are at the intersection with the other two workstreams and have already been described previously and are also described in Table in Annex II.

YET received a grant of US\$ **43,915** for activities implemented between April and June 2016 for developing a strategy for integrating financial education in schools in SOI. YET worked with the curriculum division under MEHRD of SOI to develop and finalize the strategy. During the country mission, it was identified that the project had not moved beyond strategy development. A sub-national approach for integrating financial education has been adopted and it has been implemented through Regional Training Centers (RTCs). The pilot was conducted at 3 RTCs and two books were developed for basic and advanced financial concepts. A midline study was conducted, confirmed the effectiveness of the intervention. Subsequently, it has been scaled-up to 6 RTCs across 5 provinces.

3.5 Additional PFIP-II Activities

Apart from the interventions listed in the three workstreams above, PFIP-II also supported the following research or feasibility studies:

1. **Mid-term Review of National Financial Inclusion Strategy II** – An internal PFIP team undertook this review in August 2018 and it looked at the progress made under NFIS II and made recommendations for sharpening the strategy and focus on priority areas achievable up to 2020. Strategic objectives under NFIS II were reviewed along with the Key Result Areas and progress made since the inception.
2. **Institutional and Demand Assessment for Mobile Money Services for Bmobile in the Solomon Islands** – This institutional assessment looked at Bmobile’s readiness and capacity to deploy a mobile money service in the Solomon Islands. MicroSave conducted this assessment in October 2018 and found that a huge vacuum existed in formal finance, which could be fulfilled by Mobile Financial Services (MFS). MFS was proposed to be used as a channel for payments and remittances, which could also be extended for savings subsequently.
3. **BSP Branchless banking assessment and contours of ‘Design lab’**– This study assessed and recommend next steps to improve the customer experience under agent banking and mobile banking channels. A blueprint for the setup of a new Design Lab for BSP was prepared during April 2017 by Digital Disruptions.
4. **Institutional diagnostic of SIPC for the deployment of Ezi Pei mobile money solution** - This institutional diagnostic and assessment of SIPC looked at its readiness, capacity, and capability to deploy a mobile money product. An individual consultant conducted this assessment in August 2018.
5. **Viability of goMoney channel of ANZ** – This study conducted by MicroSave in 2017 assessed the viability of the goMoney channel of the ANZ banking group. Based on the recommendations of this scoping mission, digitization of school fee payment was introduced through goMoney platform.

6. **Linking Savings Groups with Formal Financial Services through Digital Channels** – This exploratory study was conducted by GRID Impact through user research and human-centered design in October 2017. It explored the feasibility of linking savings groups with formal financial services through digital channels. The study was undertaken prior to completion of the pilot with World Vision and was envisaged as a logical next step for the pilot. GRID Impact also proposed a draft work plan for a pilot project to design the linkage product and actualize it in a test environment. However, the cost of the pilot was observed to be high (approximately USD \$250,000) compared to the impact and number of people it would benefit, which created a concern for the value for money.

4 EVALUATION findings

This section reviews the achievements and lessons learnt from PFIP-II implementation in the Solomon Islands as per OECD/DAC parameters of relevance, efficiency, effectiveness, impact, and sustainability.

4.1 Relevance

The Demand Side Survey in the Solomon Islands conducted in 2015 indicated the low level (33.8% of the population) of access and usage of financial services in the country. It also highlighted the gaps in access to financial services for the informal sector⁵⁸. Furthermore, it found out that women are unbanked but exhibit comparable informal savings behaviour as men. Domestic remittance as a financial product was identified as highly required solution considering its need regardless of location or gender. Finally, DSS identified the need for financial education, as 46% of unbanked adults mentioned their inability to use bank accounts owing to lack of knowledge.

All the interventions planned under PFIP-II had high potential to facilitate financial inclusion in the country by expanding the access to financial services and products to low-income households. **While the interventions under the policy and regulatory workstream do not immediately add to program outreach, they are foundational for financial inclusion in the country. Development of NFIS-II and development of consumer protection guideline are such examples of these foundational activities.** Grants made under the Financial Innovation workstream, such as youSave and airtime for payments, are highly relevant given the country context and can drive financial inclusion in the country. Some of the other grants made to SPBD and World Vision have also resulted in expanding financial services in geographies that were earlier untouched. Focus on gender as a cross-cutting theme under the policy & regulation and financial innovation workstream has helped target women exclusively under PFIP II. **Thus, it can be concluded that interventions under PFIP -II have had a high relevance for low-income households for facilitating financial inclusion in the given country context.**

Interventions under PFIP-II fostered relationships between FSPs, technical service providers (TSPs), regulators, and consumers. The working groups under NFIS-II provided a platform to industry-level stakeholders to discuss and deliberate industry issues. The stakeholder consultations affirmed the achievements of these working groups. Intervention such as youSave is a prime example of such synergy as it brought together the regulator, MNOs, SINPF, and the billers. The PFIP support to NFIS-II & mid-term review particularly helps localise the output and outcome level objectives for PFIP in the policy and regulation space in SOI. This has helped foster local partnerships, strong in-roads into the key policy and regulatory spaces where the **PFIP staff is well recognised and appreciated for the technical skills that they bring in.** Overall, the evaluation team opines that PFIP -II mobilized and developed synergy amongst key stakeholders in the country to provide the required impetus for financial inclusion.

The evaluation looked at different cross-cutting themes pursued by PFIP-II such as gender, digital, knowledge management, and customer-centricity to ascertain their relevance. **In line with the UNCDF's strategy, most of the programs targeted 50% of women as part of their outreach. Some projects (SPBD, World Vision) had 100% of women outreach. Considering the gender gap in access and usage of financial services in the Solomon Islands, this emphasis on women's economic empowerment was highly relevant.** Women clients using youSave products reported feeling

⁵⁸ DSS-Solomon Islands reports that 71% of those with access are salaried employee.

empowered with the product access as it helped them to save for their children's education and old age.

Several of the interventions promoted digital finance at various levels – G2P payments, utility bill payments, school fee payments, savings, etc. This was in line with the core strategy of UNCDF and promoted digital finance. It also perfectly suited the financial landscape of the country wherein scale and demography hinder operational and economic viability of the traditional FSPs. **The upcoming shared banking agency network that will allow for interoperability is tailor-made for the country and is likely to boost agents' viability. It is expected to accelerate the financial inclusion for the underbanked and unbanked population in the country.** The challenge, however, is, how to onboard financial institutions, in particular banks to fully participate. It also needs to address issues such as agent's access to bank branches, liquidity management and overall agent's quality.

Overall, it can be aptly concluded that interventions designed during PFIP -II were highly relevant to the country's context and had the potential to expedite financial inclusion in the country. The Demand Side Survey funded by PFIP II has led to the development of NFIS -II which in itself is a testimony of its relevance. **Work done under the Policy and Regulation workstream has put financial inclusion at the centerstage of policy discussions. Through its work under the Financial Innovation domain, PFIP II has been able to work on DFS through goMoney, Micropension through youSave, rural expansion through SPBD and savings group through World Vision.** Domestic remittance remained an untouched domain though goMoney partly aimed to provide a solution for it. **Consumer Empowerment has been targeted through FinEd project for youth with RTCs however there was no nationwide effort.** Considering the lack of financial education as reported in DSS, it seems to be one of the gaps. One of the critical achievements of PFIP -II was to bring focus and stakeholders together on financial inclusion in the country and support innovations.

4.2 Efficiency

The efficiency of PFIP -II will assess the key parameters of quality and efficiency of programme management, the Request for Application (RFA) process, Performance-based Agreements (PBA), and Technical Assistance and Policy and Regulation interventions.

PFIP –II undertook multiple interventions engaging a wide range of stakeholders which necessitated a high level of quality and efficiency of program management. PFIP-II met the expected standards in most cases. **During the KIIs, all the stakeholders reported constant engagement with the PFIP-II country manager and appreciated the inputs and support received. Development of personal rapport with key stakeholders at the grantee organization resulted in wider recognition of the programme and was crucial for the success of the program.** Most of the grantees recognized constant engagement of PFIP staffs was crucial for the success of their individual projects.

In each project appraisal document, there are clear performance indicators to be achieved along with their reporting framework and frequency of reporting to PFIP. **The efficiency of the programme could have been higher if the data quality on financial innovation projects would have been deeper.** Engagement of the M&E team was however low and largely limited to the exchange of data points. The evaluation team did not come across evidence of information flowing from the M&E system back to the grantees for effective reflective program implementation. Engagement with the larger program team at the UNCDF Suva office was reported and the same was established by the evaluation team during review of documents. Though not consistently, but some of the projects (e.g. NFIS 2, FinEd for

youth) underwent midterm reviews for course correction and improvement. **Overall, the quality and efficiency of programme management was found good and had deep engagement with the in-country team and followed robust measures to ensure project success.**

As mentioned in the financial landscape section, the financial market in the Solomon Islands is not very developed or competitive and a limited number of FSPs operate in the country. It doesn't allow PFIP-II to choose grantees through a robust competitive process. **Most of the time, grants were made through the solicitation and non-competitive process. However, the due diligence and investment committee recommendations were taken into account in all the cases.** In most cases (e.g., World Vision, youSave pilot), targets under PBAs were achieved by the grantees. However, in a few cases (e.g. SPBD) only partial achievement was noted.

In terms of project identification and formulation of projects, PFIP-II was efficient and all the appraisal documents clearly describe the intervention logic, justification for funding as well as progress indicators. All grant proposals were approved by the Investment Committee (IC) and interviews with IC participants revealed that IC members were consulted even during the project preparation stage to arrive at a consensus. **Performance-Based Agreements developed for the grantees were highly detailed in nature and captured key performance indicators, targets against each one of them and the timeline with disbursement linked to the progress of the project.**

PFIP II provided technical assistance to public and private agencies through consultants as well as programme staffs. The in-country staff regularly engaged with grantees and provided technical assistance regularly. In a few cases, such as mid-term review of NFIS II, TA was provided by outstation programme staffs. TA provided by PFIP-II for development and the midterm review of NFIS-II was well appreciated by stakeholders at CBSI. TAs provided by PFIP staffs was highly appreciated by stakeholders across the consultations.

TA provided by BPPS for development of youSave resulted in greater uptake of product at the client level.

I like the limitation on withdrawal (4 times/year) from savings at SINPF; it will ensure I have enough balance when I retire – Women participant from FGD at SINPF

Review of PBAs suggested clearly defined payment terms, the scope of work, and performance-based indicators. Usage of the grant from PFIP -II was clearly articulated by the grantees and identified during the project appraisal process. Overall, the quality and efficiency of technical assistance and policy and regulation interventions were found satisfactory by the evaluation team.

Overall, the evaluation team ascertains the overall efficiency of the program to be satisfactory with high quality of TA, good program management and improved outcomes from policy and regulation interventions. Data management and reporting need improvement for projects under financial innovation workstream.

4.3 Effectiveness

PFIP-II has clear outputs and outcome indicators detailed as part of its RMF and interventions under PFIP -II exhibited varying levels of effectiveness. The overall effectiveness of the PFIP-II in SOI can be ascertained on the performance of the output indicators of the programme's RMF:

Outputs⁵⁹

4. Policy and Regulations Workstream:
 - a. The RMF requires each country of intervention to have an NFIS in place. PFIP -II has successfully commissioned and assisted CBSI in crafting the *NFIS-II 2016-2020*
 - b. In terms of policy-related TA/research delivered, SOI has contributed 3 research products to the regional goal of 11; **Evidence:** *NFIS -II, Mid-Term NFIS review and Insurance Act in SOI*
 - c. In terms of digital G2P/P2G projects, SOI has contributed 1. **Evidence:** *IRD project*
5. Financial Innovations Workstream:
 - a. Number of projects
 - i. Mobile money: No project
 - ii. Branchless banking: SOI has delivered 2 projects; **Evidence:** *ANZ & BSP SOI projects*
 - iii. Insurance: No Project;
 - iv. Microfinance: SOI has delivered 2 projects. **Evidence:** *SPBD Solar and Rural Expansion*
 - v. Savings clubs: SOI has delivered 1. **Evidence:** *World Vision*
 - vi. Remittances: No Project;
 - vii. Pension: SOI has delivered 2; **Evidence:** *SINPF Pilot and scale*
 - b. Number of test projects: Against a regional target of 12, SOI delivered 3; **Evidence:** *SINPF, SPBD and BSP SOI*
 - c. Projects with the segmentation of women – 3 projects have a segmentation of women; **Evidence:** *SPBD, SINPF and ANZ goMoney*
 - d. Knowledge products: Against a regional target of 15, SOI has contributed 6; **Evidence:** *Savings Club Manual, Micropension research, School fees calendar, School fee blog, Country profile of SOI & Savings Group Focus note*
6. Consumer Empowerment workstream:
 - a. Fin-ed projects: Against a regional target of 5, SOI has contributed 1; **Evidence:** *TVET Fin-ed initiative*
 - b. Consumer education model tests: Against a regional target of 3, SOI has contributed *none*.
 - c. Consumer protection mechanism tests: Against a regional target of 1, SOI has contributed *none*.

PFIP-II chose to engage with a wide variety of grantees. It engaged with regulators, government bodies, FSPs (public as well as the private sector), MNOs, NGOs, and TSPs. The Financial Inclusion landscape in the Solomon Islands has a limited number of FSPs and TSPs; limiting the options for selecting grantees. However, **given the three different workstreams, PFIP-II worked with highly-relevant actors within each of the workstreams.**

⁵⁹ Results Management Framework; PFIP Phase II

PFIP-II had a major thrust on supporting the development of policy and regulations for enabling financial inclusion in the country. Rapid strides were made with the development of major policies, regulations, and strategies. The evaluation team noted a significant shift in the policy arena for financial inclusion in the country, largely guided by PFIP-II. Development and implementation of NFIS -II, review of the insurance bill, development of prudential guidelines for mobile money, consumer protection guidelines, G2P study and digitization of tax collections are some major policy work that was supported by PFIP-II. **The stakeholders contacted by the evaluation team consistently acknowledged and highly appreciated the role of PFIP in policy development. The PFIP – II strategy to support initiatives towards creating an enabling policy and regulatory environment was therefore highly effective.**

"PFIP brought-in new ideas during the discussions and immensely contributed to the development of policies for enabling financial inclusion."

-KII with NFIU,CBSI

In line with the market development approach, PFIP-II supported a number of FSPs towards the development of institutional capacity, products, and channels. The objective of such market development strategy is two-fold- i) to improve the impact on the customers directly served by the market player and ii) larger impact due to market demonstration effect. PFIP's market demonstration effect in the Solomon Islands was notably weak as the financial inclusion landscape suffered from infrastructural issues and contextual challenges. **No new FSPs have entered the market as a result of the PFIP-II investments nor have any FSPs expanded their product suite beyond what was directly funded.** Policy work led by PFIP -II has primarily resulted in stronger acknowledgement of infrastructural issues and other challenges for the economic viability of FSPs. Further efforts are needed for the resolution of such issues, e.g. land and energy reforms, digitization of land records, etc. to before market demonstration effect is likely to take place.

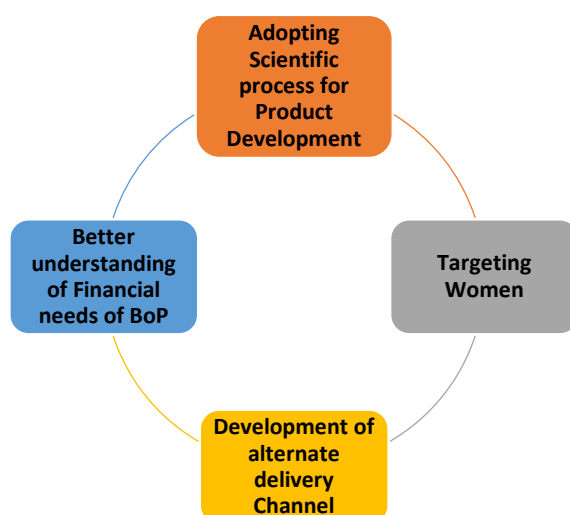


Figure 12: Organizational Changes through PFIP-II efforts

The airtime project is the most likely to contribute to a market demonstration effect due to the expected inroads it can make into underserved and unserved markets. It will also not only feed into youSave expansion and growth but also increase cash-in and cash-out points.

PFIP-II has supported a wide range of public and private institutions in SOI and stimulated changes at the

organizational level for better understanding of financial needs of low-income people, the design and provision of responsible financial services, and cost-effective delivery channels. Most of the product development was informed by research studies, e.g. youSave product was designed by BPPS and use cases were added to the goMoney channel as a result of the scoping study by Microsave Consulting. Concerted efforts by PFIP-II resulted in targeting women positively to bridge the persistent gender gap in access to financial services and products in the country. **It has started to yield dividend with gradual**

progress in the number of women with access to financial services and products. On a different note, **promotion of digital channels and their suitability to Solomon’s context has led to the increased receptivity for the channel within FSPs and some of them have adopted it for delivery of services.** Overall, the understanding of the financial needs of the low-income segment within the FSPs seemed reasonable. However, operational complexities and contextual challenges limit their ability to expand services to rural areas. Digital channels were promoted during PFIP –II. However, like any other nascent DFS landscape, the Solomon Islands too is plagued with issues such as agent quality, network issues, poor adoption rates etc.

“School fee is one of the main expenses of low-income households in the Solomon Islands and households incur huge amounts on travel in paying up school fee”

–KII at ANZ bank

PFIP-II made significant policy-level efforts for consumer empowerment such as the consumer protection bill, targeted financial literacy program by CBSI, FinEd for youth, formation of the Consumer Empowerment working group within NFIT, etc. However, during interactions with the clients during the country mission, the clients showed a lack of knowledge about product features and often had to bear with poor over-the-counter (OTC) services and agent quality. Less than expected level of financial capability could be attributed to a slow percolation effect of policy-level changes on actual practices.

4.3.1 Focus Group Discussion Findings

This sub-section contains detailed findings from the client research from an effectiveness perspective. In the Solomon Islands, two Focus Group Discussions were conducted with clients of ANZ and SINPF. A third FGD with clients of World Vision was planned but did not take place due to logistical challenges. We present the findings on two parameters from the client research related to Effectiveness: a) Financial Literacy and b) Access to Financial Services and Financial Behaviors.

4.3.1.1 Financial Literacy

The participants in the focus group discussions demonstrated a poor level of financial literacy and seemed to have little awareness about financial products and their features. Most of the clients were aware of financial institutions such as banks, insurance providers, and SINPF. Those employed in formal sectors were aware of credit unions. They were aware of the CBSI financial literacy program implemented throughout the country, the MoneyMinded program implemented by ANZ and non-governmental organizations such as World Vision.

Clients of ANZ goMoney were quite conversant about the USSD platform and felt comfortable in using it. They also claimed that women in their households rated it easy to use and were conversant with the platform. It was further triangulated by the reported high level of mobile literacy during one of the KII consultations.

“I don’t know the rate of interest, but it is credited to my account every 3 months”
– Male FGD participant at ANZ

“I don’t know the rate of interest I get on my savings at youSave” – **Female FGD participant at SINPF**

4.3.1.2 Access to Financial Services & Financial Behavior

The Demand Side Survey in the Solomon Islands reported poor access to financial services due to infrastructure constraints and limited access points. Only 34% of the clients had access to formal financial services. Among those interviewed for the FGDs, who were clients of the PFIP partners, most clients had at least one bank account. **However, those interviewed felt that access to bank accounts generally is prohibitive due to high OTC charges and limited access points such as agents or ATMs. Clients claimed that ATMs often run dry, and agents' quality and liquidity was a key concern for them. Most of these agents were lacking funds, hence they frequently faced denied withdrawals.** Some clients also reported that agents stalled transactions so as to divide the transactions resulting in extra fees gained by the agent. Network failure was also one of the reasons cited by clients for poor services by agents. Some clients shared, however, positive experiences with their agents, particularly when agents found creative workarounds for addressing these network failures.

My neighbourhood shop provides me with an advance in case of network failure by keeping my card. When the network is back, I withdraw and repay them. –

Male participant during FGD with ANZ clients

Clients from one FGD served by one organization were often unaware of the products provided by other PFIP-II grantees. For example, none of the FGD participants from ANZ had accessed the insurance or micro pension product. Only two participants had heard about youSave and only one of them was planning to avail the product. Similarly, none of the participants at SINPF had accessed insurance products. Remittances were identified as a hurdle by these clients. Often, they had to rely on friends/ family to transfer money. This was noted as one of the primary constraints in the Demand Side Survey as well.

Most of the female clients reported that they didn't maintain a budget for their household expenses though all of them saved for future. Some of the main uses of savings included children's education, health emergencies, and to plan for old age. Clients had high trust in government institutions such as SINPF and had a preference for products such as youSave for savings as it enforced a financial discipline through limited withdrawals.

NPF is a government institution, so I trust it. I opted for youSave as it locks 50% of the amount till 55 for my old age. – Women participant in FGD at SINPF

In the FGD with SINPF clients, most of the clients perceived the youSave product as savings only solution and were largely unaware of the pension component. Participants had no idea about the amount of money they would be getting in pension payments after attaining 55 years of age. None of the attendees had any idea of the amount of money they would be getting. Although the retirement schedule of payments after 55 years was given to the agents of SINPF, most of the clients were ignorant of the amount of pension they would be getting.

Effectiveness of knowledge management initiatives under PFIP can be gauged by their ability to inform the relevant stakeholders about the informal sector and for them to apply such insights to business and product strategy. The DSS is a widely disseminated report and has a great recall among all PFIP partners.

Overall, the effectiveness of interventions under PFIP-II can be rated moderate with significant achievements in policy and regulation domain. Effectiveness of interventions under Financial

Innovation and Consumer Empowerment is moderate though the market demonstration was identified as an area which needs attention.

4.4 Impact

Overall, PFIP-II has been a highly impactful programme in the country and has managed to reach out to low-income households across the country expediting the financial inclusion efforts in the country. **The impact of the interventions under the Policy and Regulatory area is far-reaching.** The demand side report informs the baseline data that allows for effective planning and measurement of progress on the national strategy. **Efforts made by PFIP -II is highly recognized by stakeholders across the public and private sector.** It must be noted that the impact of PFIP-II must be seen beyond the outreach targets as numbers don't do complete justice in ascertaining the impact of a program such as PFIP which has worked across domains. Setting up the financial inclusion agenda for the country through NFIS -II is a fitting example to substantiate this. However, it must also be recognized that the efforts of PFIP -II have not fully resulted in measurable outcomes at the client level at this stage. **Access to financial services for low-income households remains limited and as does data on outreach to poor for women and rural households.** During the FGDs, clients demonstrated a poor understanding of the products and services they were accessing. Most of the clients accessing youSave perceived it as a savings only product and faced access issues during withdrawal.

Overall, the impact of PFIP -II can be assessed on the following parameters:

1. **Ecosystem Development** – PFIP-II has supported multiple interventions under the Policy and Regulations workstream contributing to the development of an enabling ecosystem for financial inclusion in the country. During the KILs, the stakeholders recognized and praised the work done under PFIP-II for leading the efforts at policy and regulations level.

It would be a big disappointment if PFIP were not a partner to the next development phase of NFIS as they have been instrumental in strategy formulation both for NFIS 1 & 2 and in driving strategies and implementation- Governor Denton Rarawa, CBSI – on being asked if PFIP doesn't support NFIS 3

PFIP-II interventions have led to the development of new products and services along with alternate channels for reaching out to rural and poor segments. PFIP's support to NFIS has been a necessary and critical that has been well-received and this will lead to continued leadership in the sector. Trying to facilitate linkages across projects is also an important step, but this still seems to be a bit limited for the moment. Development of youSave, proposed usage of airtime for payments and savings, and support to goMoney have led to enablement of the wider product range in the realm of financial inclusion. All of these have led to the development of an enabling ecosystem for financial inclusion in the Solomon Islands. As of July 2019, there were 235,790 active users out of which 118,526 are women.⁶⁰ However, the country continues to be a laggard with a significant gender gap (11%) and poor rural outreach. Hence, it is important for PFIP to continue the demonstration of leadership and support the public and private stakeholders for further accentuating financial inclusion.

2. **Enabling Innovation** – PFIP – II has been able to foster innovation for widening access to financial products and services in the country. **New financial products and services targeted for rural and**

⁶⁰ Financial Inclusion Progress report – Q4,2018

low-income clients have been developed and introduced with support from PFIP-II. youSave and airtime usage for payments and savings are the prime examples and these have high potential to expand the reach of formal financial services to the underbanked and unbanked segment of the population. Similarly, work under interoperable agency banking is expected to further accelerate the financial inclusion in the country. The support from PFIP -II for product and channel development was widely recognized by stakeholders across the public and private sector and was reported as much necessitated one. Some of the innovations which did not yield expected results are grants with ANZ bank (goMoney) and World Vision.

Had PFIP not supported us, it would not have been possible to design a product such as youSave – During KII consultation at SINPF

3. **Market development** – PFIP-II has not been very successful when it comes to market development. The country has not attracted new Financial Service Providers. **Some FSPs have diluted their presence (e.g. ANZ bank) by reducing its bank branches in the country. The country continues to operate with a limited set of market players limiting competition and market development.** Several of the FSPs continue to see the BoP segment as non-lucrative or unviable and engages with them only as a Corporate Social Responsibility strategy.

goMoney as a channel is not profitable for us, and we feel that the project is a CSR project for us rather than a scalable business model – During KII with ANZ Bank

4. **Client education & Access to financial services** – PFIP -II has increased access to financial services and products with policy interventions and by working with public and private sector FSPs. Though access to financial services and products has remained limited for rural and low-income households, largely due to non-availability of access points. FGDs with clients during country mission suggested poor financial literacy of clients with most of them not being aware of basic product features such as interest rate. Overall, the level of financial education and access to financial services in the country remains limited and prohibitive, especially for rural clients. However, interventions such as airtime usage for payments and savings and interoperability of agents are promising.

4.5 Sustainability

While PFIP has success in mainstreaming the interventions under the Policy and Regulations workstream and ensuring their long-term sustainability, there is a question mark on the sustainability of some interventions under the Financial Innovation workstream. One of the exceptions is youSave though it has some of the operational complexities which can affect the sustainability of product in the long run. The table below highlights the concerns about sustainability:

S. N	Intervention	Sustainability Issues
1.	ANZ goMoney channel	The channel has remained non-profitable for ANZ bank despite the efforts from PFIP. Furthermore, ANZ considers the project as their CSR work and doesn't consider it as a scalable business model. Some of the other issues affecting the project are tension simmering between PGCL and ANZ and poor agent quality.

2.	SINPF youSave	- The product is expected to break even during the 4 th year of intervention, and the current uptake of the product is very promising. Addition of the airtime channel for uptake is further aiding the uptake of the product. Some of the presently faced issues are: - <u>Paper-based client onboarding & withdrawal</u> – It makes the system prone to forgery and risks which can negatively affect the uptake of the product. - <u>Perception of the product amongst clients</u> – The product is majorly perceived as a savings product instead of a micro pension product by clients. In the long run, it can be a spoiler and can result in dissatisfied customers.
3.	CBSI Airtime	First, of its kind of service in the world, this intervention is poised to succeed; however, there are a few issues which must be looked into to ensure it achieves its objectives: - <u>High charges paid by clients</u> – Under the current scheme, a client is expected to pay 5% of the transaction amount for using airtime for savings with SINPF. When it is compared with the returns they are expected to get on their savings, this turns out to be exorbitantly priced (last year SINPF paid a yearly interest of 5.5% to its subscribers). - <u>Equalization Fee</u> – In the pilot phase, PFIP-II has provided the equalization fund for the intervention, and it is expected that with the success of the intervention, the government will waive 10% of currently charged service tax over airtime. Since it is critical to ensure the economic viability of the project, it must be taken care during the upcoming phase.
4.	SPBD Microfinance	SPBD could not achieve breakeven at the time of project closure, which was one of the prominent objectives of the intervention. On the contrary, the expansion in Western Province was eating up the profits made from Guadalcanal province. During the KII with SPBD, it was indicated that expansion to Western Province was perceived to be premature.
5.	World Vision – Savings Groups	At the time of project closure, savings groups continued to rely heavily on World Vision support to continue their operations, which was a cause of concern. It was also not possible to link them with FSPs as logical next steps. However, it provided a platform for group members to be self-reliant and engage in income generation activities.

The work done under Policy and Regulation workstream has been mostly sustainable with CBSI spearheading the financial inclusion efforts in the country and IRD leading G2P payments in the country. As a logical next step to DSS, six indicators of financial inclusion have been successfully integrated into census and will be providing a measure of the progress. On the policy front, the institutionalization of NFIS has provided the market with long term sustainability in the form of guidelines and a regulated space for private sector players to operate in. NFIS has been instrumental in driving the agenda of financial inclusion in the country and the working groups within it have ensured focus on individual domains within the policy discussions. Overall, PFIP-II presents a mixed picture when evaluated through the sustainability lens, and recording both notable successes as well as failures. On one hand, efforts under Policy and Regulation workstream has been mostly sustainable contrary to the projects under Financial Innovation, which have been marred by sustainability issues as highlighted in the table above.

5 Summary and Way Forward

Based on the available documentation, interviews and impressions from the field-mission to the Solomon Islands conducted by the evaluation team during 22nd to 26th August 2019, stakeholder consultations and review of documents, it can be summarized that PFIP-II has been one of the main driving forces providing impetus to improve financial inclusion in the country. Both public and private sector stakeholders unanimously recognized that PFIP had provided much-needed thought leadership for expediting financial inclusion in the country. With its efforts, PFIP –II has ensured the following:

Mainstreaming of financial inclusion discussions in policy dialogues has been one of the main achievements of PFIP during its engagement across the two phases in the country. Advocacy efforts and continuous engagement with stakeholders across government bodies and regulators PFIP have started paying dividends. Financial inclusion has become central to the policy dialogues taking place in the country now. Going forward, this mainstreaming is expected to further drive financial inclusion in the country.

Supporting the development of Financial Inclusion strategy, policy and regulatory framework – PFIP –II has supported the development of multiple policies and regulatory frameworks such as the development of NFIS –II, review of insurance bill, developing a prudential guideline for mobile money, consumer protection guideline. Technical assistance and support provided by PFIP –II is widely recognized by policymakers and regulators and is expected by them to continue in the future as they continue to develop institutional capacity.

Promoting latest financial services and products in the Solomon Islands – PFIP –II has promoted the latest financial services and products through support to multiple public and private sector players. Yet it is important to note that the market remains at a nascent stage with low access to financial services and products.

Fostering innovation to produce tailor-made solutions for the Solomon Islands – Under the operational constraints in the Solomon Islands, PFIP–II has been able to foster innovation to produce tailor-made solutions to expand the net of financial inclusion in the country. Interventions such as youSave, interoperability of agents and usage of airtime for payments and savings are prime examples and are considered to be key agents for financial inclusion in the country; highlighting the relevance of PFIP –II in the country.

Promoting DFS Landscape at a crucial juncture – During the ongoing phase of PFIP, a lot of thrust has been put on transforming the DFS landscape in the country. As a result of this, interventions such as developing a prudential guideline for mobile money, usage of airtime for payments and savings, interoperability of agents has been undertaken. All of these efforts have started yielding results and has the potential to accelerate the development of digital financial services in the country. It is expected that the improved landscape will further contribute to financial inclusion in the country.

5.1 Way forward

As PFIP-II comes to an end, it is important to integrate the learnings from this phase in designing future strategies and programming. The following recommendations can inform future strategy and programming for future phases of PFIP:

Development of Financial services/products – In the upcoming phase of the PFIP, it is recommended to focus on the **development of credit product** and **remittance** services in the country. DSS -2015 found that “Half of Solomon Islander adults rely on shops to extend credit, regardless of bank status”. Furthermore, it highlighted that 63.5% of adults had borrowed in the previous year which was significantly higher than other low-middle income countries. During the field mission phase, access to credit was identified as a key challenge in the country. Collectively, all of these points towards the need for focused attention on the development of a credit product in the country during the subsequent phase of PFIP. Transfer of money within SOI was found to be a key challenge during field-mission as well as in DSS, and it will be imperative to resolve the issue with the development of a remittance channel. In the earlier phases, intervention such as ANZ goMoney has tried to address the issue but has been largely unsuccessful. It is recommended to explore airtime as remittance channel if the ongoing pilot becomes successful.

Enhanced focus on Consumer Education – It is widely acknowledged that the current status of financial literacy amongst the low-income people in the Solomon Islands is not very encouraging, which was also corroborated during the country mission. As access to financial services grows, **it is recommended that an enhanced focus on consumer education is needed to ensure that consumers have the required financial literacy to understand the financial products and services.** Reported gaps on product information of youSave and agent quality highlight the issue. The intervention details and budgetary allocations during PFIP phase II also suggests a limited focus on consumer empowerment during PFIP- II. It is recommended that the strategy should place special emphasis on semi-literate, illiterate and rural consumers as the gaps are quite big in these segments. Furthermore, projects under the Financial Innovation domain should have a more integrated approach for consumer education, which presently seems to be loosely tied without quantifiable performance-based indicators.

Strengthening Agency banking – The status of agency banking in the country is quite weak and agent quality remains poor. With the interoperability of agents, it is recommended that PFIP utilizes this opportunity to **revitalize the agency banking in the country during the upcoming phase.** Evaluators recognize agency banking as an important vehicle for expanding access to financial services in the country and PFIP should leverage its position to onboard banks and other stakeholders to make it viable and support the widening of reach of financial services to low-income households.

Investment in core infrastructure for financial sector development: Any future investment by PFIP should emphasize support to the **development and expansion of core infrastructure for the growth of the financial sector as opposed to investments with individual market players.** PFIP may also consider ways to attract more players in the financial inclusion sector since the limited number of players currently in the market needs to be addressed.

6 Annexures

6.1 List of reviewed documentation

6. Grant Agreements and Project Appraisal Documents (PAD) for:

- h) Central Bank of Solomon Islands
 - a. Demand Side Survey
 - b. G2P Study
 - c. NFIS
 - d. Airtime topup
 - i) Alliance for Financial Inclusion
 - j) ANZ Bank
 - a. Coconut Value Chain
 - b. Digital School Fees
 - k) Solomon Islands National Provident Fund
 - a. Micropension research and Pilot
 - b. youSave scaleup
 - l) SPBD
 - a. Rural Expansion
 - b. Solar Products
 - m) World Vision
 - n) Young Enterprise Trust
- 7. PFIP- II programme document
 - 8. PFIP- II Results Framework
 - 9. Quarterly reports from partners
 - 10. Budget related documents
 - 11. PoWER report

References:

- e. <https://dfat.gov.au/geo/solomon-islands/Pages/solomon-islands-country-brief.aspx>
- f. **DSS: Solomon Islands -2015**
- g. **NFIS-II**
- h. **Midline Review of NFIS II**

6.2 Annex II – Grant and Project Details

S. N o	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
1.	Policy Regulation &	Central Bank of Solomon Islands	2015-19	215,000	215,000	Closed	The grant was made to CBSI for the formulation of National Financial Inclusion Strategy -II, financial inclusion data management, advocacy and development of consumer protection principles.	<ol style="list-style-type: none"> 1. Financial Inclusion Strategy Development 2016-20 2. Mainstreaming of Financial Inclusion in government programmes and budgets 3. Financial Inclusion Data Management 4. Development of consumer protection guidelines 5. Public awareness and advocacy programmes for uptake and proper use of financial services
2.	Policy Regulation &	Central Bank of Solomon Islands	2014	54,671	52,381	Closed	This grant was made by PFIP to undertake the research for G2P payments.	<ol style="list-style-type: none"> 1. Organization and implementation of the Solomon Islands Government to Person (G2P) field survey 2. Conduct the training workshop for field enumerators 3. Conduct the National stakeholder workshop

S. N o	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
3.	Policy Regulation &	Central Bank of Solomon Islands	2015	197,817	186,494	Closed	This grant was made by PFIP for conducting a household survey with a nationally representative sample on status of financial inclusion.	<ol style="list-style-type: none"> 1. Planning and conduct of household survey with a nationally representative sample of 1000 households in the Solomon Islands 2. Monitoring and successful completion of survey and submission of the cleaned dataset to Bankable Frontier Associate (BFA) for analysis
4.	Policy Regulation &	Inland Revenue Department	2017-19	454,200	340,650	Ongoing	This grant was made to Inland Revenue Division, Ministry of Finance & Treasury, Government of Solomon Islands by PFIP to modernize the tax revenue management system. Payments for a total of 6 taxes were digitized as part of this grant.	<ol style="list-style-type: none"> 1. Modernizing the tax Revenue Management System by digitizing the process of submission, assessment, response, payment, and analysis for Goods Tax, Sales Tax, Pay as You Earn (PAYE) & PAYE reconciliations, Income Tax and Withholding Tax. 2. Facilitating self-management of tax obligations by taxpayers via e-filing of tax

S. N o	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
								returns using an IRD web portal for registered online taxpayers and facilitating the generation of e-payments of taxes.
5.	Policy Regulation &	Alliance for Financial Inclusion	2015-16	422,384	391,622	Closed	Grant to AFI was made by PFIP to conduct technical workshops, PIRI summits and global representation of PICs.	<ol style="list-style-type: none"> 1. Conduct technical workshop on Consumer Empowerment and Market Conduct, Pacific Roadshow, 2. Global representation of the Pacific – PIRI members attend 3. Planning and conduct of PIRI Summits at Mozambique and Timor-Leste
6.	Policy Regulation/Consumer Empowerment	Dalberg Global Development Advisors	2018-19	284,430	284,430	Closed	This grant as made by PFIP for conducting client research on identifying critical constraints to women and girls' financial inclusion.	<p>To run country-level diagnostics in the Solomon Islands and Papua New Guinea on the critical constraints to women and girls' financial inclusion for economic empowerment using the PoWER toolkit</p> <ol style="list-style-type: none"> 1. 20 Key Informant Interviews with FSPs, government, civil society members

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
								<ol style="list-style-type: none"> 5 Focus Group Discussions with women groups Quantitative survey with 400 women and girls in the rural and urban area
7.	Financial Innovation	World Vision	2015-19	61,217	48,974	Closed	<p>This grant was made under PFIP-II to World Vision for the formation of savings club in South Malaita region of the Solomon Islands with 100% unbaked clients.</p>	<ol style="list-style-type: none"> Recruitment and training of 20 village agents and community facilitators Community awareness and pilot roll-out of an enhanced savings club methodology – CSLG (Community Savings and Loan Group) in South Malaita Formation of 73 new savings club covering 1825 members, with a maximum of 50% women and likely 100% unbanked. Pilot a micro-insurance scheme with 250 members of World Vision. Included as supplementary in the project.
8.	Financial Innovation	SPBD Microfinance	2015-19	185,057	185,057	Closed	<p>This grant was made to SPBD to expand its</p>	<ol style="list-style-type: none"> SPBD to expand core microfinance operations and

S. N o	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
							operations outside Honiara to rural Guadalcanal and to one more province (Malaita or Western).	reach out to excluded communities outside Honiara in rural Guadalcanal in 2015 and expand to one more province (Malaita or Western) in late 2015/early 2016 and going forward explore the possibility to expand to other provinces from 2017 onwards.
9.	Financial Innovation	SPBD Microfinance	2016	44,078	44,078	Closed	This was an additional grant made to SPBD for starting offering solar products in rural Guadalcanal & Western province.	<ol style="list-style-type: none"> 1. SPBD to launch and promote Solar lighting products in rural Guadalcanal and Western Province by SPBD microfinance 2. Hire, train and develop a team to promote sales and provide high-quality customer services 3. Develop required human and office infrastructure to promote the new solar product and offer support services

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
10.	Financial Innovation	ANZ Banking Group	2016-19	175,000	175,000	Closed	<p>This grant was made to ANZ banking group by PFIP to digitize the coconut value chain. Under this, payments made to farmers by Direct Expellers through goMoney in Malaita. Digitization was done for the payments direct expellers does to individual farmers. Once a farmer gets the goMoney in his/her account, s/he goes to an agent and gets the cash.</p>	<p>The core project deliverables reflect the expansion of the goMoney channel, product development, and an increase in customers and transaction volumes over a 24-month period:</p> <ol style="list-style-type: none"> 75 new cash merchants (for a total of 175), including 45 linked to value chain customers 24,000 new or newly activated customers, of which <ul style="list-style-type: none"> 5,000 value chain customers; 12,500 women 16,000 rural Improvements to the customer experience with the goMoney channel New financial products A business appraisal of scale-up potential
1	Financial Innovation	CBSI	2019-20	250,000	75,000	Ongoing	<p>This is a pilot project for using for</p>	<p>PFIP is supporting the pilot through two ways – providing TA through PHB for feasibility study and</p>

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
							savings and payments by clients in Solomon Island. Based on the feasibility study done in 2018 and consultations held with MNOs, CBSI, and SINPF, this pilot project, this project is currently is being operationalized.	<p>Grant to CBSI/MNOs. Under the project, \$100, 000 has been given to each MNO for technology upgrade and \$200,000 to CBSI for equivalence fund. At present, Telcos incur an average of 18% as distribution cost (Cost of Solomon Telecom is higher at 21%) and to compensate them; the following formula has been devised:</p> <ul style="list-style-type: none"> Govt will waive 10% tax on Top-ups later – currently to be covered under equivalence fund 5% charge will be paid by You Save Subscriber 3% commission to be paid by SINPF
1	Financial Innovation	ANZ Banking Group	2018-20	110,000	33,000	Ongoing	During the MicroSave scoping mission and research, school fees were identified as the biggest expenditure for households. This further got more expensive with associated	<ol style="list-style-type: none"> A total of 16 schools registered and on-boarded for digital school fees payment A total of 2000 unique parents registered and on-boarded digital school fees payments 1600 active parents making digital school fees payments (making at least

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
							additional costs such as transportation, accommodation, and feeding costs. PFIP is supporting ANZ in digitizing school fees payments under the project.	<p>1 transaction per 90 days)</p> <p>4. A total of 600 female students benefiting from the digital school fee payment</p> <p>5. 1000 parents outside Honiara and Guadalcanal province registered on the digital school fees payments</p> <p>6. 6 provinces with registered and on-boarded schools on the digital school fees payments</p>
1	Financial Innovation/Consumer Empowerment	Solomon Islands National Provident Fund	2015-17	176,820	176,820	Closed	In 2016, SINPF, supported by Blue Print Pension Services (BPPS) used a three-phased approach which included (a) customer needs research (b) a human-centered product design and (c) pilot roll-out and initial sign up /validation phase.	<p>1. Conducting demand assessment for voluntary contribution superannuation scheme, microinsurance, and micro-pensions among informal sector market segments based on client-centered research. Preliminary findings to be presented to SINPF and PFIP and other key stakeholders.</p> <p>2. A proposed strategy to cost-</p>

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
								effectively extend the voluntary contribution scheme to the informal sector and/or a new model for the provision of pension benefits to the informal market segment. 3. Based on the decision of SINPF, after considering the proposed strategy, a full implementation/business plan may be prepared for the implementation of the endorsed model or approach.
1	Financial Innovation	Solomon Islands National Provident Fund	2018-20	550,000	459,000	Ongoing	Using the conservative estimates on the business case on scale-up of youSave by BPPS, SINPF board approved the scale-up phase, and it was noted SINPF would achieve break-even point in 4 th year from	By 2022, 1. 30,000 unique members registered and on-boarded on youSave 2. 50% of members on youSave are active (making at least 1 transaction per 90 days) 3. 50% of registered members are women

S. No	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
							the operation and realize a profit from 5 th year.	<ol style="list-style-type: none"> 4. Average Savings per youSave member is SBD 1,200 5. 45% of savings are received through the digital channel 6. 15 agents are recruited for SINPF youSave collections 7. Value of AUM is SBD 22 million 8. Operational cost vs. AUM is 3% 9. All 9 provinces have youSave product and members
1	Consumer Empowerment	Young Enterprise Trust	2016	43,915	43,915	Closed	This grant was made to YET to develop a strategy for integration of financial education in schools in the Solomon Islands. As part of the project YET worked with curriculum division of MEHRD of SOI to develop and finalize the strategy.	<ol style="list-style-type: none"> 1. A complete stocktake of existing Financial Education learning within the existing curriculum at primary school, secondary school, and TVET. 2. Revise and finalize the definition for Financial Education and diagrammatic framework model, in liaison with the MEHRD. 3. Create a detailed framework of learning outcomes

S. N o	Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
								<p>identified by subject level across class levels at primary and secondary schools</p> <p>4. Develop a strategy for the introduction of Financial Education within TVET/rural training centers.</p>

6.3 Annex III: Focus Group Discussion: Client profile and key findings

This sub-section contains detailed findings from the research methods employed at the client level. In the Solomon Islands, a total of 2 Focus Group Discussions were conducted with clients of implementing partners from PFIP -II. These partners were ANZ banking group and SINPF. The third FGD was planned with clients of World Vision but could not be conducted due to unavailability of point of contact at the partner organization.

FGD findings pertaining to effectiveness have been included in the main report. This section summarizes client profile and key issues and expectations expressed by the respondents.

Client Profile

Most of the participants in these FGDs were engaged in the informal sector for earning their livelihood and were working as a contractor, worker, taxi owner, etc. The client mix was gender-balanced, with almost half of them being women. All of these clients were living in Honiara or nearby locations. Those who were living outside Honiara traveled to the city at least once a week as part of their routine. Mostly, women participants were housewives and were self-employed or market vendors around Honiara. Some of the participants were youth participants were unemployed.

Most of these clients were aged below 30; close to the demographic dividend of Solomon Island, which has 7 out of 10 people living below 30 years⁶¹. Some of the participants were above 30 years of age. All of these clients were literate and had at least undergone through primary education. This was in sync with the recent statistics on the education status in the Solomon Islands. UNICEF reports that 94% of children attended primary school in 2010⁶².

Key Issues & Expectation of the respondents

The Solomon Islands is undoubtedly a tough terrain for Financial Service Providers to operate due to

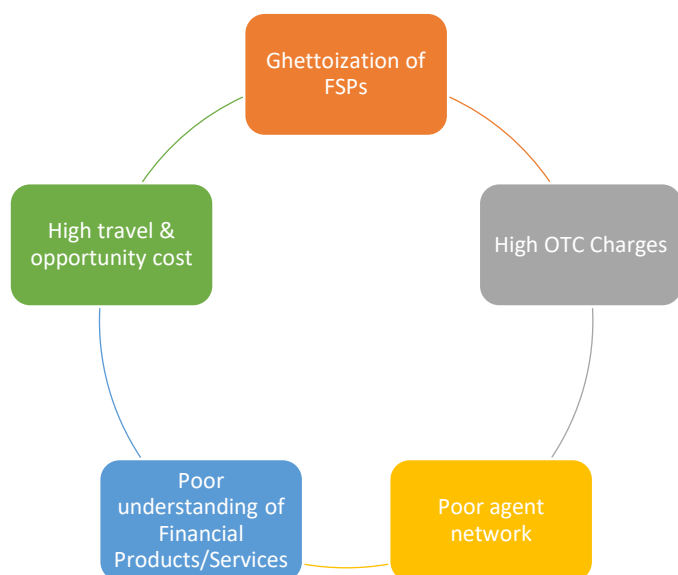


Figure 13: Key Issues faced during access and usage of Financial Services

multiple limitations present there. Marred with poor infrastructure, opportunities to scale, outdated regulations, and pending land & energy reforms, the country limits the growth of FSPs and prohibits them from serving outside the capital city of Honiara. Some of the key & persistent issues faced by clients during access of financial services are:

Most of the FSPs in the Solomon Islands are concentrated in Honiara which limits the access of these. Clients mostly had to undertake arduous travel to reach the nearest access points. DSS 2015 reports the travel time for the nearest bank

⁶¹ <https://www.undp.org/content/dam/fiji/docs/UNDP-SOI-Youth-Status-Report-2018.pdf>.

⁶² UNICEF Pacific and Secretariat of the Pacific Community, The state of Pacific youth: Opportunities and obstacles (Noumea, 2011), p. 6.

branch, ATM and agent as 4.9 hours, 4 hours and 1.5 hours respectively. Needless to say, it results in high travel costs and opportunity costs. Poor financial literacy of the clients acts as another major barrier and most of these clients have a limited understanding of financial products and services. Education levels seemed closely related to financial literacy and seen as a determinant for it. With these present limitations, even when, clients access the financial services, often they are subject to high Over the Counter charges at FSPs and poor agent quality further demotivating them to access financial services. Agents often have liquidity issues and suffer from network issues. These limit the transaction and restrict the withdrawals for clients more than often.

Client Expectation

Key issues client faced by clients during access of financial services guides the expectations of the clients and mostly aims at enhancing the user experience while accessing financial products or services.

Proximity to Financial Service Providers	<ul style="list-style-type: none"> • Financial Service providers within reach • Lesser travel and opportunity costs for clients
Affordable & Easy Access	<ul style="list-style-type: none"> • Lower OTC & agent charges at FSPs • Better agent quality with liquidity & easy access
Reliable & secure investment	<ul style="list-style-type: none"> • High trust on government institutions • Lower risk taking appetite for investments
Better understanding of product & services	<ul style="list-style-type: none"> • Marketing collaterals for Financial Products in local vernacular • Transparent information sharing about products or services

6.4 Annex IV: List of Focus Group Discussions

FDG Number	FGD Date	Location	Number of attendees	Organisation
1	23/07/2019	SINPF Building, Honiara	5	Solomon Islands National Provident Fund
2	02/08/2019	ANZ Hauz, Honiara	5	ANZ Bank

6.5 Annex V - Picture Gallery



Figure 14: Promotional Material for youSave at SINPF office

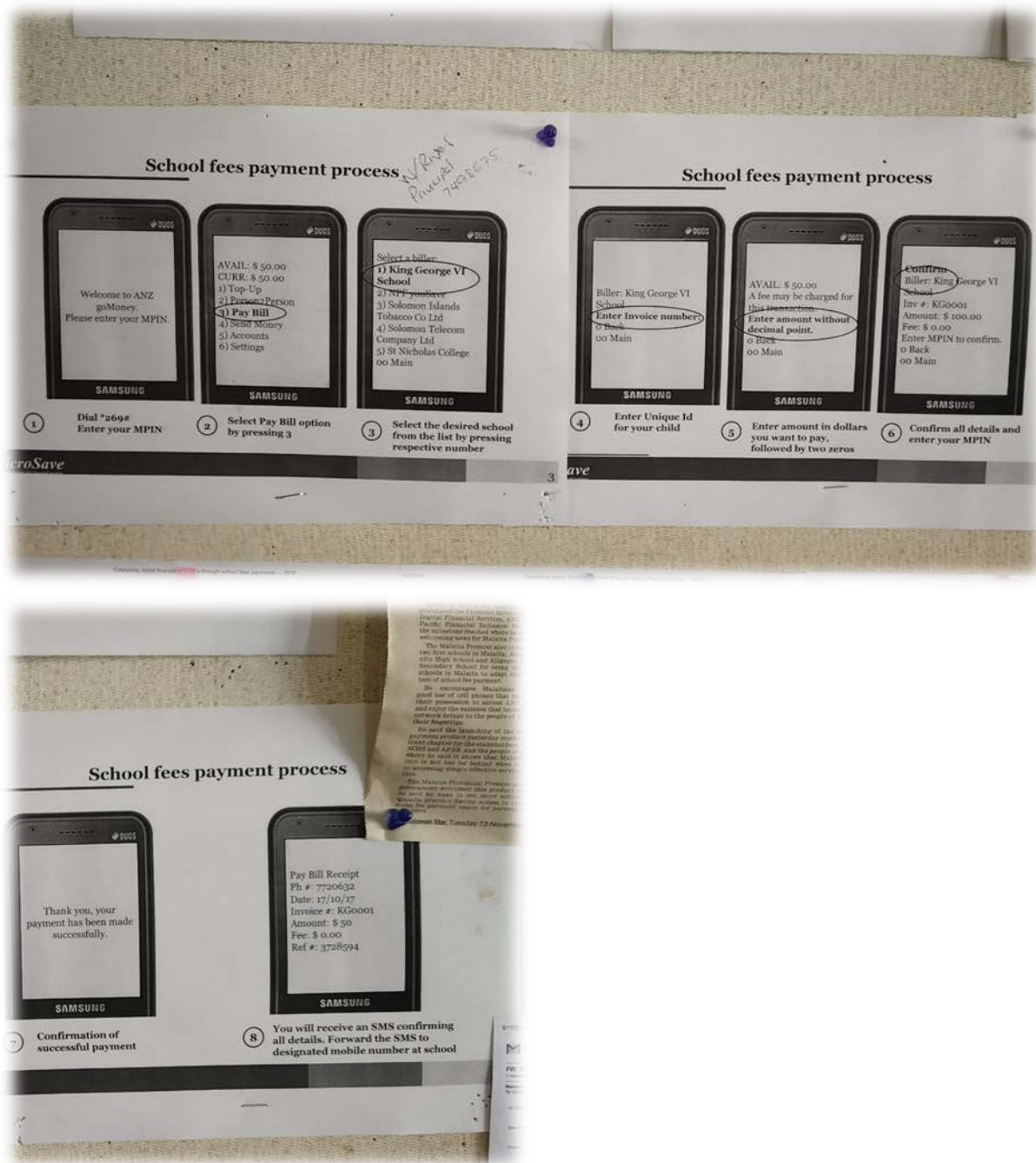


Figure 15: Steps for school fee payment using goMoney

PACIFIC FINANCIAL INCLUSION PROGRAM- II FINAL EVALUATION

COUNTRY REPORT PAPUA NEW GUINEA

JANUARY 2020



GRAMEEN FOUNDATION INDIA

E-86, LGF, Sun City, Sector 54, Golf Course Road,
Gurgaon-122011 Haryana, India

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ABBREVIATIONS

ATM	Automated Teller Machine
BPNG	Bank of Papua New Guinea
BTCA	Better Than Cash Alliance
DAC	Development Assistance Committee
DFAT	Department of Foreign Affairs and Trade
EFTPOS	Electronic Fund Transfer Point of Sale
FSP	Financial Service Providers
G2P	Government to Person
GDP	Gross Domestic Product
IMT	International Money Transfer
IT	Information Technology
KYC	Know Your Customer
MNO	Mobile Network Operators
MSME	Micro Small Medium Enterprise
MTDP	Mid Term Development Plan
NASFUND	The National Superannuation Fund
NFIS	National Financial Inclusion Strategy
NFIT	National Financial Inclusion Taskforce
OECD	Organisation for Economic Corporation and Development
P2G	Person to Government
PBA	Performance Based Assessment
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
PNG	Papua New Guinea
POS	Point of Sale
S&Ls	Savings and Loans societies
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

1 Introduction

The Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme focusing on increasing access to and use of financial services for low income households. PFIP currently covers Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands (SOI), Tonga and Vanuatu, with Kiribati and Tuvalu potentially covered before the end of July 2019. Phase I of the PFIP was completed in 2013, reaching 687,000 additional individuals and/or small and microenterprises in the Pacific Island Countries (PIC) who had gained access to one or more appropriate financial services. Phase II, which builds on the efforts of Phase I is jointly administered by the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with funding support from the Australian Government, the European Union (EU), and the New Zealand Government. Phase II, programmed for 2014-2020, aims to deepen financial access to an additional 1,500,000 previously underserved low-income people in the region and aims to do so through three workstreams: *Policy and Regulation*, *Financial Innovation and Consumer Empowerment*. PFIP's theory of change asserts that markets need these three elements to expand access to finance, and that access to finance improves livelihoods, the ultimate development impact goal of the programme.

In 2019, UNCDF commissioned a final evaluation of PFIP-II. This report summarizes the findings from the on-site mission to PNG conducted between 8 August and 14 August 2019. The report begins with a broad macro-economic environment in PNG followed by a snapshot of its financial inclusion policies and developments, followed by the description of the PFIP-II in PNG, evaluation findings arranged according to the UN/Development Assistance Committee (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability as well as a snapshot of clients' socioeconomic profile, financial behaviour, awareness levels and overall expectations from the financial services received from PFIP partner institutions in PNG. It concludes with a set of recommendations proposing the way forward to ensure achievement of the programme goals. During the onsite mission, the evaluation team interacted with various stakeholders including representatives from the Central Bank, Technical Service Providers (TSP), Financial Service Providers (FSP), secondary duty bearers as well as other stakeholders directly associated with the country's financial inclusion sector. In particular, the evaluation team held interviews with:

- Bank of Papua New Guinea (BPNG)- Central Bank
- Nationwide Microbank Limited (MiBank)- FSP
- Westpac Bank- FSP
- Women's Microbank Limited (WMBL)- FSP
- BIMA - TSP, FSP
- Life Insurance Corporation Pvt Ltd. (LICL)- FSP
- National Superannuation Fund (NASFUND)- FSP
- Capital Insurance Group Limited- FSP
- SolaPayGo Pvt. Ltd.- FSP
- Kina Bank- FSP
- European Union- Donor
- Department of Foreign Affairs and Trade (DFAT)- Donor
- Financial Inclusion Specialist, PFIP Staff

A complete list of stakeholders that the team interacted with along with the visit schedule are provided in Annex II of the report. In addition to the interviews, the evaluation team also conducted 3 Focus Group Discussions (FGD) with client groups of SolaPayGo and WMBL. A quantitative survey

with a sample size of 64 was also conducted by an external data collection agency using survey tools and guidelines issued by the evaluation team.

2 PNG Country Context

This section provides details about the demography, macroeconomic indicators and financial inclusion landscape of the Papua New Guinea. It establishes the background to develop a better understanding of the work undertaken during PFIP-II and its impact.

2.1 Demography

Papua New Guinea (PNG) is divided into more than 10,000 ethnic clans that speak over 800 different languages making it one of the most heterogeneous countries in the world. The country occupies the eastern half of the West Pacific island of New Guinea, together with the smaller islands of New Britain, New Ireland, and the Autonomous Region of Bougainville, and another 600 or so smaller islands and atolls.⁶³ PNG covers 178,704 square miles (462,840 square kilometers) of area. While there are hundreds of ethnic groups indigenous to the country, the largest are Papuans and Austronesians. It is also one of the least densely populated countries in the world. Using the 2017 population estimates of 8.25 million, the population density of PNG is 17.8 people per square kilometre, which ranks 167th in the world. According to the 2011 Census, PNG has a rapidly growing youth population with 58% of its 7.3 million people being under the age of 25, one of the highest proportions in the Pacific Region.

The country is divided into 4 main administrative regions- Highlands region (*Chimbu, Eastern Highlands, Enga, Hela, Jiwaka, Southern Highlands, Western Highlands*), Islands region (*Bougainville, East New Britain, Manus, New Ireland, West New Britain*), Momase region (*East Sepik, Madang, Morobe, Sandaun*) and Southern region (*Central, Gulf, Milne Bay, Oro, Western*). With a population of over 8 million, about 39% of the population live in the Highlands region followed by Momase region with 26% while Southern and Island regions make up 20% and 15%, respectively. There are 22 provinces that are spread across these regions that include the Autonomous Region of Bougainville and the National Capital Region. Of the 22 provinces, Morobe province alone contains almost 9.3% of the country's total population, reporting a total population count of 674,810 persons in 2011 Census. Eastern Highlands and the Southern Highlands (minus Hela province) are the other two most populated provinces with populations in excess of half a million.⁶⁴ There are a few urban areas in the country, and only 13% of people live in or around a city centre. The largest city and capital is Port Moresby, with a population of over 310,000. The only other city with a population over 100,000 in PNG is the city of Lae, which lies along the transport corridor between the Markham River and the highlands highway.

The sex ratio is slightly skewed with 108 males for every 100 women in the country. The average household size for PNG is 5.3.⁶⁵ The people of PNG are primarily of the Christian faith and its different denominations; many development aid organisations such as DFAT implement community-based programmes through church infrastructures.⁶⁶

From a global perspective as well as that of East Asia and the Pacific (EAP) more specifically, the prevalence of extreme poverty in PNG is high and living conditions vary markedly between rural and urban areas. Data challenges make the analysis of poverty trends difficult. According to the latest

⁶³ [The World Bank in Papua New Guinea: An overview](#)

⁶⁴ [Summary of findings: Census 2011; National Statistical Office, PNG](#)

⁶⁵ [Summary of findings: Census 2011; National Statistical Office, PNG](#)

⁶⁶ [Church Partnership Program Phase 3 \(2017-2020\); DFAT](#)

survey in 2010, the poverty rate is around 39 percent. Almost 90 percent of poor people live in rural areas and are likely to be engaged in agricultural activities. This is significant given that 87 percent of the population lives in rural areas. The incidence of poverty outside urban areas is not markedly different across PNG's regions and provinces; a rural household from the highlands is about as likely to be poor as one from the islands. In contrast, there are wide disparities in living conditions between urban and rural areas. Although urban poverty is rising faster than rural poverty, access to key social services such as clean water, electricity, remains higher in cities.⁶⁷

PNG has a high incidence of floods, droughts, earthquakes, volcanic eruptions, and landslides. These often amplify the already existing vulnerabilities and lead to conflict. The 2018 earthquake of 7.5 magnitude in the provinces of Hela and Southern Highlands triggered an outbreak of violence attributable to delays in recovery aid and poor institutional response to the national disaster.

2.2 Macroeconomic Indicators

PNG is classified as a developing economy by the International Monetary Fund (IMF). The economy of PNG is dominated by labor-intensive agriculture and capital-intensive extraction of oil and gas, gold, copper, and other minerals. Mining and petrochemicals now account for over 25% of PNG's gross domestic product and over 80% of its exports. The country continues to face significant challenges in making economic growth more inclusive and sustainable. Many areas of service delivery—such as health, education, transport, energy, and water—remain weak, particularly in rural areas.⁶⁸

The economy has tripled in size since independence in 1975, and growth in gross domestic product (GDP) has averaged 3.4 percent per year. In 2018, PNG successfully hosted the Asia Pacific Economic Cooperation (APEC) leaders' summit, the first time an event of this size had been managed in the country. Notwithstanding these gains, the country continues to fall short of its development potential against the backdrop of its enormous natural wealth, strategic geographic location, and young and diverse population. Despite rapid economic growth over recent decades and significant increases in government expenditures, poverty remains persistent and prevalent in some areas and progress on human development indicators has been insufficient to support PNG's ambition of becoming an upper-middle-income country by 2030 and a top-50 country on the United Nations Development Programme's (UNDP) Human Development Index (HDI) rankings by 2050.⁶⁹

PNG's economic base is still fragile despite efforts made to improve the business environment and promote private sector investment in the non-resource sectors. PNG is ranked 108 out of 190 countries sampled for Ease of Doing Business.⁷⁰ Commercial goods production is not fully developed and diversified, and current production is still limited and sensitive to external factors, such as goods price changes and international competition. One of the main challenges is the investment climate and quality of Foreign Direct Investment (FDI), especially to ensure technology transfer and job creation.

The levels of crime and violence rates are high in urban centres, such as Port Moresby, Lae and Mount Hagen. Robbery, assault, gender violence and ethnic violence are common. In 2014, 81% of businesses

⁶⁷ [Country Partnership Framework for Independent State of Papua New Guinea \(FY19-23\); IFC \(2019\)](#)

⁶⁸ [Asian Development Bank member Fact Sheet: Papua New Guinea; ADB \(2019\)](#)

⁶⁹ See footnote 67.

⁷⁰ [Doing business 2019: Papua New Guinea \(World Bank, 2019\)](#)

in PNG were affected by the local law and order situation. About 67% of companies identified crime as a key constraint in PNG which is more than elsewhere in the Asia-Pacific region.⁷¹

*Table 83: Five year trend for key economic and demographic indicators, PNG**

Indicators	2014	2015	2016	2017	2018
Real GDP Growth (annual %)**	15.4	5.3	1.6	2.5	3.8
GNI per capita, Atlas method (current US\$)	2,970	2,900	2,670	2,500	2,530
Population growth (annual %)	2.02	2	2	1.9	2
Inflation, consumer prices (annual %)	5.3	5.9	6.7	5.4	NA
Official exchange rate (LCU per US\$, period average)	2.4	2.7	3.1	3.2	3.3

*Date Source: [World Bank data for PNG; https://countryeconomy.com/hdi/papua-new-guinea](https://countryeconomy.com/hdi/papua-new-guinea)

**Data Source: [IMF Country Report No. 18/352](#)

2.3 Gender and Human Rights

Women in particular face significant economic and social disadvantages in PNG. In 2017, PNG ranked 159th out of 160 countries⁷² on the Gender Inequality Index which reflects gender-based inequalities across the three dimensions of reproductive health, empowerment, and economic activity. Political representation of women in PNG is low with no female member in the current National Parliament of 111 members.

PNG scored 62.50 on the *Women, Business and the Law* Index (100 representing the best score overall).⁷³ The index assesses statistically significant associations with outcomes related to women's economic empowerment, in particular with women's labor force participation in 187 economies. This means there is, on average, gender inequality in a little over a third of the areas examined in the index (including laws regarding mobility, starting a job or business, managing assets, etc.). Female participation in the labor market was 69% in 2018, compared to 71% for men. Despite this apparent parity, female labor is concentrated mainly in rural (informal and subsistence) work with 46% of women compared to 15% of men participating in the informal sector. Women's participation is primarily in the agriculture sector focused on subsistence crops and trade of garden products rather than in large-scale transformation or agro-processing activities. As of 2018, only 8% of total Small and Medium Enterprises (SMEs) in PNG were owned by women. Work undertaken by the PNG Business Coalition for Women⁷⁴ suggests that narrowing the gender gap in employment could increase household income by 14 percent, and output per worker could be 7 to 18 percent higher if female entrepreneurs and workers were utilized to the same extent as men.

⁷¹ [Medium Term Development Plan- III \(2018-22\) PNG](#)

⁷² [UNDP's 2018 Gender Inequality Index](#)

⁷³ World Bank. 2019. [Women Business and the Law](#).

⁷⁴ <http://www.pngbcfw.org/about/>

Thirty-eight percent (38%) of women compared to 66% of men are in wage employment; 46% of women compared to 15% of men participate in the informal sector; 8% of SMEs are owned by women across urban, rural and remote locations of PNG.

The prevalence of gender-based violence in PNG is high, with an estimated 75% of women and children having experienced violence. A study undertaken by Medicines Sans Frontiers (MSF) found that 94% of treated cases of acts of violence involved women as victims and 56% of sexual violence cases involved children as victims. Such violence also involves sorcery charges on women. A lack of safe houses and alternative care services for children forces many women and children to return home to their abusers after seeking medical help. The Family Protection Act was passed in 2017, five years after the bill was passed in the parliament even though the implementation remains weak and inconsistent.⁷⁵

The PNG government's Mid Term Development Plan-III (MTDP) for 2018-22 identifies gender equality as a key result area for the period and commits to reducing the Gender Inequality Index score for PNG from 0.59 to 0.4 by 2022. In terms of strategies to address challenges around gender equality in PNG, the plan states, "increase women's access to economic opportunities."⁷⁶

2.4 Financial Inclusion Landscape

Financial inclusion is a key development mandate for the government of PNG and is prominently featured in the MTDP-III. The document also establishes the role of BPNG as the lead on the financial



Figure 16: Financial Inclusion Landscape

inclusion agenda of the country. The financial services market in PNG is diverse, with different types of private formal institutions: commercial banks, finance companies, micro-banks, savings and loans societies (S&Ls), mobile network operator(s), superannuation funds, superannuation fund investment managers, superannuation fund administrators, life insurance companies, general insurance companies and one development bank. In addition to private financial institutions, the National Development Bank provides rural lending, and a number of non-governmental organizations (NGOs) offer microfinance services in rural areas. According to NFIS-II, those most relevant to increasing formal financial inclusion are commercial banks, mobile network operators, micro-banks, savings and loans societies and insurance providers. The sector reported 4 major commercial banks till 2018, but now has 3 because of the takeover of

⁷⁵ [Human Rights Watch, PNG \(2018\)](#)

⁷⁶ [Mid Term Development Plan-III \(MTDP\) for 2018-22](#)

ANZ retail operations by KINA Bank in early 2019. For a population exceeding 8 million, the presence of commercial banks is very low in the country.

Policy and Regulations:

BPNG is the apex body that regulates the financial services sector. Currently, the institutional architecture of financial regulation in PNG reflects a ‘twin peaks’ model. Prudential supervision (of banks, other deposit-takers, life insurance and superannuation) is located in BPNG, and securities market supervision is undertaken by Securities Exchange Commission (SEC)-PNG (located within the Investment Promotion Authority). The exception is prudential supervision of general insurance companies, which is undertaken by the separate Office of the PNG Insurance Commission. Regulation of competition and for consumer protection purposes, across all sectors of PNG’s economy, is the responsibility of PNG’s ICC (Independent Consumer and Competition Commission Act, 2002).⁷⁷

BPNG regulates and provides prudential supervision to commercial banks, finance companies, microfinance institutions, savings and loans societies, superannuation funds including their investment managers and fund administrators, Life Insurance companies, National Payments System, Money changers and money remitters.

The National Financial Inclusion Strategy (NFIS)-II is the key policy document that provides the road map of the financial inclusion mandate for PNG. The first NFIS for PNG called the National Financial Inclusion and Financial Literacy (NFISFL) strategy 2014-15 was crafted in 2013 with technical and funding support from PFIP. The strategy actively used the Financial Service Sector Assessment (FSSA) commissioned under PFIP-I to establish the access gap in different regions of the country. In lieu of the strategy, the National Executive Council (NEC) endorsed the Centre of Excellence for Financial Inclusion (CEFI) as the national coordinator for all initiatives related to financial inclusion. The objectives of the first NFIS were to ensure financial competence of Papua New Guineans, a regulatory framework to foster financial innovation and facilitate financial education, to ensure outreach to at least 1 million citizens and to incorporate gender as part of the policy discourse⁷⁸. By the time the idea for NFIS-II was tabled for discussion, significant achievements had already been recorded by the sector. Between June 2013 and June 2016, more than 1.2 million new deposit accounts were opened at regulated financial institutions. In the same period, the percentage of adults with an account increased from 20% to almost 37%. However, of these, only 30% of total bank accounts were owned by women.⁷⁹ There was also a significant growth in the number of access points by 56% via different channels.

Despite the achievements recorded at the conclusion of NFIS-I, an access gap to two thirds of the population with specific groups like women and those in the informal sector, particularly micro-enterprises and agriculture, was duly noted by BPNG and the relevant stakeholders. Such insights have further informed the crafting of the second strategy for its objectives and measurement framework.

PNG is also a part of a number of international initiatives aimed at strengthening financial inclusion and has made specific commitments in adherence to them. BPNG is a member of the Alliance for Financial Inclusion (AFI). As a member of AFI, BPNG signed the Maya Declaration in 2013, committing to a number of financial inclusion and financial literacy goals. These goals were addressed during the

⁷⁷ *2016 Data points : <http://www.pfip.org/wp-content/uploads/2017/01/2-PNG-NATIONAL-FINANCIAL-INCLUSION-STRATEGY-2016-2020-final.pdf> ; ** 2019 Data points : <https://www.thecefi.org/fi-data-2019/>

⁷⁸ NFISFL, PNG 2014-15

⁷⁹ Banking the unbanked in PNG; ADB (2015)

implementation of the First Strategy. BPNG is also a member of the AFI Pacific Islands Regional Initiative (AFI-PIRI), which seeks to ‘create conditions that lead to the empowerment of Pacific Islanders in the short to medium term’. PNG committed to the achievement of the ‘Money Pacific Goals’ that focuses on access to financial services, consumer protection and universal financial education for children. The government recognizes that payment modalities, in particular G2P payment modalities used by government, can play a significant role in increasing levels of financial inclusion. In order to facilitate the promotion of non-cash based payment modalities in PNG, the Government of PNG was one of the first Pacific countries to join the Better Than Cash Alliance (BTCA) in 2015. The objective of the Alliance is to accelerate migration from cash to electronic payments in order to improve the livelihoods of low-income people by advancing financial inclusion. However, the movement to develop the payments sector has been slow with the first sustainable and at-scale initiative- Retail Electronic Payments System (REPS), having been launched only in July 2019, 4 years after endorsing the BTCA commitments.

Access to Financial Services:

Formal banking in PNG is costly. The costs include account maintenance fees, withdrawal fees, interest rates and the opportunity cost for clients such as travel time, wait time and transport fares. There are also complex and often prohibitive account opening and loan requirements. Together, these are particularly onerous for low-income people, especially women who tend to earn less than men, which leads to significant negative attitudes and frustration about bank fees (‘banks eat up my money’).⁸⁰

Moreover, the financial competence of rural and low income households has been found to be low because of their inability to sustain economic pursuits that can effectively engage with formal financial systems. This becomes further exacerbated for women, who are substantially less financially empowered than men.⁸¹ Micro banks like WMBL (Women’s Micro Bank Limited), in association with community-based federations of women micro-entrepreneurs like Women in Business are some encouraging examples that have the potential to scale and effect systemic changes in the way women, particularly from rural and low income households, access financial services in PNG. PFIP’s support to WMBL as part of Phase II interventions are described later in this report.

As per quarterly data collected by CEFI from FSPs (Table 2), the data for basic financial inclusion indicators shows a positive trend in the last one year. The growth in access of women in comparison with overall average figures remains consistently and dramatically lower.

*Table 84: Access and usage of financial services (Q1, 2019)**

Dimension	Indicator	2019-Q1	2018-Q1	Difference
Access	# of Access Points	16,623	14,531	13%
	# of Mobile Financial Service Access Points	16,392	14,259	13%

⁸⁰ Banthia, Anjali et al. Deepening Financial Inclusion for Women in the Pacific Islands. Women’s World Banking. April 2013

⁸¹ The financial competency of low income households in PNG; PFIP (2013)

Usage	# Mobile Financial Services Accounts	628,231	520,006	17%
	# Women with Mobile Financial Services Accounts	173,952	155,522	11%
	# Deposit Accounts	3,278,342	3,098,418	5%
	# Women with Deposit Accounts	919,657	879,141	4%
	# Credit Accounts	246,493	215,546	13%
	# Women with credit Accounts	75,034	65,948	12%

Data source: [Q1 financial inclusion data](#)

A significant proportion of lending to individuals in PNG is also provided by unregulated money lenders, locally also called *Sandes*, at very high rates of interest. Lenders include individuals and incorporated “finance companies”, along with relatives and wantoks⁸², who are also important sources of credit. The unregulated sector is significant and includes payday lenders that provide loans to government and some private sector employees, with repayments collected through salary deductions based on undertakings signed and agreed upon at the beginning of the loan tenure. It is estimated that there are around 280 businesses providing such loans, of which only a small number are finance companies or banks licensed by BPNG. Further, there is a thriving unregulated money lending sector in PNG operating outside the payday lending market. These money lenders also provide loans at extremely high rates of interest. While personal loan and payday lending rates from banks and finance companies in the formal sector range from 30–36 percent per year to 3.5 percent per fortnight (91 percent per year), unregulated lending at 20-50 percent per fortnight (i.e. 520–1,560 percent per year) has been reported.⁸³

⁸² The ‘wantok’ system is a social system where people who are related to each other by a common language, ethnicity, district or by provincial boundaries (defined here as ‘wantoks’) will jointly participate in socio-political, economic, traditional and cultural activities in PNG society. It is a system where people depend on, care for, and help each other in many aspects of society. In terms of economic activity, people invest in their wantoks, which sets up an obligation on these wantoks to repay when they are in need. The wantok system has a set of underlying values for its practices. Three such values are protection (physical and social), accountability (to kin) and that allegiance to wantoks outweighs other considerations.

⁸³ PNG Financial Consumer Protection Diagnostic 2018; IFC and World Bank

Table 85: Key indicators for status of financial inclusion in PNG

S. No	Indicators	Achievement
1	*Account at a formal financial institution (bank or credit union)	37%
2.	**Saved at a financial institution in the past year (bank, credit union, MFI)	27%
3.	Saved any money in the past year	Not available in terms of population
4.	*Loan from a financial institution in the past year	<5%
5.	*Loan in the past year from any source	76%
6.	Received domestic remittances last year	Not available
7.	**Debit cards transactions	2.1million
8.	*Mobile phone used to pay bills (total population)	4%
9.	*Mobile phone used to receive money (total population)	4%
10.	*Saved using a savings club in the past year	46%
11.	*Adults with Insurance	8.25%

Data Source: * 2016 Data points: <http://www.pfip.org/wp-content/uploads/2017/01/2-PNG-NATIONAL-FINANCIAL-INCLUSION-STRATEGY-2016-2020-final.pdf>; ** 2017 Data points <https://www.bankpng.gov.pg/wp-content/uploads/2017/10/RFI-for-services-for-retail-payments-in-PNG-FINAL-17Oct12.pdf>

Infrastructure:

PNG is primarily a cash economy. Significant progress has been made in recent years on developing the infrastructure in PNG for making electronic payments. A system to enable real-time settlement of payments across banks' accounts with BPNG, the Kina Automated Transfer System (KATS) has shown progress in shifting government payments onto an electronic processing platform. Also, commercial banks have rolled out electronic banking channels like Electronic Funds Transfer at Point Of Sale (EFTPOS), internet banking, among others, for their customers. Mobile Network Operators (MNOs) also provide wallet facilities, albeit using funds held outside the banking system. However, at this stage, the electronic interfaces the banks (and MNOs) provide for their respective customers are not all connected into an integrated system. This lack of interoperability is evident from, for example, how customers have to use their own bank's ATM machine or EFTPOS terminal, rather than all customers having access to a single network. This absence of seamless payments connectivity amongst providers of payments services is a significant barrier to competition in the market for those services.⁸⁴

⁸⁴ [Financial Sector Development Strategy: PNG's roadmap to financial system stability and growth \(2018-2030\)](#)

In July 2019, The Bank of Papua New Guinea (BPNG) launched the nation-wide common platform for retail electronic payments on 29 July, 2019. This is the first ever initiative by the BPNG to offer digital financial services so more people and businesses will have access to financial services throughout the country, especially outside the main centres.⁸⁵ The central bank representatives predict that the REPS system will introduce agility for transactions between financial entities, cost effectiveness for newer players to enter the market and improve choices available to end consumers. REPS will hopefully also establish a strong case for furthering the payments ecosystem in the country which has been on the agenda of the NFIS-II as well as a focus area for many development aid programmes by IFC and UNCDF, among others.

Agent banking has not seen a lot of success in PNG and has been unable to establish a viable business case. There have been several trials by banks and micro banks alike but most entities report a draw down on such operations. Even then, there is curiosity around this model. Due to the geographical, physical access and security constraints in the country, it is nearly impossible for banks to set up brick and mortar structures everywhere. The movement of cash to the provinces has been described by bankers as a “conveyer belt,” in which banks move money on behalf of the government and corporations. The frequency of travel varies according to the remoteness of the village, but regular trips to the large towns and cities seem common to most families.⁸⁶ However, most of this money does not flow back into the formal banking system. Most households receive cash from the government or exporters directly or through a relative who is an employee, grower, landholder, or beneficiary. There is a reasonable market for FSPs and TSPs to quickly push mobile money into the system by paying salaries, paying royalties, and purchasing commodities electronically in lieu of the current cash systems.

The recent deployment of new mobile infrastructure, improvements in network quality and the launch of 4G spectrum have supported the expansion of PNG’s mobile broadband sector. There are up to 1 million unique mobile internet subscribers in PNG, primarily in cities where mobile internet penetration grew by 20% in 2018. Yet, mobile penetration is still low compared to other countries in the Pacific, with less than a third of the population being unique mobile subscribers. With a rural population of 87%, there are widespread disparities in mobile phone access and use between PNG’s urban centres and rural areas, but also between men and women. Many of those who have a mobile phone still rely on basic GSM prepaid services.⁸⁷ The K331million Coral Sea undersea cable project linking PNG, Solomon Islands and Australia is expected to be up and running in 2019 and to boost the ICT infrastructure, increase efficiency and greatly reduce costs.⁸⁸

Similar Initiatives by Other Development Organizations in PNG:

Following are initiatives taken up by other development aid organizations in PNG serving the financial inclusion agenda in the country:

Table 86: Similar Initiatives in PNG

Organization and program	Activities	Funding	Achievements
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⁸⁵ BPNG Press Release: The National Switch goes live; 31 July 2019

⁸⁶ Building a mobile money distribution system in PNG; PFIP, IFC

⁸⁷ Digital transformation: The role of mobile technology in Papua New Guinea; GSMA (2019)

⁸⁸ <https://www.coralseacablesystem.com.au/>

ADB: Microfinance Expansion Project (2012- Present)	Works at micro, meso, and macro levels to ensure that the previously unbanked can access financial services and will have the financial capability to do so. The project supports a large-scale financial literacy training programme which will deliver financial education to more than 130,000 people in some of the most remote and inaccessible areas of PNG by 2018	USD 24.9 million	By 2015, financial education was delivered to more than 90,000 people nationwide through partnerships with 11 FSPs. Of this, almost 50% were women, 31,850 of whom ended up opening bank accounts. Review of the Savings and Loan Societies Act in 2012. The recommendations have been accepted and the amendments gazetted in 2018.
IFC	Consumer Protection; Reform of the National Payment System and Government-to-Person Payments System ; Implementation of the PNG Interoperable Switch for Electronic and Mobile Transactions and Third-Party Card Issuance; KinaBank Transformation; Bank South Pacific Expansion ⁸⁹	Not available	National Retail Electronic Payments Switch; Financial Consumer Protection Diagnostic Report (2018); Draft Financial Consumer Protection Legislation (2019)
AFI	The Pacific Islands Regional Initiative (PIRI) was created in 2014 at the AFI Global Policy Forum (GPF) in Maputo, Mozambique, and was officially launched in Dili, Timor Leste in 2015. The ultimate goal of PIRI is to enable all low-income Pacific Islanders to have access to formal and informal financial services.		To date, 21 policy reforms to advance financial inclusion have been developed by member institutions. A total of 13 meetings have taken place under the leadership of the group's co-chairs. Fin-tech ecosystem development has been facilitated. ⁹⁰

⁸⁹ 67

⁹⁰ https://www.afi-global.org/sites/default/files/publications/2018-08/PIRI_FS_18_AW_digital.pdf

3 PFIP-II in PNG

PFIP-II's objective is to increase the number of low-income Pacific Islanders who adopt and use formal financial services, with the long-term goal of improving livelihoods. It aims to achieve this objective by supporting financial service providers to innovate with products and services for mass-market consumers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. To this end, PFIP—II is organized into three workstreams: 1) Policy and Regulation, Financial Innovation, and Consumer Empowerment.

The following are the country-level focus areas for PNG:

1. Output 1 - Better Policies, Regulations and Coordinated Actions: Strategizing interventions in conjunction with CEFI and MEP
2. Output 2 - Deepening Financial Access:
 - a. Customer and agent satisfaction study with the objective of understanding usage barriers to Mobile Money/Branchless Banking (MM/BB) and deepening financial services delivery
 - b. Scaling up microinsurance pilot through products, delivery channels innovations
 - c. Piloting gender-focused financial services – partnerships with different types of FSPs to develop and pilot women-centric financial products
3. Output 3 - Better Market Information and Access to Knowledge
 - a. Comprehensive study of payments landscape for scoping G2P, remittances and other payment possibilities on MM/BB rails
 - b. Analyse data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications (with BPNG/CEFI)
4. Output 4 - Informed and Competent Consumers
 - a. Developing a strategy for FinED with BPNG
 - b. Financial literacy through faith-based institutions

The table below summarizes the projects per each of the workstreams and their budget allocation and current budget status as of June 2019. The projects are briefly summarized below but comprehensively documented in Annexes III and IV.

Table 87: Summary of Projects by Workstream and Budgets

Workstream	Grantee organization	Grant amount (USD)
Policy and Regulation	Bank of Papua New Guinea	200,000
	Mid-term NFIS review	
	Regulatory study of Micro-banks in PNG	
	(TA) Pinbox Solutions superannuation feasibility study	49,900
Policy and Regulation/	Foundation for Development Cooperation (FDC)	100,000

Consumer Empowerment	POWER diagnostic (Dalberg)	284,430
Policy and regulation/ Financial Innovation	NASFUND	304,600
Financial Innovation	BIMA- Microinsurance	5,03,236
	MiBank-Solar loan	1,05,500
	Capital Insurance	66,841
	WestPac	1,500,000
	Women's Microbank Limited (WMBL)	413,625
	Life Insurance Corporation (PNG Ltd.)	77,673
	MiBank-Agri focused Agent Network	313,115
	Sola-PayGo Pvt. Ltd.	300,000
Consumer Empowerment	TVET- Kamaliki Technical and Vocational Institute, Goroka	

3.1 Policy and Regulation Workstream

The Policy and Regulation workstream prioritizes efforts with government departments and regulators to support the development of an enabling financial inclusion ecosystem.

National Financial Inclusion Strategy (NFIS):

PFIP has been instrumental in the development of the national financial inclusion strategies for PNG. With the end of NFIS-I in 2015, the *Second Strategy*, as NFIS-II is popularly called, was formulated through a workshop facilitated through a consultative and participatory process with inputs from all key stakeholders, acknowledging lessons from the first phase and incorporating best practices from home and abroad. The Second Strategy continues the priority strands from the previous strategy that have been found to be effective and updates the overall plan with new strategic areas. It also looks at fine-tuning the implementation mechanisms and sets the stage for the pathway to financial inclusion between 2016-2020. NFIS-II defines financial inclusion as that whereby *“individuals and businesses have access to and can effectively use financial products and services that meet their needs – payments, savings, credit and insurance – which are delivered in a responsible and sustainable way”*.

PFIP gave a grant to BPNG in April 2015 towards a holistic project that had the following objectives:

1. To build a financial inclusion dashboard for strengthening data management for policy and market development. This component was supported by the Results Management team at PFIP
2. Building capacities of financial inclusion and financial literacy working groups from NFIS-I through workshops to build the framework for Second Strategy.

The project also required BPNG to conduct workshops with the aim to mainstream financial inclusion among provincial governments in Highland provinces. The funding for this activity was borne by BPNG.

Work on the Second Strategy was more focused and organized given the experience gained from the first implementation and the potential that stakeholders saw in developing the financial services market. The government endorsement is especially strong since financial inclusion is a key policy goal of the Development Strategic Plan 2010-30. The result is a well-documented NFIS Plan 2016-2020 that has incorporated a new overall target to increase the formally-served adult population from 37 percent to 60 percent (2 million adults) of which at least 50 percent are women and 10 percent are youth. The targets also include the provision of microinsurance to at least 1.5 million adults. There is an increased focus on consumer segmentation (women, informal economy especially from the perspective of agricultural workers and small businesses, youth), product diversification (deeper reach of superannuation products, development of the payments ecosystem, microinsurance) with financial capability building as the overarching theme. The NFIS 2016-2020 embraces a financial inclusion implementation structure which includes CEFI as the national coordinator, NFIS Steering Committee, Regulator's Advisory Committee and its four main working groups. Besides the Working Groups on DFS, Inclusive Insurance, Financial Education, Financial Consumer Protection, new groups for informal economy and agriculture, SME finance and Resources Sector Engagement have been created and are functional.

As part of its commitment to build a data dashboard to showcase evidence and to support data-driven decision making, a comprehensive Monitoring and Evaluation (M&E) framework was developed as part of the strategy. The framework itself is very detailed with 18 indicators spread across the priority areas under the strategy. Some of these indicators are aspirational in lieu of the priorities that were set up for SMEs and the informal sector- primarily pertaining to agriculture. CEFI is responsible for coordinating the data collection to report on key metrics as the sector progresses towards achievement of NFIS-II goals. As per the KII conducted with CEFI and the reports found on their website, CEFI publishes quarterly reports on primarily access points and outreach.⁹¹ They also coordinate reports for MIX Market towards the development of annual country factsheet for PNG.⁹²

The importance of harmonizing financial inclusion into government programs and budgets and developing the necessary awareness for financial inclusion work in PNG has also been recognized by NFIS-II. Active participation of senior government officials in the working groups has elevated the involvement of the Government and it has made several commitments and policies in support of financial inclusion.

Policy and Regulation Knowledge Products:

NFIS (2016-20) Mid Term Review: At the request of Bank of Papua New Guinea (BPNG), PFIP was requested to perform a mid-term review of the NFIS-II. This review, finalised by PFIP in May 2019, aimed to understand the current progress on NFIS-II implementation and the role of CEFI in driving implementation of the strategy. From reviewing the implementation of the NFIS there was a realization that all the key Priority areas identified, remain relevant to achieving the National Financial Inclusion objectives.

The review noted that steady and impressive progress has been met across all of the overarching impact indicators. In general, the overall number of formal financial deposit holding accounts has grown by 62.7%. However, only 31% of total accounts opened were by women against a target of 50%. The report also noted a 42.5% achievement on people trained under financial literacy initiatives. A decrease in agent access points to from 375 in 2017 to 300 in 2018 was attributed to an increase in

⁹¹ [Most recent report is for March 2019](#)

⁹² [Most recent report is for 2017](#)

population and many agent and merchant banking points shutting down due to non-viability of the business model. Reduction in micro-insurance due to the fallout between BIMA and Digicel was also noted.

The review report also provided details on policy-level progress such as the creation of a Financial Consumer Protection framework that was, during the period of evaluators' visit to the country, under review by relevant stakeholders. The National Payments Switch was to be launched by the end of Q3 2019. It was also observed that no progress has been made to bolster the payments ecosystem in the country even though PNG is one of the first countries from the Pacific region to have endorsed the BTCA membership in 2015.⁹³ Furthermore, challenges observed for each strand of NFIS priority areas and the possible way forward have also been documented in the report. In particular, coordination role of CEFI and its effectiveness was noted and the required improvements thereof. It was also found that the working groups are not efficient and need to improve knowledge sharing among peers.

Regulatory study of the micro-bank sector, PNG: PFIP has also advocated actively for greater regulation of the financial services sector for safer delivery of retail finance to the informal sector. Microbanks are one category of licensed financial institutions with a particular focus on offering low-value retail credit and savings services. However, microbanks have failed to reach the scale or sophistication required to deliver on their development objectives, despite encouragement and support from BPNG. PFIP collaborated with BPNG to commission a report to define a pathway for the regulation and supervision of microbanks that ensures improvements in their financial resilience while balancing their development mandate. The report offers insights on the microbanks' scale, sophistication, ability to harness technology and overall sustainability to serve the NFIS mandate. To this end, the report provides a way forward to define a common vision for the regulatory framework for microbanks.

Feasibility study to extend pension coverage to the informal sector in Papua New Guinea by NASFUND: The study examined opportunities and barriers to comprehensive micro-pension coverage expansion through NASFUND and involved an evaluation of Eda Supa (NASFUND's voluntary superannuation plan for non-salaried workers) including product features, benefits, process architecture, sales and distribution model (including digital infrastructure), operational and financial challenges. The study also conducted Focused Group Discussions (FGDs) and interviews with non-salaried individuals especially in the Highlands provinces. Key findings of the study included significant latent demand for pension products among informal sector workers with cash incomes and especially among cash crop farmers. The study also noted that existing customer data and KYC with banks and MNOs can be leveraged for opening instant, digital micro-pension accounts and that there are significant opportunities for aggregating micro-pension demand among informal sector workers through banks, MNOs, exporters and farm cooperatives. The study findings were shared with NASFUND and the basis for which a pilot has been designed in the Highlands provinces. The study also resulted in BPNG providing a grant to create a regulatory Sandbox for the pilot project to enable NASFUND to test products and implementation models that are outside the current regulatory framework for superannuation funds in PNG.

Participation of Women in the Economy Realized (PoWER) diagnostic: According to the NFIS-II, the gender gap in the access to financial services is almost of 29 percentage points, the highest in the South Pacific region. The rapid advancements in the number of formal bank accounts opened in the

⁹³ [PNG's Ministries of Finance and Treasury endorse the BtCA membership](#); BtCA media releases; 2 April 2015

country have been more for men than for women.⁹⁴ The diagnostic study, conducted by Dalberg between August 2018 and June 2019, used UNCDF's PoWER diagnostic tool and sought to understand the triggers and barriers to access, usage of and agency to make financial decisions by women in the country. It noted the role of BPNG in launching the NFIS and in the adaption of the Gender Equity & Social Inclusion (GESI) Policy for microfinance. However, at a more tactical level such initiatives have not worked because nuances of adding a gender lens to financial inclusion have not been defined. For example, a definition for "gender focus" has not been created and there is limited or no technical capacity to drive gender-based financial inclusion models. Similarly, at the FSP level it was noted that little R&D has occurred to look at women as a separate, viable segment and to design products and engagement methodologies for them. Current methods, however pertinent, have been found to drive uptake to a certain point but not adoption in the form of sustained and frequent usage among women.

Recommendations were made by the study to use demand side insights such as trust issues perpetuated by misconceptions and information asymmetries, required steps from supply side such as women friendly access points and the need for relevant product design and overall ecosystem drivers such as creating a more conducive environment for women entrepreneurs to grow and scale. The study findings have great potential in pushing for positive policy and implementation reforms and the PFIP team in PNG are gearing up to share results with the wider stakeholder group.

Financial Inclusion Innovation Summit 2017: PFIP supported the Foundation for Development Cooperation (FDC) to host the Financial Inclusion Innovation Summit, 2017 which is a biannual industrial event for financial inclusion service providers, regulators, governments and advocates in the Pacific region. The objective of the event is to facilitate networking and promote knowledge sharing around innovation in financial services and consumer empowerment. The funding partnership and collaboration enabled PFIP to share lessons, results and plans around 35 innovation projects being implemented in the region. Participants were also updated about the Demand Side Surveys that were newly released for Fiji, Solomon Islands, Tonga, Samoa and Vanuatu. Better access to market information and access to knowledge is one of the key output areas for PFIP in PNG.⁹⁵ Strategically, the program also attributed the results of its interventions in large part to sustained efforts in engaging stakeholders in a technical dialogue around financial inclusion.

The summit was attended by 185 delegates from 14 countries. According to the evaluation report submitted by FDC, 25 percent of the participants represented policy makers or regulatory bodies, 30 percent from the non-profit or civil society organizations and the remaining representing commercial banks, business houses, TSPs and industry bodies.⁹⁶

3.2 Financial Innovation Workstream

The Financial Innovation work stream is based on the principle that adopting innovative technology and having the right products and services that meet the requirements of consumers are foundational to increase consumer access and usage. For many Pacific countries that PFIP works in, the end consumers are often first generation users of formal financial services. PFIP has partnered with over 20 FSPs⁹⁷ in the Pacific region to incubate a range of financial services and build institutional capacities to serve underbanked populations, especially women. In PNG, a total of 11 grants and 9 TA contracts were commissioned through PFIP Phase II under the Financial Innovation Workstream accounting for

⁹⁴ NFIS-II Mid Term Review

⁹⁵ Output 3, focus areas for PNG, prodoc- PFIP II

⁹⁶ FII Summit Evaluation report

⁹⁷ PFIP revised results framework (2014-19)

84 percent of total grants made by PFIP-II in PNG. The grants supported key projects in the areas of agent banking, banking access points, insurance and pension. PFIP has developed an Infographic country profile, presenting an overview of all the work done under PFIP-II.⁹⁸

Following are the interventions in PNG under this workstream at a glance:

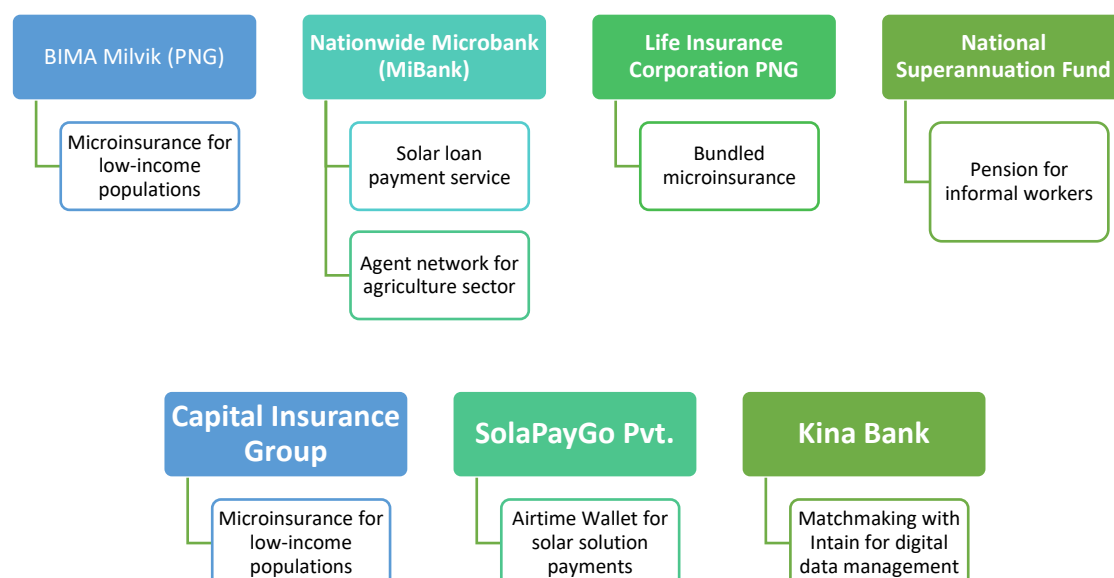


Figure 17: Financial Innovations in PNG at-a-glance, PFIP-II:

A description of each of the projects undertaken are as follows:

BIMA Milvik (PNG) Limited

BIMA began local operations in PNG in July 2014, in partnership with a local insurance company Capital Life Insurance Company and one of the largest mobile network operators in PNG, Digicel. In alignment with PFIP's objective to deepen financial services, the goal of the grant to BIMA was to bring convenient, affordable microinsurance products to low income, rural, unbanked and or underbanked PNG citizens. The project aimed to reach out to 76,542 people within two years that would include 50% women, of which 90% would be based out of rural areas and 100% would have been previously uninsured. By the end of the project under the PFIP grant, 397,751 people had received insurance protection and education (as on 31/06/2016 at peak coverage). In terms of scale, a total of 349,492 and 394,954 life and hospitalization policies had been supplied. Of the total outreach, 88% had been insured for the first time ever in their lives. By 2017, BIMA had given out almost K6 million in claims.⁹⁹ The project had exceeded its original targets by over 5 times.

However, in 2018, Digicel and BIMA had a fall out and also faced massive fraud claims in PNG. Operations were abruptly halted in 2018 and BIMA transferred back to Fiji where again they are in the process of transitioning out of the Pacific region. Very little evidence is available to explain this decision which has long-term ramifications not just on the product but on the future of microinsurance in PNG on the whole.

⁹⁸ [PFIP work performance dashboard- PNG](#)

⁹⁹ [Digicel customers get K6 million from exclusive BIMA insurance products](#)

Nationwide Microbank Limited (MiBank)

PFIP has engaged with MiBank through two PFIP-II grants: a solar loan payment service and an agriculture-focused agent network innovation lab.

PFIP helped MiBank integrate the Pay-As-You-Go (PAYGO) platform with MiBank's mobile money platform--MiCash and Digicel, to offer solar home solutions with the objective of enabling customers to buy pre-paid electricity on their mobile phones. The project envisaged that over the pilot period, 2,150 D-Light household solar kits would be set up in 4 villages in the Highlands and Momase regions. Empawa, a local distributor for D-light, was the bank's partner for this project, the credit facility, product providers and after-sales service providers. A loan of K 750 gave access to the home solution that the customers could start using right away. The proposal was to scale the product offering in all the islands of PNG. Due to a weak partnership conflicting priorities of the two institutions, the project was derailed. Empawa pulled out at the last moment and the PAYGO solar kit mission changed overnight to training the agents and some residual activities to exhaust the grant. At its peak, the project enrolled 495 clients by June 2018 and provided them with solar home solution kits. By March 2019, there were 15 outstanding loan clients. MiBank has now partnered with SolaPaygo, a provider of innovative solar powered solutions for people without access to reliable electricity,¹⁰⁰ to scale the solar loan product. Based on the Empawa experience, a lot of the challenges have been ironed out through discussions with SolaPayGo, particularly around after-sales related challenges. MiBank may also take some liability of the credit portfolio depending on how the relationship pans out in future.

The Agriculture-Focused Agent Network Innovation Lab aims to design and pilot a commercially scalable agent-network management model for providing financial services to low-income populations, primarily engaged in agriculture and allied sectors, in PNG Highlands. With PFIP-II support, MiBank is testing different agent models, with a focus on agricultural value chains. The project will allow them to test a reseller model (entrepreneurs who provide cash-in and -out services in addition to their other products and services) and a super-agent model (a hub and spoke model, where sub-agents can help cash out customers), and by creating a network of merchant points that accept electronic money through the deployment of technology. The project will enrol at least 5,000 clients of which 50% will be women through 15 agents by the end of the project. To date, PFIP has placed an expert consultant at MiBank to help them run human-centred design trials, scope out relevant technology and engagement models and to come up with a scalable solution that has a high value proposition for all the stakeholders involved. At the time of the evaluators' visit to MiBank, the consultant was still awaited.

Life Insurance Corporation PNG Ltd. (LICL)

LICL provides life insurance underwriting and other related products and services in PNG. LICL is also a member of the Inclusive Insurance working group coordinated by CEFI under the NFIT for implementation of NFIS II strategies. LICL has attempted taking microinsurance to the last mile with limited to no success; 25,000 subscriptions are needed per district to be financially viable. The United Church Papua New Guinea (UCPNG) is one of the largest church networks in the PNG, with current country-wide membership of approximately 700,000 people organized into 2,700 congregations, 260 circuits and 11 regions. With support from PFIP, LICL and UCPNG aim to redesign a bundled insurance product (United Life Insurance Plan-ULIP), which was designed specifically for members of UCPNG to cover life, funeral and hospitalization. The goal of the collaboration is to provide basic financial products to over 700,000 followers of UCPNG across the country, with a pilot starting in Hela province (rural) and Port Moresby (urban) to prove scalability and financial viability of the proposed solution.

¹⁰⁰ <http://www.solapaygo.com/>

By August 2019, LICL and UCPNG were waiting for a TA expert to join the team. The management at both the organizations expressed their worry at not being able to meet timelines because of the time taken for PFIP to provide them with the required TA input.

National Superannuation Fund (NASFUND)

NASFUND is a registered trust in accordance with the Superannuation (General Provisions) Act 2000 and incorporated and domiciled in PNG. It took over the role of National Provident Fund which operated from 1980 to 2000. It is the only superannuation fund that is mandated by law to collect compulsory contributions from employees and employers, towards the retirement savings of all private sector workers in the country. The PFIP-funded project seeks to pilot a product called “Agri Supa”, built specially for informal workers (particularly among women) in the agricultural and allied sectors. The product may also eventually include microinsurance coverage. Prohibited by regulation to deploy contribution funds for experimentation and testing, a regulatory sandbox was proposed whereby the PFIP grant would bear the liability of losses should the proposed pilot fail.

The project was signed in April 2019 but has not started since approval for the regulatory sandbox was awaited from BPNG. The central bank has given its in-principle agreement for the sandbox in August 2019 and the project is expected to commence soon. The overall project is for 12 months of which approximately 40% time will be dedicated to preparation and the remaining for the pilot run for actual enrolments and contributions which will provide insights on the frequency and quantum of contributions. However, with the project delay, the project will most likely spillover beyond February 2020.

Capital Insurance Group Limited

Capital Insurance Group is a Pacific-wide insurer offering general and life insurance products. PFIP commissioned a research project to map the PNG landscape for two innovative inclusive insurance products. The first product is aimed at insuring community assets such as water pumps, solar equipment and the second is aimed at insuring housing structures of the low-income population in PNG. The research did not yield any positive results and the project was closed due to the inability of the Capital Group and its consultants to complete the project on time. However, PFIP prompted the use of available data to craft a low-cost building insurance. After some back and forth, the Capital Group cited many obstacles in developing a viable commercial model and the project was officially terminated by PFIP in May 2017.

SolaPayGo Pvt. Ltd.

SolaPayGo Pvt. is a provider of innovative solar-powered solutions for people without access to reliable electricity. Their objectives are to provide affordable power solutions to off grid communities, transform the way people can access, use and pay for energy and supply all the people with affordable and safe energy supply. The project commissioned SolaPayGo to use an airtime wallet platform. The use of mobile phone facilities and more specifically, airtime wallets, enables individuals and households with purchasing power even without a bank account. Mobile Network Operators (MNO) in PNG have worked with mobile money wallets as well as airtime wallets and have found that mobile money operations are very challenging and thus the penetration rate remains very low in comparison with that of airtime wallets. For this reason, this project will be using an airtime wallet platform.

Kina Bank

Kina Bank acquired the retail operations of ANZ in PNG¹⁰¹ in April 2019, taking its retail operations to 20 branches across the country (erstwhile 6 branches). Kina bank is also the first in PNG to go cheque-free and has most of its transactions online. Internet banking, launch of a bill pay system, mobile banking are some of key focus areas for Kina Bank. The Kina management mentioned that they are in regular communication with MNOs to firm up the current USSD offering around top up, bill pay and top up for PNG power which were supposed to be launched by the end of August 2019. PFIP will play the role of matchmaker at this point and will not provide direct funds to Kina. The bank selected Intain¹⁰², a fintech firm based out of India that has offered an AI-based Optical Character Recognition (OCR) solution, for automating the data entry and management processes for Kina Bank including the KYC process. The selection of Intain has now transitioned into an accelerator programme through a 6-month engagement whereby the tech firm will look to solve the abovementioned problem statements. While Kina will not get any direct funding, PFIP will provide a direct grant to Intain, as per the provisions under the Asean Fintech challenge. If at the end of 6 months the solution passes beta testing and is found to be viable, the solution will also be scaled to other business verticals within the bank.

3.3 Consumer Empowerment Workstream

PFIP believes in strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve their livelihoods. PFIP has supported financial literacy and education campaigns with national school systems, financial service providers, and empowerment programs. PFIP also supports policy makers and service providers in the development of consumer protection regimes.¹⁰³

Funded by the European Union, the project is a result of the 2020 Money Pacific Goals, endorsed by PNG in 2009 and the Maya Declaration commitments made in 2013. Financial education and financial literacy are also joint national priority areas identified within the National Financial Inclusion Strategy 2016-2020 launched by the Bank of PNG in December 2016.

In PNG, the team was keen to push for the adoption of financial education as part of the core curricula of school education. However, discussions with Ministry of Education yielded that for such to happen, significant policy level changes will have to be brought about. Hence, the team took a conscious decision to instead push for financial education through TVET (Technical and Vocational Education and Training) institutions in the country. Strengthening TVET curricula and enrolments thereof leading to gainful employment of the youth is only the second priority for the Government of PNG, after universal basic education for all.¹⁰⁴ Incorporation of financial education modules in the TVET curricula did not require any policy or legislative changes and the discussion easily came through with respective government authorities and with BPNG.

BASIX, an India based consulting firm was recruited for its expertise in designing financial education curricula under a TA contract in early 2017. BASIX was responsible for the development of the financial education modules, implementation and external monitoring for the TVET institutions where the program was to be rolled out. The KII with the TA providers informed the evaluators about the iterative

¹⁰¹ <http://www.looppng.com/business/kina-bank-cleared-acquire-anz-83526>

¹⁰² <https://www.intainft.com/>

¹⁰³ <http://www.pfip.org/our-work/work-streams/consumer-empowerment/>

¹⁰⁴ Reorienting policy towards excellence in TVET education for sustainable development for Papua New Guinea; Department of Education (PNG)- 2009

process that was adopted for ensuring a contextualised curriculum for financial education. The TVET program teaches 6 trades and has a suite of 46 subjects, taught through these institutions. The challenge was to seamlessly integrate the financial education modules within an already elaborate course. Through repeated iterations, the TA providers were able to bring the total pitching hours including student assessments, for financial education modules to 32 hours from the initial 76, spread over 7 modules. The TA providers also designed teaching resources, M&E frameworks and assessments for teachers to implement.

The Kamaliki TVET was the first tertiary institute that PFIP worked with under the Regional FinEd Implementation. Pegged as a pilot, the project focused on embedding financial education curricula into the coursework of all fields of study in tertiary education institutions across the Pacific with the objective to create graduates who are better equipped to deal with financial decision-making once they enter the labor market. Under the pilot program, of the 589 students who enrolled for the program, only 266 completed all the 7 modules of which 73 (27%) were women.

The program was subsequently rolled out in the Western Highlands region across four TVET institutions in Rebiamul, Tambul, Kimil and Ogelbeng. As of August 2019, the total number of students trained on module 1-4 are 68 of which 39 are women. Currently, the students are being trained on modules 5-7.

The TVET initiative has been appreciated by BPNG, CEFI and other key stakeholders such as the DFAT representative during the KIIs conducted by the evaluators. Unanimously seen as one of the key contributions of PFIP II, BPNG especially noted that this is an area where they would continue to expect support from PFIP.

Apart from the above, the evaluators have observed that for most of the projects commissioned, there is a strong mandate in the PADs around designing and executing activities that are focused on consumer empowerment. In addition, from a regulation and governance point of view, the NFIS for PNG has laid down a strong commitment to ensure nation-wide roll out of financial literacy initiatives. Most of the partners that the evaluators met with have emphasized on their commitment to ensure that consumer empowerment initiatives are strongly embedded as part of their product/service architecture. For example:

1. SolaPayGo mentioned training of staff to ensure that the information provided to clients is clear, transparent and that its 'ok to say no' where they feel the customer does not have the appetite to service a loan.
2. WMBL uses its network of CSOs and NGOs, along with its staff to ensure that all their women clients receive business development and financial education training.

Partners like Westpac and MiBank have each developed their own financial literacy modules that are implemented as part of their business and operations model. However, they did not come up with any specific modules for implementation under the PFIP grant.

In addition, consumer empowerment also entails a strong commitment to integrate consumer protection measures in policy and practice. Discussions with BPNG show that such measures, while important, are still under discussion and there is no formal guideline document or measurement framework to ensure that current practices within the financial services sector are consumer

protection compliant. IFC released a Consumer Empowerment diagnostic report in 2018 to inform the Financial Consumer Protection policy that is currently under review. This is a key area for development and is a necessary measure to both diagnose the current situation and to offer prescriptive solutions going forward.

Status of Fund Disbursement for PNG under PFIP-II¹⁰⁵

Table 88: Grant disbursement for PFIP II in PNG

S NO	Workstream	Partner	Start Date	End Date	Grant Amount (USD)	Disbursed (USD)	Balance (USD)	Status
1	Policy and Regulation	Bank of Papua New Guinea- Data project	24-04-2015	31-12-2016	2,00,000	1,50,000	50,000	Closed
2	Policy and Regulation	Mid term NFIS review	01-02-2019	31-05-2019	-	14,700		Closed
3	Policy and Regulation	Regulatory study of Micro-banks in PNG	01-11-2018	28-02-2019	-	39,777		Closed
4	Policy and Regulation/Consumer Empowerment	FDC	26-06-2017	31-12-2017	1,00,000	1,00,000	-	Closed
5	Policy and regulation	(TA) Pinbox Solutions superannuation feasibility study	15-02-2018	30-06-2018	49,900	49,900	-	Closed
6	Policy and regulation/ Financial Innovation	NASFUND	01-04-2019	28-02-2020	3,04,600		3,04,600	Ongoing
7	Policy and Regulation/Consumer Empowerment	POWER diagnostic (Dalberg)	16-08-2018	30-06-2019	2,84,430	2,84,430	-	Closed
8	Financial Innovation	BIMA- Microinsurance	07-07-2015	30-06-2019	5,03,236	5,03,236	-	Closed
9	Financial Innovation	MiBank-Solar loan	27-07-2016	31-12-2017	1,05,500	85,000	20,500	Closed
10	Financial Innovation	Capital Insurance	26-04-2016	31-03-2017	66,841	53,473	13,368	Closed
11	Financial Innovation	WestPac	10-05-2017	30-06-2019	15,00,000	5,25,000	9,75,000	Closed
12	Financial Innovation	(TA) Westpac	01-09-2016	31-12-2018	2,50,000	2,50,000	-	Closed
13	Financial Innovation	Women's Microbank Limited (WMBL)	15-03-2018	30-06-2020	4,13,625	3,51,582	62,043	Ongoing
14	Financial Innovation	(TA) PHB Development for WMBL	01-04-2018	01-04-2019	2,03,855	187,361.67	16,493	Closed
15	Financial Innovation	Life Insurance Corporation (PNG Ltd.)- Bundled insurance and DFS	11-04-2019	30-06-2020	77,673	15,535	62,138	Ongoing
16	Financial Innovation	MiBank-Agri focused Agent Network- Innovation Lab	25-04-2019	29-02-2020	3,13,115	62,623	2,50,492	Ongoing
17	Financial Innovation	(TA) Mibank	03-09-2019	31-07-2020	1,95,813		1,95,813	Ongoing
18	Financial Innovation	Sola-PayGo Pvt. Ltd.	15-02-2019	30-06-2020	3,00,000	90,000	2,10,000	Ongoing
19	Financial Innovation	(TA) Intain- for Kina Bank	14-08-2019	30-06-2020	80,000		80,000	Ongoing
20	Consumer Empowerment	BASIX	15-01-2017	30-06-2018	1,83,000	1,00,000	83,000	Closed
21	Consumer Empowerment	TVET- Kamaliki Technical and Vocational Institute, Goroka					-	
Total					51,31,588	28,62,617	23,23,448	

¹⁰⁵ The table also details the various TA engagements that have been part of larger projects under different workstreams.

4 Evaluation Findings

Methodology

The evaluation of the PFIP-II in PNG was spread across 5 working days and undertaken by a two-member team. The team also conducted 3 FGDs in Hula, Lae and Morata- a suburb of Port Moresby. Each group constituted of not more than 5 customers associated with SolaPayGo and WMBL. Findings from the interviews and FGDs have been elaborated further in the section immediately after the DAC analysis.

Insights Gathered from the Evaluation

This section delineates the programme design, achievements and lessons learnt from the PFIP-II interventions in PNG for the distinct pre-defined workstreams and is centred on the UN/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability with or without PFIP involvement going forward.

From the program results management perspective, the Results Measurement Hierarchy (RMH) provides with a panoramic view of the outputs and outcomes that the program envisages to achieve through the different strands of interventions viz. Financial Innovation, Policy and Regulation and Consumer Empowerment. The RMH culminates into objectives of the program that are quantified to measure market development (*number of viable business models*), access to end consumers (*number of enrolled consumers, disaggregated by gender*), usage and adoption of financial services (*percentage of active enrolments, disaggregated by gender*). In addition, the evaluators added two impact indicators during the inception stage of the evaluation exercise: *Pacific islanders build financial resilience, reduce negative coping mechanisms AND women are economically empowered and build agency and independence.*¹⁰⁶

For PNG, the prodoc for PFIP-II also documents the country specific output areas that were arrived at post in-country stakeholder consultations. These have also provided guidance to the evaluators to map the insights gathered from different lines of evidence to the evaluation framework.

4.1 Relevance

PFIP-II aims to increase access to financial services among low income and rural households. It provides capacity development to financial service providers, regulatory bodies and government ministries and gives performance-based grants to develop and implement financial products and services that support the poor.¹⁰⁷ ***The quality of program design through the various interrelated workstreams of Financial Innovation, Policy and Regulation, and Consumer Empowerment are appropriate to accomplishing the aim, goals and objectives of the programme. The workstreams under PFIP-II cover the entire gamut of financial inclusion space ranging from policy to product innovation suitable to the context and consumer education and awareness.***

¹⁰⁶ Inception report, PFIP-II final evaluation

¹⁰⁷ <https://dfat.gov.au/geo/pacific/development-assistance/Pages/economic-growth-and-private-sector-development-pacific-regional.aspx>

Facilitating Financial Inclusion

PFIP Phase II aligns with the strategies of UNCDF, UNDP, ADB, the World Bank Group, EU, DFAT and others in the region in paving way for inclusive development through financial services, especially digital financial services. For example, the European Union (EU) commissioned Euro 6 million to PFIP as part of its Rural Economic Development Phase II programme whereby PFIP is expected to support the development of mobile and branchless banking ecosystem, product diversification and financial education in PNG's Highlands Region, where over 42% of the total PNG population live and were unbanked at 99.9% compared to the national average of 85.6%¹⁰⁸ at the inception of PFIP II. Further, use of technology is central to the PFIP-II interventions given its potential to bridge access and usage gap in the unique context of the Pacific region. Focus on gender as a cross-cutting theme is evident at least in PFIP's emphasis at the input stage of the results chain across the work streams that define the programme.

Building synergy amongst stakeholders

Discussions with PFIP partners in PNG also show that there is strategic and programmatic alignment shared with PFIP goals and objectives. **At a policy and regulation level**, the financial inclusion agenda is a critical one for the government of PNG as is reflected by the strategic focus that key policy and planning documents attribute to economic empowerment related activities. The central bank officials have been extremely appreciative of the role that PFIP has played in creating a mandate around financial inclusion through their support towards the creation of national financial inclusion strategies. The PFIP investment in NFIS-II (as well as the first strategy in Phase I) particularly helps localise the output and outcome level objectives for PFIP in the policy and regulation space to the PNG context. This has helped foster local partnerships, strong in-roads into the key policy and regulatory spaces where the PFIP staff is well recognised and appreciated for the technical skills that they bring in. The Assistant Governor of BPNG, who the evaluators met with during the in-country mission, particularly recognized the financial education initiative with the TVET institutions as one of the most significant contributions of PFIP-II, relevant to the financial education mandate under the NFIS II.

Selection of cross-cutting themes

Further to the above, **PFIP also recognised the relevance of microbanks in reaching the last mile consumers in PNG**. The fact that the microbanks could not develop commercially viable business models in the absence of any regulatory room under the current regime,¹⁰⁹ prompted PFIP to partner with BPNG to craft guidelines for a Microbank Supervision Unit that will allow these entities to serve low-income segments, monitor them against 'mission drift', be recognised as a separate tier of financial institutions and be defined by their ability to leverage technology for last mile outreach.

Lastly, under the relevance of PFIP interventions under the policy and regulations strand, the recall for NFIS-II is very high among donors and private sector players alike. The NFIS has helped set expectations and defined the relevance of financial inclusion to meeting the overall development mandate of the country. Key policy documents such as the National Financial Inclusion Policy (2019),

¹⁰⁸ <http://www.pfip.org/newsroom/press-releases/2014-2/eu-to-contribute-euro-6-million-for-uncdfundp-financial-inclusion-in-png-highlands/>

¹⁰⁹ Microbanks opine that the current capital adequacy requirements deter them from making any expansion plans that further dissuades them from achieving the NFIS goals which anyways do not clearly assign targets for different tiers of financial institutions

the MTDP-III, Vision 2050, Financial Sector Development Strategy 2018-30, allude to the NFIS to streamline their objectives to the last mile Papua New Guinean.

The data project commissioned by PFIP to help BPNG streamline regular reporting on financial inclusion metrics, further establishes its relevance in the PNG country context where a range of activities by different players are simultaneously being executed in the financial inclusion space. CEFI (Centre for Excellence in Financial Inclusion) coordinates with FSPs on a quarterly basis to report this data that is also available in the public domain. BPNG regularly engages with this data to steer their discussion with providers.

The knowledge products produced under PFIP-II such as the PoWER diagnostic offer important insights into the need to offer relevant products for women that are currently missing from the current product/channel space in the financial services market. Similarly, the study conducted for NASFUND, not only provides insights into the feasibility and relevance of launching a voluntary retirement savings product but also qualitative data around the financial needs of rural, low income segments. However, the study results of the PoWER diagnostic have only been released in mid-2019, when most of the financial innovation projects under PFIP II have already been commissioned. This hampers the ability of projects to use insights from the report optimally and for the PFIP team to incorporate such in the project design to secure partner commitment.

At an institutional level, most of the FSPs and TSPs that the evaluators met with showed a keen interest in understanding and working with the potential of the informal sector. However, the interest is also interspersed with questions about a working and sustainable model. To this end, PFIP's initiatives around commissioning TA projects as an integral part of most projects under the financial innovation workstream is to ensure that Human-Centered Design approaches are integrated and resultant insights applied to the development of the operational model. **The Innovation Hub model**, tested under the Westpac grant and now with MiBank to test alternative agent models are relevant to the context of PNG where private sector players and large commercial entities are still wary of taking their services beyond urban centers and upper income segments.

Grantee selection

At the institutional level, the relevance of PFIP's interventions also extend to alignment with donor sensibilities and priorities. In line with the EU focus on the Highlands region, most of the projects commissioned by PFIP necessarily have a Highlands focus, a highly underserved/unserved area from a financial inclusion perspective. The focus on the Highlands region is relevant for the PNG context, for the donor priorities, for institutions as it helps them expand into newer markets and for consumers who have limited recourse for accessing products and services tailored to their needs.

However, examples such as BIMA, Westpac have also shown **that for certain commercial entities, the rural market in PNG is not currently relevant**. While the evaluators believe this is driven largely by inefficiencies and ineffectiveness of the program management and operational design under these projects (as explained in subsequent sections of this report), there is also a component of "market readiness" for such interventions. For example, BIMA's experience of increased lapse rates, fraudulent claims submission shows the unpreparedness of the target segments to understand the product and engage with it. Such examples have made other commercial entities more wary of venturing into the rural segment without a clear insight into the preparedness of the market. The KII with KINA bank

revealed that they will only venture into the rural and low-income segment through commercial partnerships with other entities such as microbanks but are not interested in doing it on their own. PFIP hopes, as suggested by the in country Financial Inclusion Specialist, that the fintech engagement and the recent investment into MiBank will help shift the direction of the management at KINA bank. The evaluators also observed that in many cases such as Westpac and now KINA bank, the relevance of going into the rural, low income market was a nudge made by PFIP rather than a need professed by the providers themselves that PFIP could have responded to.

At the consumer level, the PFIP mandate is an extremely important one. Unless consumers are armed with knowledge and information to make relevant choices, sustainability of financial products will always remain uncertain. Further, consumer protection measures are relevant and held accountable through a consumer base that is well informed or has easy access to transparent recourse, should things go wrong. PFIP's emphasis on consumer empowerment as a separate and important workstream is made apparent by the concerted efforts made to ensure that financial capability and consumer protection are part of a key policy-level discourse and integrated in project formulation and commissioning procedures.¹¹⁰ However, from an implementation perspective, a few areas around relevance of PFIP interventions to the consumer empowerment workstream come to mind:

1. **Relevance of solutions for rural consumers** should be determined in lieu of their needs and demands. There is very little clarity about the demand side behaviors of rural and low-income segments and the nuances therein because of the socio-cultural diversity of PNG. The contours of the wantok system, physical access to services and the extent of challenges thereof, livelihood/occupation needs of the low-income segments etc., willingness to engage with formal financial services remain unexplained. For most of the KIIs that the evaluators conducted with FSPs, there seemed to be very little understanding among the FSP management of the demand-side eco-system. The evaluators also did not see any pertinent evidence emerge from the Innovation Hub engagement with Westpac that showed any data collected through the proposed HCD activities that could demystify the low-income segments for the FSPs. However, there are also examples like the following where relevant products and channels are being offered through PFIP supported interventions:
 - a. SolaPayGo where the FSP is providing solar powered home solutions to off-grid communities- a product that is very relevant to the PNG context.
 - b. MAPs offered by WMBL is a simple but relevant nudge that was needed to optimize the willingness of over 30,000 members of the bank and members of WIB who were waiting to engage with a reliable, neighborhood financial service provider.
 - c. Use of mobile phones that have a higher penetration than that of financial services to create a channel for access and usage. Using airtime payment for energy loans takes into account the mobile phone usage patterns of end consumers and a delivery channel that they are comfortable using.
2. **Relevance from a gender lens** is also an area of concern where the evaluators did not find projects particularly responding to the financial needs of women. Most PADs document the need for gender disaggregated data and share UNCDF's DFS for women strategy as guidance for implementation partners. However, in practice, very few products/channels, that exclusively serve the financial needs of women, such as WMBL's MAPs, have been able to

¹¹⁰ Project PADs refer to consumer empowerment as a separate

respond relevantly to gender barriers in access to financial services. FGDs conducted with SolaPayGo members also showed relevance of the product to women in particular, who found ways to budget their time in the evenings for household chores using the solar powered lights, leaving them with more time for work and other economic pursuits in the morning.

3. **Relevance of consumer empowerment initiatives** that have been retro-fitted into projects will be consistent with the outputs envisaged only if they are structured well to help build capacities of end consumers to develop affirmative financial behaviors that can help them manage their finances and secure their economic futures. Such initiatives should not be blended with product marketing activities as is the case for most projects commissioned to FSPs. However, PFIP's interventions with TVET institutions are relevant because it helps prepare youth that are on the verge of entering the workforce with tools for making informed financial decisions. This initiative has been appreciated across the board by all the stakeholders that the evaluators met with. The NFIS mid-term review also reported the PFIP and TVET financial education implementation as the only reported activity against the indicator- #of educational institutions adding financial education modules.

4.2 Efficiency

At the outset, PFIP-Phase II has exhibited reasonable levels of efficiency in the execution of its projects. ***Efficiency can be seen from various perspectives as per the evaluation framework. First, the project identification, sanctioning and disbursement process, secondly through efficiency of the services offered and finally the timelines within which expected outputs and outcomes are envisaged to be achieved.***

Identification and formulation of projects during PFIP-II was efficient and all the appraisal documents clearly describe the intervention logic, justification for funding as well as progress indicators. All grant proposals were approved by the Investment Committee (IC) and interviews with IC participants revealed that IC members were consulted even during project preparation stage to arrive at consensus. PFIP goes through a vigorous due diligence process and selection criteria in the selection of partners under the different workstreams. For instance, under Project Selection Criteria, PFIP weighs all projects on three core criteria: 1. That the proposed initiative will create a solution that may have the potential to benefit a large number of low income people; 2. That the solution is operationally feasible and the implementing entity is capable of developing the solution; and, 3. That the solution is eventually commercially profitable at scale. The process is not complete until the Investment Committee approves of the partnership. The PADs also define the risk matrix for the project with the corresponding mitigation measures.

Further to the above, a **project governance and management structure is developed** clearly articulating the implementation roles and the points of contact from the partner agency, communication protocol, meeting schedules and reporting framework. Efficiencies of time and resource were observed through the succinctness and relevance of the reporting structures that the partners are supposed to report on. For many projects, dedicated resources are mandated to be assigned to ensure project delivery and the envisaged outputs/outcomes. In addition, PFIP also offers additional TA in the form of on-site consultants to support the projects. KIIs with FSPs and PFIP staff has pointed to the loss of time in recruiting the right talent for the project, retaining staff, high levels of attrition at higher management level and a significant turn-around time required to procure TA consultants for on-site projects through the UN system. For example, frequent changes at the senior management level at Westpac was one of the reasons why the project lost track of its objectives and

had to be shut down prematurely. Another example is of the MiBank agri-focused agent network project, signed in April 2019, was still awaiting the PFIP consultant after five months of project kick off, to initiate the Innovation Lab activities that are critical to the project design. LICL reported a similar delay in on-boarding a PFIP consultant, five months after project commission.

Operational efficiency

It is well documented that PNG is a difficult market to operate in given the infrastructural and security issues.¹¹¹ It is culturally unique, which plays a key role in determining the engagement of local population of a region with products and services. PFIP has tried to respond to these by focusing on deployment of technology, use of agent networks and of HCD driven product/engagement design. However, in cases such as Westpac, these efficiency drivers have been found to be missing. For example, the KII with the PFIP Financial Inclusion Specialist (FIS) revealed that issues such as poor selection of agents, lack of on-site and off-site support from the Head Office, delays in payment of commissions on one hand and the failure to address demand side challenges in a timely way on the other, also contributed to the early demise of an otherwise promising project.

Operational efficiencies have also shown improvement by the deployment of TA consultants for various projects under the PFIP-II project. For example, PHB Development was on-boarded to help WMBL digitise their operations and scope out opportunities for MAP locations. Their inputs were valued and applied as part of the roll out strategy by the microbank. Similarly LICL is still waiting for the PFIP consultant, but admitted during the KII, that while they may have financial capabilities to execute the project themselves, they cannot match ‘the professional rigor and capacities that PFIP brings to the table’. Similarly, the commissioning of knowledge products for policy interventions through global experts is yet another example of building efficiencies into the overall market system to make data-driven decisions.

Similar delays in **securing the PFIP team for phase II of its implementation in PNG** has also affected its efficiency in economising time and resources. The current country lead and FIS were deployed after almost a two-year gap of any country level leadership between 2015 and 2017 leading to significant impact on the timely commissioning of projects in PNG. Due to this delay, supplemented by the time taken for the new FIS to establish relationships, 60% of the projects under PFIP II were commissioned only in 2018 and 2019 with the phase officially slated to conclude in 2020. These efficiency parameters have also been noted by donors like EU who, during the KII, raised questions around the recent grant extension request put forth by PFIP.

Organizational Change in supported FSPs

Further to the above, the KII with key stakeholders such as UN Country Resident, DFAT and CEFI also pointed to the limited size of the team at the PNG PFIP offices. For a country like PNG that has a comparatively more evolved and larger financial services market (in comparison with peers in the Pacific region) that requires collaboration with a multi-tiered stakeholder group, incessant relationship building, thought leadership as well as a prompt knowledge management function, the current team falls short of the capacity to do it all. The FIS, it was noted, is especially burdened with many conflicting priorities and for the team to function efficiently, more specialists should be deployed so that PFIP does not only spread wider but also goes deeper in pursuit of its objectives in PNG.

¹¹¹ Digital transformation: The role of mobile technology in Papua New Guinea; GSMA (2019)

PFIP Phase II has a results management framework that is designed to capture the high-level outreach of each PFIP supported project. In each project appraisal document, there are clear performance indicators to be achieved along with their reporting framework and frequency of reporting to PFIP. The efficiency of the programme could have been higher, if the data and qualitative reports would not have been fragmented. For example, the BIMA project generated great results in terms of outreach and concluded over a year before its anticipated closure in June 2019. However, the company abruptly shut its operations in 2018 amidst speculation around its portfolio quality, fall out with its MNO partner, among others. There is very little evidence collected by PFIP about the possible reasons for the project closure and the status of outreach secured with grant support from PFIP, post the company's exit. KIIs with DFAT and EU raised concerns about the unavailability of any intelligence from the BIMA project that should be shared with the wider stakeholder group, irrespective of success or failure. The data/knowledge lapse in the case of the BIMA project also leads to market deterioration at two ends: loss of confidence among FSPs to venture into microinsurance for rural and low income segments and loss of confidence among consumers toward a product that showed great promise for a while, but eventually died down with no recourse.¹¹² Similarly, lessons from the MiBank Solar loan project, while documented by the bank have not been disseminated widely to inform stakeholders about lessons learnt. The evaluators, however, did find reference to the project in the SolaPayGo PAD to establish the difference in operational approach to circumvent the issues faced during the MiBank project. Westpac is yet another project with critical lessons in management, efficiencies of operational model and engagement design with end consumers which needs to be documented for dissemination among relevant stakeholders.

The gaps in data/knowledge management may impair the institutional experience of PFIP as it moves into the next phase. Any unexpected change in management and leadership within PFIP should not derail the repository of information and knowledge that are necessary for the programme to become more efficient. As noted by the DFAT representative that the evaluators met with, "Even if it (project) fails, it is important to tell the story. It is so critical to tell the story so that even the government of PNG can confirm that PFIP tried to help but it hasn't helped because of these issues and now it's our business to make sure that it happens."¹¹³

The disbursement process is strictly tailored to outcomes-based deliverables and payouts are determined by the outcomes reported by the project. Efficiencies may get compromised when unpredictable delays in achieving targets affects the project continuum. However, PFIP has ensured that every grant is structured with a significant partner contribution which further ensures some independence in the partner's ability to execute the project and even sustain it once PFIP support is withdrawn. All the partners signed under the financial innovation workstream contribute between 30 to 50 percent to the overall project budget. The disbursements in PNG have been more or less on time in line with the project deliverables, often delayed due to external/internal contingencies that hamper the achievement of the deliverable against which disbursement is scheduled.

Under the consumer empowerment workstream, the initiatives taken under the TVET program have shown efficiency of time and resources because of decisions taken by PFIP team to ensure the best fit for the roll out of financial education in PNG. Understanding that incorporating financial education as part of school curriculum would have been a long drawn process involving policy and legislative

¹¹² This has also been duly noted by PFIP in the mid-term review of NFIS-II

¹¹³ KII with DFAT

changes, the team chose to go through the TVET institutions, ensuring a successful pilot and an eventual roll out that has been appreciated by stakeholders across the board.

For projects like those with Westpac, the evaluators strongly feel that most of the reasons cited for project failure (detailed in the project description) could have been resolved through a strong financial literacy and capability building component. While the bank maintains that they have a deep experience in imparting financial literacy to rural populations in PNG, the above listed reasons suggest otherwise. The PFIP Country Lead also reported frequent change in management and loss of intent and interest towards the project from Westpac as a major driver for the project drawing down before reaching any fruitful conclusion.

Some of the **innovation projects involved systems upgrade and integration** and the quality of such deliverables has been of a high standard with efficiency gains. WMBL's MAPs platform has been deployed and has been found to be of high quality with an on-going technical engagement with Fern Software, a TSP partner onboarded through the PFIP-supported grant. The MAPs digital interface has enabled access to over 30,000 women clients across 5 locations in the country.

In sum, PFIP Phase II performs reasonably well on efficiency parameters but there is room for improvement in project governance, data management and reporting. Lessons from each setback need to be documented and used as intelligence while planning the next phase.

4.3 Effectiveness

PFIP-II has clear outputs and outcome indicators detailed as part of its RMF. The projects in PNG are at different stages of implementation and the results chain for each has been defined in the project PADs.

Outputs¹¹⁴

7. Policy and Regulations Workstream:
 - a. The RMF requires each country of intervention to have a NFIS in place. PFIP has successfully commissioned and assisted BPNG in crafting the NFIS-II 2016-2020
 - b. In terms of policy related TA/research delivered, PNG has contributed 2 research products to the regional goal of 9; **Evidence:** Mid-Term NFIS review and Regulatory study of microbanks in PNG
 - c. In terms of digital G2P/P2G projects, there has been no initiative reported.
8. Financial Innovations Workstream:
 - a. Number of projects
 - i. Mobile money: Against a regional target of 5, PNG has delivered 2 projects; **Evidence:** MiBank Solar loan. SolaPayGo
 - ii. Branchless banking: Against a regional target of 6, PNG has delivered 3 projects; **Evidence:** WMBL, Westpac, MiBank- Agri focused agent banking

¹¹⁴ Results Management Framework; PFIP Phase II

- iii. Insurance: Against a regional target of 4, PNG has delivered 2 projects; **Evidence: BIMA and LICL**
- iv. Microfinance: Against a regional target of 3, PNG has delivered none.
- v. Savings clubs: Against a regional target of 1, PNG has delivered none.
- vi. Remittances: Against a regional target of 3, PNG has delivered none.
- vii. Pension: Against a regional target of 2, PNG has delivered 1; **Evidence: NASFUND**
- b. Number of test projects: Against a regional target of 12, PNG delivered 8; **Evidence: BIMA, MiBank Solar Loan, MiBank Agri focused agent banking, Capital Insurance, Westpac, WMBL, SolaPayGo and LICL**
- c. Projects with segmentation of women
- d. Knowledge products: Against a regional target of 15, PNG has contributed 3; **Evidence: Superannuation feasibility study for NASFUND, PoWER Diagnostic- PNG, Housing and property insurance study- Capital Group**
- 9. Consumer Empowerment workstream:
 - a. Fin-ed projects: Against a regional target of 5, PNG has contributed 1; **Evidence: TVET Fin-ed initiative**
 - b. Consumer education model tests: Against a regional target of 1, PNG has contributed 1; **Evidence: TVET Fin-ed initiative**
 - c. Consumer protection mechanism tests: Against a regional target of 1, PNG has contributed none.

At the policy level, the PFIP-II has shown a high degree of effectiveness by first ensuring that PNG has an NFIS to steer the financial inclusion discourse in the country and second by providing technical advisory to enable BPNG to appoint a structure to implement the policy commitments. The NFIS was also effective in ensuring that the roles of different stakeholders in the government are clearly delineated as clearly documented in the Financial Inclusion Policy, 2019, crafted by CEFI and Department of Treasury, PNG. At the same time, the working groups, while structurally in place, have not been found to be operationally effective with little evidence of knowledge sharing. This was also noted during the mid-term review of NFIS taken up by PFIP, where it was found that the willingness of participants to share data, knowledge and fully engage with matters of the working group, especially from the private sector, is curtailed by their respective need to protect commercial interests. Even though the coordination of working groups and managing expectations therein is the responsibility of CEFI and by extension of BPNG, it is important to mention them and their efficacy to address the pressing needs of the sector as they form an important part of the results chain for the policy level work taken up by PFIP. PFIP's initiative in conducting mid-term reviews of the NFIS and its implementation is an effective way to suggest course correction without becoming too intrusive.

The provision of technical expertise from PFIP facilitated the production of the NFIS II, determination of its targets and seven strategies to achieve the goals of the plan. PFIP II has responded through projects and activities that respond to most of the strategic goals that are in alignment with the larger programme goals: ¹¹⁵

1. To continue to actively support innovative use of technology for scaling up financial access and promotion of expansion of digital finance services to reach remote parts of the country.

¹¹⁵ The effectiveness for this component is measured by PFIP's ability to respond to policy level priorities in PNG and not necessarily outcomes of the activity/project itself which have been explained separately as part of this section

Evidence: All the financial innovation projects commissioned have aimed to test and use digital technology for product and channel solutions to reach the last mile customers.

2. To expand microinsurance to reach 1.5 million people. **Evidence:** PFIP has commissioned at least 2 microinsurance projects to take insurance to the last mile consumers- BIMA and LICL.
3. To build on gains in financial education and extend it to educational institutions such as technical colleges, secondary and primary schools. **Evidence:** PFIP's roll out of financial education modules with the TVET programs
4. To enhance access to and usage of finance for enterprises in the informal economy including agriculture. **Evidence:** At the program design level projects focus on informal sector, especially agriculture. MiBank's project to test agent models is exclusively focused on serving the agriculture sector.
5. To introduce and implement a consumer protection framework for regulated financial institutions. **Evidence:** None noted. PFIP country staff participates in the Financial Consumer Protection working group.
6. To enhance access to and usage of finance for Small and Medium Enterprises (SMEs). **Evidence:** None noted.
7. To leverage opportunities within the resources sector to advance financial inclusion. **Evidence:** None noted.
8. To continue regular collection of financial inclusion data and publish it for policy makers and commercial service providers to identify key dimensions and opportunities in Papua New Guinea. **Evidence:** BPNG data project to help the central bank and its coordinating body- CEFI, collect and report on financial inclusion data.
9. To promote the integration of financial inclusion in Local and National Government planning and implementation processes. **Evidence:** The microbank supervision study commissioned by PFIP provides guidelines for BPNG on different models of regulatory regimes that can be applied to the context of microbanks.

On the financial innovation side, despite numerous interventions, the effectiveness has not been high in terms of outreach for various projects. BIMA reached out to 397,751 unique customers at its peak in June 2018 but this pool has significantly reduced to less than 48,000 clients by March 2019¹¹⁶ as the company withdrew its operations from the country. Similarly, the engagement with Westpac, an extremely ambitious project, could only deliver 54,000 unique customers before it prematurely concluded. It should also be noted with respect to the Westpac project, most of the numbers reported are attributed to the national roll out of the technology that was developed and deployed bank-wide and not in Hagen (Highlands region) where and for which, the Innovation Hub was set up. The MiBank project with Empawa also did not yield any significant outreach because of the partnership fallout.

On the other hand, WMBL has shown a lot of promise with the successful launch of the MAPs across 6 locations. It has helped women micro-entrepreneurs access formal financial services and open bank accounts further giving access to credit that is otherwise not easily available through other formal avenues. Access has also been accelerated because of the simple KYC requirements which are validated through biometric authentication. This has greatly reduced the intimidating paperwork. For many customers, the value proposition also includes savings on opportunity costs and travel costs to

¹¹⁶ Data reported by the partner Data Collection Tool (DCT) report, collated by the results management team at PFIP.

formal banking points. Some lessons, particularly from the perspective of WMBL that show effectiveness of the intervention are:¹¹⁷

1. An FGD with WMBL customers in Morata, a suburb of Port Moresby, revealed that before the MAPs were set up the customers would spend at least 6 to 8 Kina to travel to and from Waigani, the closest location with some bank presence. This, in addition to the paperwork and the transaction costs, was often a deterrent for them to access their bank accounts.
2. WMBL is the first ever banking entity to set up a brick and mortar structure in Morata, a location otherwise known for its poor law and order situation. So great is the sense of community ownership of the bank and the services that it offers, that the customers act as local custodians of the bank office. FGD participants even reported a decrease in criminal activities since the bank became fully functional. This also resonates with messages gleaned from KIIs with DFAT representative and WMBL General Manager, where both mentioned the fear of a valued service being taken away often keeps the customers engaged and disciplined, the emphasis on 'value' being important.
3. WMBL is the only bank offering an interest of 6% on the deposits made by their customers.¹¹⁸ This is by far the highest ROI on retail deposits that the evaluators have come across in the Pacific region and goes a long way in motivating customers to keep their savings in banks beyond reasons of safety.
4. The spate of savings being mobilized through the MAPs has given WMBL enough liquidity to offer credit services to their customers. Easy access and leverage on their savings amount allow the customers to access loans for business and consumption from their respective MAP.
5. The customer base currently consists mostly of women with only 2% of the total outreach consisting of men. WMBL is very clear that the outreach to men will only be through the women of the household who will necessarily have to be members of and accountholders at the bank first.
6. WMBL has also created a network of CSOs including with their affiliated concern, WIB to mobilize customers and for training them on business development and financial literacy content. These localized channels that are intimate with communities, use contextual information for trainings, is a very traditional approach but has worked well in creating a hybrid approach to aid the customer journey to onboard new-age digital solutions for transactions.

It should however be noted that while WMBL shows signs of an effective intervention over a longer period of time, there will have to be a concerted effort to keep their products, services and processes relevant to their customer base. There is very little literature available on credit worthiness of the rural customers in PNG and HCD driven research is one way to increase effectiveness and preparedness of an organization to get an indepth understanding of clients, their priorities in their immediate ecosystem. PFIP has built in HCD driven research as part of project deliverables in most PADs, however, the TA provider assisting WMBL with the MAPs project and the proposed HCD research did not complete it. No explanation for the same emerged during the KII with the TA provider except that the research activity was cancelled and the accompanying payments adjusted against the total contract value.

¹¹⁷ It is to be noted that these observations are from the suburban MAP of WMBL. The context will be different in the Highlands and other rural areas and warrants a deeper monitoring to see if the effectiveness of the intervention is as pertinent in these other areas.

¹¹⁸ KII with WMBL General Manager

Innovation to Inclusion

SolaPayGo also serves an important need in PNG by offering solar powered home solutions. With more than 85% of the population in PNG off-grid, effective solar powered solutions are a clear need. FGDs with customers in Hula (rural) and Lae (urban) showed that there is a high level of awareness about solar energy as an alternative source for electricity and an equally high demand for solar powered home and business solutions. The market for solar products is competitive with cheap, Chinese products that are easily available at local shops. However, these do not last long and over a period of time SolaPayGo customers have understood the value of investing in more durable products offered by reliable manufacturers such as D-Light (SolaPayGo is the distributor) that may seem to be immediately expensive, but in the long run the cost-benefit analysis works in their favour. The KII with SolaPayGo also showed that the organization has made sure that they incorporate lessons from the Empawa- MiBank relationship to make their operations more efficient, customer friendly and process oriented to ensure a scaled-up operations through PNG.

Overall, for consumers that depend on a primarily cash economy such as agricultural workers, banking has to be a well-planned endeavour which often requires them to budget for the costs involved. The abovementioned insights about different projects commissioned under PFIP II in PNG warrant the question about the effectiveness of current interventions in serving the informal sector while taking into consideration the ecosystem within which such communities exist. The fact that the business model viability and cost to consumer is a delicate trade off should not discount the importance of transparency, dedicated pricing reviews (sector wide and within organisations) and policy interventions to create standards of practice. PFIP's intervention going forward will be critical in addressing some of these concerns and encouraging the market stakeholders to agree on standards of conducting business with the informal sector.

Consumer Empowerment Initiatives

Consumer empowerment initiatives have been one of the strongpoints of the PFIP II interventions in PNG because of the engagement with the TVET program. First piloted in Eastern Highlands Province through the Kamaliki and now subsequently across four institutions in the Western Highlands Province, the TVET program has been found to be very effective due to the following reasons:

1. The students attending these programs are on their way to join the workforce. The information and knowledge received at this stage will also assist them in engaging gainfully with financial products and services that are immediately applicable to their context.
2. The effectiveness of the program also extended to teachers who have admitted that the knowledge gained from the financial education modules has helped them streamline their own financial behaviors thereby helping them lead by example.¹¹⁹
3. Incorporating financial education through TVET programs also helps in controlling for exploitative practices through prudent decision making on part of the students who will join the workforce. For example, pay day lending is a large part of the financial culture in PNG whereby almost a fourth of the population is engaged in borrowing from such lenders, often by paying exploitative interest rates.¹²⁰

¹¹⁹ <http://www.pfip.org/newsroom/features/2019-2/financial-education-in-png-key-to-informative-choices-on-pay-day-lending/>

¹²⁰ Diagnostic review of financial consumer protection; IFC (2018)

Financial Innovation Projects

Under the financial innovation projects, there is the risk of FSPs designing their financial education interventions as a marketing tool to increase uptake of their own products. As their Front Line Workers go into the field, with their own business targets in view, the lines between product marketing and financial education interventions get blurred with a high risk of mis-selling. However, partners like SolaPayGo and WMBL have shown a more concerted effort to provide holistic financial literacy training though discussions with their staff yielded that mostly these are related to their own product marketing. Moreover, SolaPayGo does not discuss the break-up of the cost of their products with the customers with regards to principal and interest rate. The evaluators could not find such information available with either their staff members and definitely not with the customers. During the KII conducted with the SolaPayGo management, the evaluators were told that the price break up is not public knowledge and that they do not intend to make it so. The evaluators also observed that the price of the home unit was brought down to K 980 from K 1040 over the last year. Hence, while the organization is well intentioned, the effectiveness of the consumer engagement over a sustained period of time will be dependent upon the transparency maintained with customers.

4.4 Impact

The impact of PFIP-II's initiatives can be seen through two lens:

- 1. Changes in the ecosystem and different elements thereof that can be directly attributed to the program***
- 2. Change in the ecosystem and different elements thereof where PFIP II contributed through its initiatives***

PFIP-II has had a significant impact in the policy and regulation space within the financial inclusion ecosystem in PNG. The creation of NFIS-II can be attributed entirely to PFIP for the role that they played in bringing players like BPNG on-board to formalise their commitments towards economic empowerment of their citizenry, particularly from rural areas and the informal sector. The results of the institutionalising the NFIS has further led to identification of CEFI as the national coordination body, establishment of domain level working groups, financial inclusion policy 2019 to assign responsibilities and guide practice, recognition of financial inclusion as a pathway to achieving overall financial resilience by different ministries within the government system, among others. Such results have been manifold and have cascaded into policy and practice. Moreover, the timely alignment with the country's objective to strengthen the informal sector as a primary contributor to the GDP helps nudge financial inclusion into key policies and decisions made by the government such as the MTDP-III and Vision 2050. Due to these far reaching effects of NFIS, the market has become more nimble as well as accountable for the results that the NFIS proposes to deliver by 2020. A well-documented strategy also provides the private sector with incentives and a well charted out pathway of engagement with the central bank and for them to view the informal sector as a potential market.

Further to the above, PFIP maintained its role as a key custodian of the NFIS by conducting a mid-term review of the strategy and bringing out both the effectiveness, challenges and the progress till date. The attribution of NFIS to PFIP has also been made explicitly clear through KIIs with BPNG, DFAT and private sector partners.

The effort to supervise microbanks through regulations specifically meant for this entity type can also be entirely attributed to PFIP II. Microbanks were a result of a pilot conducted by ADB in early 2000s.¹²¹ However, even though it emerged as a strong entity type, there were no prudential regulations recognizing their challenges and providing them with a regulatory room to operate in. PFIP II, through their relationships with MiBank, WMBL and recognition of their potential to reach last mile clients if given a positive ecosystem to work in, took the initiative to research and inform the microbank supervision guidelines. BPNG is currently reviewing the same and is slated to provide guidance on the appropriate regulations for microbanks. While the results chain for this initiative is not complete yet, there is potential to create a strong tier of FSPs that is focused entirely on serving the informal sector and low-income households as a the primary target segment. The effort to help BPNG create regulatory guidelines for microbanks also contributes to the overall market development efforts where organisations such as ADB have worked on making legislative changes for entities such as Savings and Loan Societies (SLS) to bring mobility into the financial services sector towards serving informal and low income segments.

On the financial innovation front, the impact has not been significant in terms of reaching the main objectives of PFIP-II as per the RMF:

1. Total outreach achieved through the financial innovation projects- 383,177 (*Westpac, WMBL, Mibank Solar loan project, BIMA*)
2. Total outreach to women- 211,080 (*WMBL, MiBank Solar loan project and BIMA. Data is not available for others*)
3. Active customers (at 30 days)- 56% (*Data only available for WMBL*)
4. Active customers (at 90 days)- 71% (*Data only available for WMBL*)

By the time the field mission and literature review were concluded for PFIP II, SolaPayGo, LICL, NASFUND and MiBank agency banking for agriculture sector had not started reporting.

Since regional targets are not assigned country-wise, it is difficult to ascertain whether PFIP II in PNG has contributed impactfully towards the objectives of the program as a whole. However, from the perspective of gender focus, 55% of the total outreach is to women. Again, since the activity levels reported are only for WMBL, it is safe to attribute the high activity levels recorded, to the PFIP MAPs project. This has significant implications on furthering financial inclusion of women since they tend to be in the shadows even within the informal sector with a higher tendency to not have access to financial services as observed in the Financial competence report produced by PFIP I for PNG and subsequently also recognised in both the NFIS for the country. However, the sustainability of this outreach remains questionable since the contribution comes from BIMA in large part which does not exist as a product and an organization anymore in the Pacific. USD 4.3 million have been assigned for financial innovation projects in PNG and the results have not been commensurate. One of the criticisms that have also emerged from donors like DFAT, EU and MFAT is around the impact of these initiatives. The evaluators observed a fatigue among donors who are keen on seeing significant scale

¹²¹ Papua New Guinea's first microbank (Nationwide Microbank) grew out of a 'pilot microbanking scheme' launched by the Asian Development Bank (ADB) in a small and remote town called Wau in the early 2000s.⁶ At the time, the ADB described four 'tiers' of microfinance providers: commercial banks, bank-like financial institutions (such as finance companies and savings and loan societies), non-deposit-taking non-bank financial institutions (such as insurance companies), and non-regulated institutions (such as non-government organisations). The ADB found that while commercial banks were focused on the upper end of the market, lower-tier microfinance providers lacked the institutional capacity to achieve sustainability. Microbanks were envisioned to fill this gap and achieve the best of both worlds by focusing on lower-income customers and operational self-sufficiency at the same time.

through these projects, knowledge sharing around lessons learnt and a significant shift from testing stage to scale up stage as PFIP progresses into the next phase.

In spite of the tribulations that some of the PFIP II financial innovation projects have gone through, the positive impact on the market ecosystem cannot be discounted. The scale of the BIMA project has provided preliminary insights on the demand side needs for a microinsurance project and the new LICL partnership builds on this confidence. Similarly, the MiBank Empawa project may have failed but the lessons learnt have been incorporated and the bank is now the distribution network for SolaPayGo without any grant or external aid from PFIP or other development aid organizations. The value of such learnings and the impact on creating mobility within the market can be realized however, only when they are well documented and disseminated. The BIMA exit, for all its glorious outreach, has kept the market in darkness about the operational and partnership failures which has a negative impact on the risk appetite of players who may want to enter the market.

The WMBL partnership has yielded some very positive results in terms of opening up the microbanks to funding avenues beyond just grants obtained from development aid organizations. The recall for WMBL as a struggling organization is well known and the PFIP relationship has helped it cement its credibility. The initial results from the pilot have also helped WMBL secure partnership with KIVA that has provided support to secure the microbanks lending portfolio. In addition, WMBL will also be the first recipient of a loan of USD 250,000 from the UNCDF LDC Investment Platform at concessional rates to further bolster its lending portfolio. Given WMBL's focus entirely on rural population and the informal sector, such developments can further lead to significant demonstration effects, further attracting players to the PNG financial inclusion space.

On the consumer empowerment front, the outcomes of TVET program can entirely be attributed to PFIP II. The evaluators have not come across any other initiative that has sought to institutionalise financial education as part of TVET curricula with the youth training for gainful employment as a target segment. This assumption is further testified by the NFIS-II and Mid Term review of NFIS II where PFIP's TVET program has been mentioned as the only activity against the target of institutionalization of financial education curricula. The program also had the unintended positive impact on teachers at these TVET institutions who have also benefitted from these financial education modules and have taken these lessons beyond the classrooms and into the communities. Such spill-over effects of the TVET initiative, while not recorded, can have far reaching impact. Again, the outcomes of the program are not well documented since the program only began in 2018 and has, only recently, seen its first batch graduate. PFIP will have to continue monitoring the progress of these students as they join the work force and are able to report uptake and adoption of financial services in practice. Hence, it is still early days for the program to fully report on its impact potential.

4.5 Sustainability

Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.

The DFAT representative clearly articulated during the KII the importance of PFIP to choose a 'winning sector'. According to her and as validated through review of literature around the PNG economy,

demography and the political landscape and its priorities, agriculture emerges as the only winning sector. For all its efforts that PFIP II has put in, sustainability of its projects will shine through only upon recognizing the need to plug in its solutions not for the mass market but into the agriculture and allied value chains. Recent initiatives such as the MiBank project to test the agency banking model particularly for the agriculture sector is one such example that may hold promise for more sustainability as compared to a mass market approaches.

Sustainability in the PNG context can also be secured by having a deeper segmented approach even within the agriculture sector. Examples such as WMBL show that women are a formidable business opportunity from a financial services perspective and organizations can showcase a strong double bottom-line by targeting them. Similarly, if the TVET program can be scaled, the FSPs will be exposed to a well-informed working force with capabilities to engage with a complex suite of financial products.

Operationally, most of the partners are putting in significant funding and non-cash resources into the projects. The PADs detail such contributions which range from 30% to 50% of the total project budget. Sustainability is also ensured through market demonstration as shown by the investments that WMBL has further been able to secure because of the success shown through its project with PFIP. Additionally, MiBank's project with Empawa did not yield positive results but the systems upgrade and the operational lessons learnt have helped the bank start its solar product operations anew without any grant support.

On the policy front, the institutionalization of NFIS has provided the market with long term sustainability in the form of guidelines and a regulated space for private sector players to operate in. However, instances such as the BIMA-Digicel fallout will need quick redress in future for the overall sector to have confidence in the mediation prowess of the central bank and other associated entities.

PFIP will also have to make concerted efforts to coordinate with BPNG-appointed organizations like CEFI to increase awareness about their initiatives in the wider sector, to ensure alignment with the country-level mandate for financial inclusion as well as to avoid duplication of efforts. One of the key concerns of BPNG was the inability of PFIP and CEFI to coordinate well. From a sustainability perspective, PFIP will have to consider such partnerships as part of an effective phase out plan.

From the consumer empowerment perspective, it is important for PFIP to consider taking the TVET program to scale. While the implementation is currently being managed by PFIP directly, partners will have to be identified who can be appointed as custodians of the program going forward additionally accountable for scale up and outcomes/impact measurement.

Therefore, as PFIP goes into the next phase of program development, sustainability is a key consideration that should determine its phase-in and phase-out plans.

5 Recommendations and the Way Forward

The evaluators have presented their recommendations as per PFIP-Phase II workstreams:

5.1 Policy and Regulation

1. PFIP should continue to focus on strengthening the NFIS as both PFIP as well as the financial inclusion strategy move into the next phase beyond 2020. The technical and tactical expertise offered by PFIP to BPNG for the formulation and strengthening of the NFIS helps rein in different players of the market from a panoramic view point and cascade into implementation of its financial innovation activities. Some aspects, key to financial inclusion in PNG, such as the agriculture value chain, SMEs and the payments space will be key for PFIP to focus on in the next phase from a policy perspective.
2. Among other Pacific countries, PNG receives a lot of donor attention because of diversity of population, resource intensive economy, a largely untapped informal sector, low performance on key development indices (including high rates of gender-based violence) and most of the international aid organizations have a presence in the country. ADB, IFC and the World Bank, among others, are particularly doing significant work in the financial services space and it would be important for PFIP to coordinate efforts with them to ensure that there is no duplication of efforts and that there is more streamlined effort to contribute towards a common results chain. A lot of work by different partners is complementary such as IFC/World Bank's efforts to commission the financial consumer protection diagnostic report 2018, a credit guarantee fund under the Credit Risk Cooperation are some efforts to make the market more agile and client centric. These complement PFIP's efforts well and it would merit if regular touch points between such partners are created for knowledge transfer and collaboration.
3. There is still a lot of uncertainty about the demand side dynamics pertaining to their immediate ecosystem, financial behaviours, triggers and barriers towards the uptake and adoption of financial services. Demand Side Surveys (DSS) have been conducted for many countries during PFIP II but not for PNG. The data reported by partners and further published by CEFI have a lot of credibility issues and an independent study like a DSS to triangulate the sector wide data collected is needed. While this may not be an undertaking that PFIP necessarily should take on itself, but dialogue around the need for it could be validated, field level and representative data could certainly be a key discussion point to be taken up with the central bank.

5.2 Financial Innovation

1. Knowledge and data management needs to be strengthened for sharing lessons and knowledge transfer. Projects executed by PFIP II in PNG offer rich experience in processes, systems, project management and overall outcomes and impact through varying degrees of success. However, it is not easy to map these experiences, lessons learnt thereof, application to other project contexts and wider sharing among stakeholders and across the region. It is also important to plug in these knowledge gaps at various levels. For example, the lessons

from BIMA and Westpac are important to be documented and are being sought out by stakeholders like DFAT and EU. The next phase of PFIP should also encourage partners to collect baseline and endline data for simple but relevant metrics. At the moment it is not easy to glean any client level behavioral change leading to adoption of financial services that can be attributed to the program, simply because of lack of such data. Even for projects that did not complete successfully such as BIMA, Westpac and MiBank Solar loan, there must have been some shift in client awareness levels, access and usage. However, such insights are not easy to collect for a program as large and varied as PFIP and it would be prudent instead for partners to supply such data. It would also help institutionalize data driven decision making and reverse the oft-opted top-bottom approach for product/service delivery design.

2. Examples of projects like Westpac have shown that products created with the mass market in view do not work unless designed specifically for a particular sector and segment. The agriculture value chain in PNG is full of opportunities with major crops like cacao, vanilla, coffee that have high export value and also significant cash churn. It is important for PFIP to map these value chains and plug in digital and technology driven solutions that can leverage the already existing forward and backward linkages. Many value chains already are contextualized to the livelihood (specific agricultural produce), needs of merchants (intermediaries) and the end customers (farmers) who constantly engage with each other. Hopefully, the MiBank agent banking project for agriculture value chains will yield results that can be replicated and scaled more widely.
3. The gender focus of projects is generally restricted to measuring outreach. There is little effort to understand the agency of women to make decisions, participate fruitfully in economic pursuits, and their overall financial resilience. Even for WMBL, the current success is in being one of the few organizations in the portfolio that are singularly serving women. It is still early days, but there needs to be a more concerted effort in understanding if and how changes occur in the women customers' ecosystem because of engagement with financial products and services. The recently released PoWER diagnostic is a strong tool to further such discussions with current and potential partners and should be amply used to produce gender specific results for PFIP.
4. PFIP needs to build a stronger risk management framework for its projects especially that may get compromised because of management inefficiencies. The Westpac project, apart from operational gaps, was also derailed due to frequent changes in higher management and inability to transfer knowledge and expectations as the management changed hands. The project PAD and PBA should create higher accountability for partners to maintain alignment with the ethos of the project proposed.

5.3 Consumer Empowerment

1. PADs for different engagements have financial capability building as a component. However, there is no reporting requirement specified that can hold partners accountable for this deliverable. PFIP should add reporting metrics to measure consumer empowerment initiatives and encourage partners to report the same. At the same time, materials used for financial literacy, capability building of end consumers should be tracked and validated against standards of client protection.

2. The TVET project has been successfully rolled out and integrated into the course content. PFIP should encourage formal adoption of the content by Ministry of Education and aim for a national roll out where PFIP may maintain an advisory role with a clear exit plan in place. The accountability has to shift to more sustainable means of keeping the project's purpose intact irrespective of PFIP's existence in PNG.
3. The TVET program should also look at understanding the financial journey of youth graduating from the course to understand their uptake, usage and adoption of financial services and the socio-economic changes that result thereof. At the moment, the success of TVET program is output-based and the time is ripe to discuss and create a results chain for the program beyond the classroom.
4. BPNG will soon finalize the Financial Consumer Protection guidelines that are currently under review. While it is still unclear how these guidelines will create compliance parameters for FSPs, PFIP's partners need to be accountable for creating products, processes and delivery channels that are client centric. Full disclosure of products, their pricing and breakup of costs to customers are key elements that have been found to be missing for partners like SolaPayGo, however well-intentioned their motives may be. This also includes means and methods of grievance redressal for customers should there be any complaints. Examples such as the BIMA project that had a high outreach to low income customers, provided no avenues for customers to report back post BIMA's exit wherein an independent agency or even stakeholders like PFIP could record, collect and analyse customer reactions for further action. To this day, all key stakeholders in the sector remain in darkness about the outcome of BIMA's exit.
5. Responsible finance and social performance management within financial services is formalized in many markets and PFIP's next phase should consider it as a key component of the overall architecture of the market development strategy.

6 Annexes

6.1 Annex I – List of Reviewed Documents and References

List of PFIP documents reviewed:

6. Grant Agreements and Project Appraisal Documents (PAD) for all the projects sanctioned under PFIP II
7. Budget notes for projects
8. Contracts for TA providers
9. PFIP- II programme document
10. PFIP- II Results Framework
11. Quarterly reports from partners
12. Budget related documents

6.2 Annex II – PNG Project Descriptions

6.2.1 BIMA Milvik (PNG) Limited

Project Title: Biometric enabled Mama Bank Access Points (MAPs) pilot, WMBL

Project Period: July 2015 to June 2019

Type of support: Grant and Technical Support

Total project budget: Do Not Know (DNK)

PFIP grant to BIMA: USD 503,236

PFIP Technical Assistance support: NA

BIMA contribution: DNK

Project classification: Pilot

BIMA began local operations in PNG in July 2014, in partnership with a local insurance company Capital Life Insurance Company and one of the largest mobile network operators in PNG, Digicel. Papua New Guinea was chosen as a target market based on the potential reach provided by Digicel and the current level of development of financial services, which was found to be ideal for the products offered by BIMA. Subsequently, realising the value of offering microinsurance through their platform, Digicel invested USD 5 million in BIMA late 2014.

In alignment with PFIP's objective to deepen financial services, the goal of the grant to BIMA was to bring convenient, affordable microinsurance products to low income, rural, unbanked and or underbanked PNG citizens. The project aimed to reach out to 76,542 people within two years that would include 50% women, of which 90% would be based out of rural areas and 100% would have been previously uninsured. At the commencement of the project, 50% of the population had access to mobile phones. BIMA's adoption of mobile-based platforms was found to be ideal for a country like PNG where physical distances are large, infrastructure is poor and the costs associated with branch-distribution networks are prohibitively high. Additionally, the technology was well-integrated with the Digicel platform and could be extended to interface with other suppliers in the value chain.

The project offered the following products under the grant:

- Life Insurance (Family Life): The product covered death and total permanent disability. By insuring the low-income people of PNG, BIMA aimed to help households weather the impact that a death of a breadwinner can have on a family. Funerals are expensive in PNG and can create financial burdens for families especially due to the prevalent wantok systems.
- Hospitalization Insurance (Hausik): Customers would receive a fixed amount of money for each day spent in hospital (from the 2nd night), up to 30 nights over a 12-month period. Coverage was to cost less than a daily SMS, and Hospitalization Insurance had the potential to allow families to seek preventive health care and insure the vulnerable segments of PNG's population.

Life Insurance

Hospitalization insurance

Cover Amount	Monthly premium	Cover Features	Monthly premium
K 4,000	K 3.6	K 31/day+ K600 life cover	K 3.6
K 8,000	K 7.2	K 64/day+ K 1200 life cover	K 7.2
K 12,000	K 10.8	K 96/day+ K 1800 life cover	K 10.8

There was a significant focus on making the entire experience seamless for the end consumer.

- In order to subscribe, customers must be between 18 and 60 years old, in good health at the time of registration and be a Digicel subscriber.
- Customers also need to provide general contact information, and details regarding their chosen beneficiary. No formal identity documents are required at the time of registration and no cash changes hands at any time.
- Terms and conditions are available at any time and for free through a USSD menu on their phone, and more details are available on a document provided to subscribers. Call centre information is distributed during signup as well. Payment is processed via a customers' phone, through airtime deduction. The monthly premium is split into small, daily deductions over 20 days.

The project also detailed BIMA's role in customising the approach for the Highlands region by taking into account the local socio-cultural context. In its project conclusion report, BIMA has documented some of the steps taken to ensure high quality agent recruitment, models of engagement with communities such as rural expeditions coupled with call centre outreach to maintain an approachable interface, and an integrated consumer empowerment model to ensure high level of acceptance among people.

Outreach: By the end of the project under the PFIP grant, 397,751 people had received insurance protection and education (as on 31/06/2016 at peak coverage). In terms of scale, a total of 349,492 and 394,954 life and hospitalization policies had been supplied. Of the total outreach, 88% had been insured for the first time ever in their lives. By 2017, BIMA had given out almost K6 million in claims.¹²² The project had exceeded its original targets by over 5 times. The project also credited business partnerships with Digicel and Capital Life Insurance for the unprecedented success.

However, in 2018, Digicel and BIMA had a fall out over cost share (speculation by stakeholders that the evaluators met with) and also faced massive fraud claims in PNG. The PFIP team shared that there were also lapses in claim settlements that compromised the overall operations. More recently, there have been media reports about fraud claims submitted by consumers through falsified information.¹²³ Operations were abruptly halted in 2018 and BIMA transferred back to Fiji where again they are in the process of transitioning out of the Pacific region. Very little evidence is available to explain this decision which has long-term ramifications not just on the product but on the future of microinsurance in PNG on the whole. As noted in the midterm review of NFIS II, "uncertainty regarding factors that failed the business model has increased risk aversion of other insurance industry players with regards to testing innovative products and delivery channels."

¹²² [Digicel customers get K6 million from exclusive BIMA insurance products](#)

¹²³ [False claims alter Health Cover Services](#)

6.2.2 Westpac

Project Title: PNG Highlands Financial Innovation Hub

Project Period: March 2017 to December 2018

Type of support: Grant and Technical Support

Total project budget: USD 2,750,000

PFIP grant to Westpac: USD 1,500,000

PFIP Technical Assistance support: USD 250,000

Westpac contribution: USD 1,000,000

Project classification: Pilot

Westpac PNG Limited is the country's first bank that has been actively participating in PNG communities and providing a range of banking and financial services to consumer, business and government customers since 2010.

Mobile money is seen as an important recourse for the safety- and infrastructure-related challenges in PNG. Between 2009 and 2013, there was a lot of movement in PNG around mobile money and agent banking initiatives by private sector players like ANZ Bank's GoMoney, Westpac through their Instore banking, BSP's rural program and Post PNG through SMQ- *Salim Moni Qwik*. These products were launched with great promise but eventually got detracted due to design issues, less uptake due to high costs of transactions,¹²⁴ fragmented delivery channels, among others.

The bank in 2013 launched the 'Everywhere Banking' program to offer retail financial services to market customers. A special low-costs savings product '*Choice Basic Transaction Account*' was designed to meet the needs of the low-income customer segment. The product was offered through cash merchants (known as 'in-stores') and mobile banking. PFIP II, envisioned a project with Westpac to re-examine the agent model that would at first cater to 30,000 customers that were to be onboarded through the bank's Instore digital platform in the Mt. Hagen area. The project would also support the setting up of an Innovations Hub team that would then use this basic ecosystem of customers in the Instore system and the cash merchant network to further develop products and services for the largely low income, rural population in the Mt. Hagen area. While the instore platform continued to onboard customers, the innovation hub team would use principles of Human-Centred Design (HCD) to create compelling consumer experience through innovative onboarding methods, products and pricing that would enhance uptake. Once the channel/product prototype was ready, it would be scaled up through the now grown platform of the instore platform. This project was designed to deliver and achieve the following three achievements¹²⁵:

1. Develop financial services that inspire PNG Highlanders to use the services to manage and improve their daily financial lives. 100,000 customers will be enrolled in Westpac's instore platform during the project, while the Highlands Project Innovation Hub develops products and services on a 'test population' of 30,000.
2. The project aimed to employ HCD tools and experts to create services that inspire usage by Highlands dwellers, women and smallholder farmers, in particular. An estimated 80% of the customers were expected to be engaged in agriculture activities for their livelihoods.

¹²⁴ [For small savers, transaction costs equated to 3%-4% of their bank balance dissuading further engagement](#); Building a mobile money distribution network in PNG; PFIP and IFC

¹²⁵ UNCDF/Westpac Grant Agreement Document Page 9

3. The operational structure will be developed to deliver the necessary service quality with a commercially viable cost structure. This entails a significant re-engineering of current Instore operating systems and procedures related to customer acquisition, cash merchant network management, service delivery and back office administration.

In April 2019, the project was prematurely concluded with Westpac citing a strategic shift in the organization as the reason for the proposed termination. While the formal closure report is still awaited, the KII with Westpac CEO¹²⁶ also cited the following reasons for the non-achievement of deliverables under the project and the call for closure thereof:

1. Low awareness around financial inclusion in the Highlands region. While basic transactions were offered as part of the instore model, people did not seem to want more.
2. The project called for innovations in product and delivery channels; however, Westpac did not see value in adding more to the existing product suite.
3. Furnishing identification documents is a challenge for the target segment. Certificates from local leaders used to be accepted in the past but according to new BPNG rules, any referee should be an existing bank customer.
4. The bank also faced issues with the target segment keeping their data confidential. The bank faced challenges around educating people about data privacy and confidentiality. Data breaches also led to misuse where customers held the agents responsible for account misuse.
5. The agents deployed for the project did not see a value proposition. The bank started out with 104 cash merchants but only 68 remained by the end of the project.

Process for project closure: The Westpac CEO reported that the decision to close the project was a collaborative process. There was intent between both the bank and PFIP to revise targets and make it work. But internal discussions in the bank confirmed that the operational model does not hold promise and should be concluded. PFIP and Westpac also held workshops to walk through the project implementation history, lessons learnt and possible plans for the future. PFIP country team is currently awaiting the final report from Westpac.

Current status: By the time the project concluded, Westpac had reached out to 54000 customers through the instore application. The project started with 79 agents,¹²⁷ but by March 2019, only 14 agents were still registered with the bank of which 50% were active.

6.2.3 Women's Micro Bank Limited (WMBL)

Project Title: Biometric enabled Mama Bank Access Points (MAPs) pilot, WMBL

Project Period: August 2018 to December 2019

Type of support: Grant and Technical Support

Total project budget: USD 645,225

PFIP grant to WMBL: USD 413,625

PFIP Technical Assistance support: USD 203,855

¹²⁶ The CEO, Brett Hooker has only joined Westpac PNG in March 2019 and had very limited knowledge about the history of the project. Most of his feedback came from an internal review document.

¹²⁷ Westpac Data Collection Tool; Q2 2019

WMBL contribution: USD 231,600

Project classification: Pilot

WMBL was licensed by BPNG to operate as a microbank in 2014. The microbank is the first such entity in the Pacific region that is entirely focused on serving women.¹²⁸ The microbank considers women entrepreneurs as the gateway to households' and community's stability and well-being. WMBL has a long history of existence in the PNG and has emerged from successive transitions from City Mother's Business Foundation (est. 2006) and PNG Women in Business Association- WIB (est. 2010). Through these transitions, the bank already had a base of 13,000 customers by the time it commenced formally in 2014. WMBL is 100% owned by PNGWIB. 60% ownership is of women customers of WIB and 40% is owned by PNGWIB promoters. The customers that transitioned as shareholders in the bank¹²⁹ were expecting a full suite of banking products upon commencement of operations. However, WMBL met with the following challenges:

1. Due to capital adequacy related issues, the microbank received a license for only one branch based out of Port Moresby. Moreover, as a microbank, the regulations require WMBL to seek permission from BPNG to set up a new branch.
2. WMBL set up agents in other locations connected to the main branch in Port Moresby in order to ensure that their customers were well served. However, the process was a long drawn one where the customers had to make deposits in the BSP WMBL accounts and then send the corresponding receipt to WMBL for their passbooks to be updated. Customers had to spend an inordinate amount of time queuing up to engage in this process and with WMBL.

Moreover, the microbank was also going through liquidity issues and negative press due to the involvement of the Founder becoming active in politics. By 2016, the loan portfolio had reduced to K500,000 and the deposit mobilization to K3,000,000. The current General Manager joined in 2016 and through active liaising with development aid partners, entered into an agreement with PFIP. In turn, PFIP saw potential in leveraging a well spread out customer base, representative of PFIP focus regions in the Highlands, with a singular focus on furthering financial inclusion of women that could leverage a technology based solution to scale.

The project with PFIP sought to support WMBL to:

1. Procure and deploy an ICT solution which was to be integrated with the existing Core Banking System (CBS) of the microbank.
2. Set up and integrate a software solution which could run on mobile tablets and use a Bluetooth enabled bio-metric system.
3. Set up satellite branches called MAPs- Mama Access Points, to increase accessibility to the existing customer base of WMBL as well as to create community based access points to offer a wider suite of financial products in future
4. MAPs were to be opened in 6 locations across the country- Port Moresby (National Capital Region), Kwikila (Central Province), Kerema (Gulf Province), Madang (Madang province), Maprik (East Sepik) and Goroka (Eastern Highlands). Pre-launch field visits to Kwikila and

¹²⁸ <http://www.womenmicrobank.com/about-us/>

¹²⁹ Any customer with a deposit greater than K 500 can become a shareholder in the bank (Source: KII with WMBL GM- Gunanidhi Das)

Kerema found operations unfeasible due to security issues and lack of any bank presence and were quickly replaced by Port Moresby and Wewak.

5. The project intended to reach out to 20,000 new customers over the pilot period of which 7,000 (35%) will be from rural areas. 100% of outreach was to be to women.

The project commenced in August 2018 but the field deployment was delayed due to technology iterations. A pilot in September 2018 failed because the technology solution provided by the vendor could not pass muster due to issues around compatibility with hand held devices, inability of the technology solution to sync offline data entries, lack of flexibility in user interface, among others. A revision prompted by the WMBL management saw a technology re-deployment and launch in January 2019. The services offered through a typical MAP includes: Account opening (biometric replaces KYC), cash in, cash out, loan disbursements and loan repayments (loans are sanctioned in a 1:1 ratio with the deposits held by the customer), and information services such as balance inquiry.

Consumer empowerment: WMBL has a very strong recall in the community. With over 13 years of history behind them, the microbank has the opportunity to leverage relationships formed over the years with local NGOs and local influencers, mostly women, to mobilize women and also provide financial education. Examples of such collaboration were seen in Morata branch in the suburbs of Port Moresby where the Head of the Urban Rural Development Foundation and a coordinator for WMBL have been championing the mobilization efforts in an area where no financial institution has ever ventured before due to security issues. Partners like her conduct financial literacy and business development sessions with women customers who are mostly small business owners. With immediate access to banking services through the MAPs, there is an immediate application of the knowledge gained thereby resulting in traction in uptake, usage and adoption of financial services.

Current status¹³⁰: The MAPs project has since January 2019 reached out to 11,324 new customers taking the total outreach of the bank 31,542 of which 97% are women. The only male customers that the banks on-board are from the households of their existing women customers and/or partners in their small businesses. Rural disaggregation of outreach added through the project is not available but 75% of the total WMBL outreach¹³¹ is estimated to be in rural areas. The bank has, since project inception, mobilized deposits up to K 6.8 million¹³² as of June 2019 and has given out 655 loans. WMBL is in a better position to leverage its new found liquidity to on-lend to its customers and is actively looking to increase its lending portfolio. 45% of the customers are currently active (transact at least once in 90 days).

Grant Utilization: WMBL has already drawn USD 351,582 of the total grant amount. The grant amount has been deployed towards rental, security and utility support for setting up and managing MAPs, software costs, marketing costs, among others. The project also received a Technical Advisory.

6.2.4 Nationwide Microbank Limited (MiBank)

PFIP has engaged with MiBank through two grants over Phase II of the program.¹³³

¹³⁰ The data presented here has been taken from the quarterly reports submitted by WMBL. The deposit related data point was collected during the KII with General Manager, WMBL

¹³¹ KII with WMBL General Manager

¹³³ MiBank has also received grant and technical support from PFIP during Phase I of the program to pilot mobile banking that involved Digicel providing them with a white label solution for initiating branchless banking. PFIP had also facilitated learning visits to Kenya and the Philippines. They were the first micro bank with a mobile money solution. PFIP funds also helped in meeting capital adequacy requirements that put MiBank on the pathway to growth. In 2012, with no-objection from BPNG, the mobile wallet solution was launched country wide.

Project Title: MiCash Solar loan payment service

Project Period: July 2016 July 2017

Type of support: Grant and Technical Support

Total project budget: USD 143,173

PFIP grant to MiBank: USD 105,500

PFIP Technical Assistance support: NA

MiBank contribution: USD 38,173

Project classification: Pilot

Project Title: Agriculture Focused Agent Network Innovation Lab

Project Period: March 2019 to February 2019

Type of support: Grant and Technical Support

Total project budget: USD 885,135

PFIP grant to MiBank: USD 313,115

PFIP Technical Assistance support: USD 250,000

MiBank contribution: USD 322,020

Project classification: Test and scale

MiBank is the registered trading name for Nationwide Microbank Limited, and originated in 2004 as a microfinance project co-financed by Asian Development Bank, Australian Aid, and the Government of PNG, under the then name of Wau Microbank. The Bank delivers modern and affordable, savings, loans and insurance products, from a network of 12 branches and 147 agents and 175 employees across the country. Kina Bank, a homegrown commercial bank in PNG recently acquired a 15% stake in MiBank to increase its footprint and bolster its financial inclusion initiatives.¹³⁴ This partnership further helps MiBank to not just strengthen its financial health but also offer a wider and more complex suite of financial products suited to the PNG context.

MiCash Solar loan payment service:

PNG has one of the lowest grid electrification rates in the world. Only 13 percent of the population is connected to the grid.¹³⁵ PFIP helped MiBank integrate the Pay-As-You-Go (PAYGO) platform with MiBank's mobile money platform--MiCash and Digicel, to offer solar home solutions with the objective of enabling customers to buy pre-paid electricity on their mobile phones. PFIP funds were used to acquire tablets for onboarding customers that the bank continues to use even today. The project envisaged that over the pilot period, 2,150 DLight household solar kits (including a 10-watt solar panel, 3 LED lights torch, radio, multiple mobile phone charging ports and a control panel, keypad and lithium ion battery) would be set up in 4 villages in the Highlands and Momase regions.

¹³⁴ [Kina takes 15% stake in MiBank partnership; Post Courier \(August 2019\)](#)

¹³⁵ [Going the distance: Off-grid lighting market dynamics in Papua New Guinea; IFC \(2019\)](#)

Empawa, a local distributor for D-light was the bank's partner for this project, the credit facility, product providers and after-sales service providers. A loan of K 750 gave access to the home solution that the customers could start using right away. The loan had to be repaid over a tenure of 18 months with a weekly repayment of K11. An initial deposit of K 150 was also taken from the customer. However, the partnership was very weak and the project got derailed because of this. The proposal was to scale the product offering in all the islands of PNG. However, the partnership did not work out with Empawa as they used their political influence to change the operational plan. For instance, the understanding under the PFIP agreement was to work in Goroka province in the highlands, but Empawa shifted operations to Wewak, the hometown of their CEO. Subsequently, the bank also planned to take this model to Bougainville Island where they would be responsible for opening bank accounts, conduct digital literacy sessions and Empawa would provide solar home kits. Empawa had also sent some women agents from the local villages to get training on the kits. The bank spent 40,000 Kina (40% of the grant received) to prepare for this launch and Empawa did not keep their commitments. Empawa pulled out at the last moment and the PAYGO solar kit mission changed overnight to training the agents and some residual activities to exhaust the grant. The bank greatly suffered from this partnership and **according to the CEO, Tony Westaway, "it was a pity that we did not pick up these signs during early days when the due diligence was being conducted"**. The initial response to the product was great but the graph started falling soon after because of really poor after-sales service.

Outreach: At its peak, the project enrolled 495 clients by June 2018 and provided them with solar home solution kits. However, since then the outreach has tapered to 15 outstanding loan clients by March 2019.

Grant Utilization: MiBank duly reported to PFIP about the Empawa engagement and the project was concluded prematurely in April 2018. 80% of the grant was utilized through the project period. MiBank duly submitted a project closure report to PFIP management.

However, the project also helped build MiBank's competencies as a facilitator/distribution channel for a PAYGO enabled solar home solutions for the rural and off-grid market in PNG:

1. **System Integration:** To enable Empawa as a Biller in MiCash involved systems integration between D'Light Servers based in San Francisco, USA along with the Telepin Mobile Financial Services Platform via Digicel PNG and MiBanks Core Banking System over a 3-month period. The outcome was the creation of a robust PAYGO capability which could potentially interface with any PAYGO Solar Kit distributor and also have the capability to connect with any device that had an enabling remote billing software system.
2. **Enhanced MiCash Features:** The process also enhanced the features of MiCash m-Wallet demonstrating the ability of MiBanks' core banking system to interact with other remote software systems to provide enhanced financial services and products.
3. **Intellectual Property:** MiBank Staff involved in the Empawa Project had a hands-on experience of dealing with necessary project management methodology and gained new project management skills and valuable insight into the evolving trends in the marketing and assisting in selling the PAYGO Solar Product in partnership with the Empawa Sales Teams.

MiBank has now partnered with SolaPaygo, a provider of innovative solar powered solutions for people without access to reliable electricity,¹³⁶ to scale the solar loan product. Based on the Empawa

¹³⁶ <http://www.solapaygo.com/>

experience, a lot of the challenges have been ironed out through discussions with SolaPayGo, particularly around after-sales related challenges. MiBank may also take some liability of the credit portfolio depending on how the relationship pans out in future.

Agriculture-Focused Agent Network Innovation Lab:

This project aims to design and pilot a commercially scalable agent network management model for providing financial services to low income populations, primarily engaged in agriculture and allied sectors, in PNG Highlands.

According to the CEO of MiBank, one of the key reasons for mobile banking not scaling up in PNG is because of the paucity of a good and reliable agent network. In addition, it is very difficult to facilitate collaborative relationships in PNG. For example, the commercial banks and MNOs do not see a lot of promise in mobile money or the informal sector and therefore these do not find a place in their strategy. Sustaining agents has been a challenge and while the microbank had, at one point in time, registered 300 agents, only 147 now remain, of which only 97 are currently active.¹³⁷ In addition, population density is very low and therefore the agent -customer ratio does not make for a very strong case. The CEO at MiBank also mentioned challenges around business practices among agents as they keep their shops closed and the customer ultimately has to travel to the main town for transactions.¹³⁸ The customers also eventually prefer going to town for the social experience and because the cost of goods and services is cheaper in towns than in villages.

On the other hand, trials conducted between June 2017 and late 2018 in East New Britain, Daru (Western Province) and Autonomous Region of Bougainville (AROB) have seen a dramatic rise in agent-led customer onboarding and transaction volumes. Partnerships with Transport Support Sector program (TSSP) that have been pushing payments for Road Contract Workers in AROB Province and with Cocoa Farmers through mobile wallets thereby driving up customer/agent transactions stand as testimony to the viability of the solution. Moreover, an analysis of the transaction patterns showed significant volumes and individual tickets sizes.

*Table 89: Agent transactions recorded in MiBank trials in East New Britain, Daru and AROB**

Segmentation (by # transactions)	# Agents	Cash In (Jul-18)	Cash Out (Jul-18)	A/c Opening (Jul-18)
> 20 Cash In	18	1,034	596	130
10-20 Cash In	10	146	64	53
0-10 Cash In	21	95	30	27
0 Cash In	64	-	-	10

**Source: Project Appraisal Document for MiBank*

Therefore, the bank wanted to engage in a project that allowed them to test different agent models. The innovation lab afforded by PFIP gave them this opportunity. PFIP however, wants MiBank to focus on the agricultural value chain and the bank is in alignment since they want to diversify their portfolio as well. The project will allow them to test the following models:

¹³⁷ Data source: KII with CEO, MiBank

¹³⁸ The bank has tried third party contractors like Oceanic Communications¹³⁸ to manage agents, but it has not worked out in the past because of lack of control and desired quality. MiBank is therefore, very keen on managing the agent network on their own.

- **Re-seller models:** These are typically the ‘umbrella agents’ who have these small set ups through which they sell SIM cards and other sundry items. They are not typically seen as a reliable agent network and BPNG is keen on receiving evidence on whether this model works. However, they are community based, have a steady business flow and are well recognized locally. They are the common denominator between MNOs and FSPs alike, are tech savvy and can help with cash-in and cash-out facilities.
- **Super-agent model:** MiBank has tested a super-agent model in New Ireland that has been working well and has the potential for scale-up. Using a hub and spoke model, the engagement design is also aligned with the focus on the agriculture value chain, integral to this project, since the agent point is a location where people buy and sell wholesale vegetables. They can get paid in a mobile wallet and there is a sub-agent that can help cash out for customers who are interested. The microbank has identified capable agents that can become super agents and have further been talking to aggregators for agri-value chains such as cacao, coffee, rice, among others.
- **Testing of new technology:** These trials will be aimed at not only expanding the cash-agents network, but also at creating a network of merchant points that accept electronic money through the deployment of these technologies.

Strategically, PFIP sees great potential in this project’s ability to respond to the program’s as well as NFIS strategy around overcoming the barriers around usage and adoption of financial services in PNG. As noted in the NFIS, while there has been significant improvement in the number of bank accounts opened with formal financial institution during the last few years, the usage rates in these accounts have been significantly low, especially among the rural populations that participate in the informal economy. One of the key reasons attributed for low usage is limited access points. There are very few access points in rural areas and the costs of accessing financial services at bank branches (often limited to urban centres) is prohibitively high. PFIP hopes to offer a viable solution through this project.

The project will enrol at least 5,000 clients of which 50% will be women through 15 agents by the end of the project.

6.2.5 Life Insurance Corporation PNG Ltd. (LICL)

Project Title: Bundled Insurance and Digital Financial Services through United Church in PNG

Project Period: 1 January 2019 to 31 December 2019

Type of support: Grant and Technical Assistance

Total project budget: USD 119,182

PFIP grant to LIC PNG: USD 77,673

PFIP Technical Assistance support: USD 120,000

LIC PNG contribution: USD 41,509

Project classification: Pilot

LICL received a license from the Bank of Papua New Guinea on 1 September 2003 and commenced its operations from October 2003 to provide life insurance underwriting and other related products and services. LICL is also a member of the Inclusive Insurance working group coordinated by CEFI under the NFIT for implementation of NFIS II strategies. LICL has attempted taking microinsurance to the last

mile through political channels such as with the local Member of Parliament in Abau district, Central Province with a premium of K12 and payout of K 6,000 for the local constituents. However, due to political corruption and funding misappropriation the product did not work out. Moreover, LICL realised that for the product to be viable, at least 25,000 subscriptions per districts are required. According to the LICL management that the evaluators met with, the project with PFIP is perhaps their last attempt to take a microinsurance product to the last mile.

The United Church Papua New Guinea (UCPNG) is one of the largest church networks in the PNG, with current membership of approximately 700,000 people organized into 2,700 congregations, 260 circuits and 11 regions. It is present in all the provinces of the country.

UCPNG and LICL started working together in September 2017 under an MoU, whereby a bundled insurance product (United Life Insurance Plan-ULIP) was designed specifically for members of UCPNG to cover life, funeral and hospitalization. However, one year after launch, the uptake was found to be limited with only 134 applications. PFIP carried out a diagnostic study that found multiple reasons for low uptake which included issues with the product design, business processes such as collection of premiums, issuance of policy terms and conditions and processing of claims. Through participatory stakeholder discussions, it was decided that UCPNG, LICL and PFIP will partner to redesign the ULIP microinsurance product and launch it through the church network.

The project aims to provide a viable, scalable, bundled insurance scheme that entails efficient processes and delivers value to the end customer. In addition, the project also aims to address the larger issue of gaps in access to basic financial services through a network of faith-based organizations.

To support these objectives, the project will pilot, using UCPNG as a link between financial service providers and customers, provide basic financial products to over 700,000 followers of UCPNG across the country. Apart from leveraging the UCPNG network, the project will:

1. Redesign the current ULIP product using customer centric design tools to enhance the value proposition for customers.
2. Develop a robust and efficient insurance distribution channel to leverage UCPNG's vast network and proven cash handling capabilities.¹³⁹ This will also see a heavy involvement of technology to develop paperless processes.
3. Piloting UCPNG to act as an agent for formal financial service providers with the aim of leveraging the church network's fund management capabilities to create access points for the followers of this denomination across the country through relationships with FSPs, brokered by PFIP.

The pilot will run in Hela province (rural) and Port Moresby (urban) to prove scalability and financial viability of the proposed solution. The project will be staffed by the church pastors and their respective spouses, members of the congregation and other community members who will be onboarded as per the project requirements.

¹³⁹ LIC PNG and PFIP cites the donation management systems by the Church authorities as an example of the efficiency and reliability that drives the Church operations

The product will offer life insurance, funeral insurance and hospitalization cash benefit insurance. Product features, format for the application form, compilation and backend processes, claims processes and designing customer education and information services will be done through HCD approaches through TA provided by a PFIP consultant. The process iteration will also include digitisation of the entire process to ensure a paperless engagement route between customers, UCPNG and LICL.

The commission model between UCPNG and LICL will be based on the volumes of customers onboarded. As soon as subscriptions cross 1,000, UCPNG will receive 5% of the total premiums collected with a 25% profit share on the commencement of ULIP. Similarly, subscription numbers between 3,000 and 10,000 will see UCPNG receive 10% commission on total premiums collected and 50% cost share on the commencement of ULIP.¹⁴⁰ By end of the pilot later this year, the project hopes to on-board 5,000 unique customers of which at least 50% will be women.

Strategically, the project is seeking to link regular contact of local population with their church to financial products and services. With the NFIS-II focus on ensuring 1.5 million microinsurance enrolments by 2020, there is a major gap in the provision of such services especially for rural and low-income population. UCPNG's presence is ubiquitous in the country and is an established regular touch point for most people across class and social barriers. With the ULIP product offered through this channel, the project hopes to provide convenience and comfort to the end customers of avoiding bank engagement to pay premiums and to also make payments in cash at the church. Further, the project also hopes to leverage the church's community outreach services to impart awareness about financial services.

Current Status: By August 2019, LICL and UCPNG were waiting for the TA expert to join the team. The management at both the organizations expressed their worry at not being able to meet timelines because of the time taken for PFIP to provide them with the required TA input.

Grant Utilization: By end of August 2019, the project had drawn on the first tranche of USD 15,535 towards the signing of the agreement and putting a project team in place.

6.2.6 National Superannuation Fund (NASFUND), Papua New Guinea

Project Title: Voluntary Contributions for farmers (Agri Supa) product under regulatory sandbox

Project Period: April 2019 to February 2020

Type of support: Grant and Technical Assistance

Total project budget: USD 548,600

PFIP grant to NASFUND: USD 304,600

PFIP Technical Assistance support: USD 260,000

NASFUND contribution: USD 244,000

Project classification: Test

Status: Ongoing

¹⁴⁰ Project Appraisal Document

The National Superannuation Fund (NASFUND) is a registered trust in accordance with the Superannuation (General Provisions) Act 2000 and incorporated and domiciled in PNG. It took over the role of National Provident Fund which operated from 1980 to 2000. It is the only superannuation fund that is mandated by law to collect compulsory contributions from employees and employers, towards the retirement savings of all private sector workers in the country. NASFUND contribution is compulsory for every employer employing 15 or more people for every employee thereof. NASFUND has its headquarters in Port Moresby and currently operates through its 22 branches across the country. According to the Annual Report 2018, as at 31 December 2016, the Net Asset Value (NAV) of NASFUND were valued at K4.7 billion and total membership stood at around 555,133 with an active base of 2,402 employers. 28,000 members are digitally connected through the NASFUND mobile application. The contribution receipts for the year ended 2018 were K493 million.¹⁴¹

NASFUND offers 'Eda Supa', a voluntary superannuation product for those not in formal employment. Introduced in 2006, Eda Supa is available to anyone who is earning some form of income with a minimum contribution of K20, to be paid within three months through multiple options such as direct deposit, cheques, internet or mobile banking, EFTPOS. For members who have saved over 5 years or more, they are entitled to withdraw up to 100% of savings less interest as a housing advance. There is no maximum limit on the voluntary contributions made by individuals. However, for large contributions, proof of income needs to be furnished to NASFUND for compliance purposes. By the end of 2018, the product had enrolled 32,898 customers but barely 6% of the members were contributing actively¹⁴² to the fund. By the end of June 2019, the funds mobilised under this scheme are close to K40 million.¹⁴³

The KII with the NASFUND management revealed that participants in the informal sector are greatly inconvenienced by the non-availability of services and lack of ease to access products like Eda Supa in most parts of the country. Nasfund branches are established around town centres where banks are operating, however, to make a deposit, Nasfund members have to visit bank branches to make deposits and thereafter to the NASFUND office to update their accounts. The challenge therefore is twofold, first with access to banking and second, an inconvenient process for account updates. The feasibility study commissioned by PFIP highlighted additional challenges as well as opportunities. Both existing and potential subscribers interviewed as part of the feasibility study indicated a need for user-friendly processes for enrolment and making contributions. These insights prompted NASFUND and PFIP to come together and conceptualise a project to increase access for the informal sector to the pension through a customer centric model. Prohibited by regulation to deploy contribution funds for experimentation and testing, the regulatory sandbox was proposed whereby the PFIP grant would bear the liability of losses should the proposed pilot fail. Lessons from Solomon Islands National Pension Fund's (SNPF) successfully rolled out voluntary pensions product, YouSave also prompted PFIP to apply the lessons learnt in the PNG context.

The proposed regulatory sandbox will define the geographic scope of the project to Mt Hagen in the Highlands region and Kime in West New Britain province to offer diversity and balanced outcomes, limit the outreach to 1500 clients in each pilot location, offer guidelines on fund management, return on contribution and other details. These have been sufficiently detailed in the Project Appraisal Document (PAD) for NASFUND.

¹⁴¹ NASFUND Annual Report, 2018

¹⁴² Activity levels defined by at least one contribution every quarter.

¹⁴³ KII with NASFUND management

The project seeks to test and pilot a product called “Agri Supa”, built specially for informal workers in the agricultural and allied sectors. This product will also have a significant implication from a gender perspective since 55% of the population active in subsistence agriculture are women, employing 70.3% of the female rural population. In the rural sector, the labor force participation rate for females aged between 10-14 years and 20-24 years is slightly higher than their male counterparts. In general, women are more likely to be unemployed than men and young people are twice as likely to be unemployed on average. These are important factors that the project wants to consider in the design of the proposed project.

The indicative features of the product are¹⁴⁴:

1. Balancing liquidity vs. long term savings to discourage 100% withdrawal of funds and at the same time provide flexibility to withdraw partly from a portion of allocated funds in case of emergencies. This feature, also available in the YouSave, SNPF design, has been highly appreciated by customers in SOI.
2. HCD research will help create simple to understand terms and conditions
3. Integrated solution that also considers lifecycle risks: The product may also include a microinsurance cover, integrated into the pension fund.

Consumer empowerment: Apart from the proposed customer-centric features that the product is envisaged to offer, the project also requires NASFUND to develop a robust consumer education model. The feasibility study highlighted lack of awareness as a major barrier to the uptake of pension products and the project will work on creating content using adult learning principles to address this challenge.

Current Status: The project was signed in April 2019 but has not started since approval for the regulatory sandbox was awaited from BPNG. The central bank has given its in-principle agreement for the sandbox in August 2019 and the project is expected to commence soon. The overall project is for 12 months of which approximately 40% time will be dedicated to preparation and the remaining for the pilot run for actual enrolments and contributions which will provide insights on the frequency and quantum of contributions. However, with the project delay, the project will most likely spillover beyond February 2020.

Grant utilization: The project has not drawn on any of the allocated grant fund as of August 2019.

6.2.7 Capital Insurance Group Limited

Project Title: Market research on community assets and home insurance in PNG

Project Period: April 2016 to March 2017

Type of support: Grant and Technical Assistance

Total project budget: USD 66,841

PFIP grant to Capital Group: USD 66,841

Project classification: Research

Status: Closed

¹⁴⁴PFIP PAD for NASFUND

The Capital Insurance Group is a Pacific-wide insurer offering general and life insurance products. It has presence in PNG, Fiji, Tonga, Vanuatu and Solomon Islands.

The research project, commissioned by PFIP was focused on mapping the PNG landscape for two innovative inclusive insurance products. The first product was towards insuring community assets such as water pumps, solar equipment and the second to insure housing structures of the low-income population in PNG.

The research did not yield any positive results and the project was closed due to the inability of the Capital Group and its consultants to complete the project on time. However, PFIP prompted the use of available data to craft a low cost building insurance. After some back and forth, the Capital Group cited many obstacles in developing a viable commercial model and the project was officially terminated by PFIP in May 2017.

Grant Utilization: Capital Group drew the first tranche of the project, USD 53,473. The balance of USD 20,500 was not paid due to the inability of Capital Group to successfully close the project.¹⁴⁵

6.2.8 SolaPayGo Pvt. Ltd.

Project Title: Accelerated scaling SolaPayGo in Highlands

Project Period: February 2019 to June 2020

Type of support: Grant and Technical Assistance

Total project budget: USD 665,000

PFIP grant to SolaPayGo: USD 300,000

SOLAPAYGO contribution: USD 365,000

Project classification: Scale

Status: Ongoing

PNG today has one of the highest prevalence rates of use of off-grid solar lighting in the world. It is due to several factors. A key issue is the country's persistent low grid electrification rates. Only 13 percent of the population is connected to the grid. A study by IFC shows that people have enough disposable income to afford the lighting products. Other factors include the spread of a mid-mile distribution network (particularly of "lot shops"), and the introduction of the Lighting Papua New Guinea program in 2014, which helped increase awareness of off-grid lighting solutions and supported an estimated 17.5 percent market share for quality-verified products.¹⁴⁶

SolaPayGo is a provider of innovative solar-powered solutions for people without access to reliable electricity. Their objectives are to provide affordable power solutions to off grid communities,

¹⁴⁵ Project Closure report, Capital Insurance Group

¹⁴⁶ Going the distance: Off grid lighting dynamics in Papua New Guinea; IFC (2019)

transform the way people can access, use and pay for energy and supply all the people with affordable and safe energy supply.

The project commissioned to SolaPayGo uses an airtime wallet platform. The use of mobile phone facilities and more specifically, airtime wallets, enables individuals and households with purchasing power even without a bank account. Mobile Network Operators (MNO) in PNG have worked with mobile money wallets as well as airtime wallets and have found that mobile money operations are very challenging and thus the penetration rate remains very low in comparison with that of airtime wallets. For this reason, this project will be using an airtime wallet platform.

6.2.9 Kina Bank

Project Period: August 2019 to June 2020

Type of support: Technical Assistance

Total Project Budget: USD80,000

PFIP grant to Kina Bank: N.A

PFIP Technical Assistance support: USD 80,000

Project classification: Test

Status: Ongoing

In April 2019, Kina Bank acquired the retail operations of ANZ in PNG¹⁴⁷ taking its retail operations to 20 branches across the country (erstwhile 6 branches). The formal launch is in September 2019. KII with the management at Kina Bank showed that their major interest is on the personal banking side though there is a keen interest in superannuation products as well as stock brokering. While the take-over has helped Kina increase its footprint in the country, it still remains behind BSP in terms of outreach and portfolio. Kina bank aims to become the leading player in offering digital financial services. It currently serves the high- and middle-income categories but is aware of the market potential in mobilizing business from the informal sector and is gearing up to serve the same. In addition, as a commercial bank regulated by BPNG, Kina also has commitments to financial inclusion and is keen to explore how it can accomplish the same in a more tactical manner either on its own or through strategic partnerships. Kina bank is also the first in PNG to go cheque free and has most of its transactions online. Internet banking, launch of a bill pay system, mobile banking are some of key focus areas for Kina Bank. The Kina management mentioned that they are in regular communication with MNOs to firm up the current USSD offering around top up, bill pay and top up for PNG power which were supposed to be launched by the end of August 2019.

PFIP has been in talks with Kina to reach out to the agriculture sector which contributes 30% of the GDP with 82% of the population dependent on the sector for income.¹⁴⁸ In addition, SMEs are a key focus area for the government, for development partners and aid agencies and is a priority area under NFIS-II. Kina participated in the ASEAN fintech challenge, organized and facilitated by PFIP earlier this year. The challenge was organized for PNG, Fiji and Vanuatu.

¹⁴⁷ <http://www.looppng.com/business/kina-bank-cleared-acquire-anz-83526>

¹⁴⁸ <https://www.agriculture.gov.pg/about/sector-brief/>

PFIP will play the role of matchmaker at this point and will not provide direct funds to Kina. The bank selected Intain¹⁴⁹, a fintech firm based out of India that has offered an AI-based Optical Character Recognition (OCR) solution for automating the data entry and management processes for Kina Bank including the KYC process.

The selection of Intain has now transitioned into an accelerator programme through a 6-month engagement whereby the tech firm will look to solve the abovementioned problem statements. While Kina will not get any direct funding, PFIP will provide a direct grant to Intain, as per the provisions under the Asean Fintech challenge. If at the end of 6 months the solution passes beta testing and is found to be viable, the solution will also be scaled to other business verticals within the bank.

¹⁴⁹ <https://www.intainft.com/>

6.3 Annex III – List of Interventions and Status

Works tream	Grantee organiz ation	Grant duration	Grant amount (USD)	Disbursed amount (USD)	Status	Project Summary	Key activities
Policy and Regul ation	Bank of Papua New Guinea- Data project	24/4/2015 to 31/12/201 6	200,000	150,000	Closed	Grant support to BPNG to streamlining data reporting from partners and for the development of NFIS-II, including dissemination workshop	<ol style="list-style-type: none"> 1. To build a financial inclusion dashboard for strengthening data management for policy and market development. This component was spearheaded by the Results Management team at PFIP 2. Building capacities of financial inclusion and financial literacy working groups from NFIS-I through workshops to build the framework for Second Strategy.
Policy and Regul ation	Midterm NFIS review	1/2/2019 to 31/5/2019		14,700	Closed	The study aimed to understand the current progress on NFIS-II implementati on and the role of CEFI in driving implementati on of the strategy.	<ol style="list-style-type: none"> 1. Stakeholder interviews 2. Desk research 3. Final mid-term review report and presentation
Policy and Regul ation	Regulat ory study of Micro- banks in PNG	1/11/2018 to 28/2/2019		39,777	Closed	PFIP collaborated with BPNG to commission a report to define a pathway for the regulation and supervision of microbanks that ensures improvement s in their financial resilience	The report offers insights on the microbanks' scale, sophistication, ability to harness technology and overall sustainability to serve the NFIS mandate. To this end, the report provides a way forward to define a common vision for the regulatory framework for microbanks.

						while balancing their development mandate.	
Policy and Regulation/ Consumer Empowerment	Foundation for Development Cooperation (FDC)	26/6/2017 to 31/12/2017	100,000	100,000	Closed	PFIP supported the Foundation for Development Cooperation (FDC) to host the Financial Inclusion Innovation Summit, 2017 which is a biannual industrial event for financial inclusion service providers, regulators, governments and advocates in the Pacific region.	The summit was attended by 185 delegates from 14 countries. According to the evaluation report submitted by FDC, 25 percent of the participants represented policy makers or regulatory bodies, 30 percent from the non-profit or civil society organizations and the remaining representing commercial banks, business houses, TSPs and industry bodies.
Policy and regulation	(TA) Pinbox Solutions superannuation feasibility study	15/2/2018 to 30/6/2018	49,900	49,900	Closed	TA contract with Pinbox Solutions to conduct a study on the NASFUND offerings around pension product, reception in the field, triggers and barriers thereof.	The study examined opportunities and barriers to comprehensive micro-pension coverage expansion through NASFUND and involved an evaluation of Eda Supa (NASFUND's voluntary superannuation plan for non-salaried workers including product features, benefits, process architecture, sales and distribution model (including digital infrastructure), operational and financial challenges

Policy and regulation/ Financial Innovation	NASFUND	1/4/2019 to 28/2/2020	304,600	Not drawn yet	Ongoing	The project seeks to test and pilot a product called "Agri Supa", built specially for informal workers in the agricultural and allied sectors. This product will also have a significant implication from a gender perspective since 55% of the population active in subsistence agriculture are women, employing 70.3% of the female rural population.	Key activities includes use of HCD research to design client centric product that may include insurance cover. Use of regulatory sandbox to try innovative product models hitherto not tested in the PNG market
Policy and Regulation/ Consumer Empowerment	POWER diagnostic (Dalberg)	16/8/2018 to 30/6/2019	284,430	284,430	Closed	Diagnostic study – Participation of Women in the Economy Realised to understand the gender dynamics within the informal sector, the possible gateways into engaging progressively with women through financial products and services	The diagnostic study, conducted by Dalberg, used UNCDF's PoWER diagnostic tool and sought to understand the triggers and barriers to access, usage of and agency to make financial decisions by women in the country.
Financial	BIMA-Microinsurance	7/7/2015 to 30/6/2019	503,236	503,236	Closed	In alignment with PFIP's objective to	The project aimed to reach out to 76,542 people within two years that would include

Innovation						deepen financial services, the goal of the grant to BIMA was to bring convenient, affordable microinsurance products to low income, rural, unbanked and or underbanked PNG citizens.	50% women, of which 90% would be based out of rural areas and 100% would have been previously uninsured
Financial Innovation	MiBank-Solar loan	27/7/2016 to 31/12/2017	105,500	85,000	Closed	PFIP helped MiBank integrate the Pay-As-You-Go (PAYGO) platform with MiBank's mobile money platform-- MiCash and Digicel, to offer solar home solutions with the objective of enabling customers to buy pre-paid electricity on their mobile phones.	<ol style="list-style-type: none"> 1. A functioning payment channel that allows customers to purchase pre-paid electricity on their mobile phones 2. A partnership between MiBank and Empawa, the solar provider 3. Validation of customer demand for this service 4. Confirmation of a pricing model and a scalable business plan
Financial Innovation	Capital Insurance	26/4/2016 to 31/03/2017	66,841	53,473	Closed	The project sought to assess market potential and identify product design, distribution channel and a business model to effectively supply products like community based asset	<ol style="list-style-type: none"> 1. Recruitment of a researcher 2. Agreeing terms of reference and workplan with the researcher 3. Conducting research, designing products, education tools and market testing 4. Building a business case per product 5. Building product launch plans 6. Post project review

						and infrastructure insurance and home/property insurance	
Financial Innovation	WestPac	10/5/2017 to 30/6/201	1,500,000	525,000	Closed	PNG Financial Innovation Hub aimed to design and pilot a commercially scalable model for providing financial services to low income populations in PNG, particularly in the Highlands area	<ol style="list-style-type: none"> 1. Develop financial services that inspire PNG Highlanders to use the services to manage and improve their daily financial lives. 2. The project aimed to employ HCD tools and experts to create services that inspire usage by Highlands dwellers, women and smallholder farmers, in particular. 3. The operational structure will be developed to deliver the necessary service quality with a commercially viable cost structure.
Financial Innovation	Women's Microbank Limited (WMBL)	15/3/2018 to 30/6/2020	413,625	351,582	Ongoing	The project aims to pilot a technology driven solution to reach out to existing and potential women members of WMBL in rural areas who are currently not able to access basic financial services	<ol style="list-style-type: none"> 1. A functional technology driven channel that allows customers to do basic financial transactions 2. Installation, testing and piloting of application based platform and biometric identification system 3. Validation of acceptance of MAPs by customers and creating a model for replication 4. Offering access to financial services to existing members of WMBL 5. Achieving a 100% growth of the active client base for WMBL

Financial Innovation	Life Insurance Corporation (PNG Ltd.)- Bundled insurance and DFS	11/4/2019 to 30/6/2020	77,673	15,535	Ongoing	The project is designed to help LICL and UCPNG to redesign and pilot their United Life Insurance Plan	<ol style="list-style-type: none"> 1. Design the current ULIP product using customer centric design tools 2. Develop a robust and efficient insurance distribution channel 3. Piloting UCPNG to act as agent on behalf of formal financial service providers
Financial Innovation	MiBank -Agri focused Agent Network- Innovation Lab	25/4/2019 to 29/2/2020	313,115	62,623	Ongoing	The PFIP - MiBank <i>Agent Network Innovation Lab</i> will be established and the project will aim to design and pilot a commercially scalable agent network management model for providing financial services to low-income populations, primarily engaged in agriculture and allied sectors in PNG Highlands	<ol style="list-style-type: none"> 1. The project aims to develop a robust financial services delivery channel by establishing a network of agents capable of offering a range of financial services to farmers in PNG Highlands, in a convenient, accessible and affordable manner. 2. The project will rely on branchless banking expert(s) using human-centric design tools to create and test multiple agent network management models 3. The project will leverage on the operational structure of MiBank which will be refined further to deliver the services through network of low-cost agents in an easy to replicate manner
Financial Innovation	Sola-PayGo Pvt. Ltd.	15/2/2019 to 30/6/2020	300,000	90,000	Ongoing	This project aims to accelerate the scale up of a relatively new pay-as-you-go solar energy business in PNG, providing affordable, high quality	

						solar power lighting and mobile phone charging solutions to rural and remote households in the Highlands of PNG.	
Consumer Empowerment	TVET-Kamali ki Technical and Vocational Institute, Goroka						There is no agreement and funding support offered to Kamaliki TVET. PFIP supports them with printed material and ToTs only using internal resources that were developed under a TA contract with BASIX

PACIFIC FINANCIAL INCLUSION PROGRAM- II

FINAL EVALUATION

COUNTRY REPORT VANUATU

JANUARY 2020



GRAMEEN FOUNDATION INDIA

**E-86, LGF, Sun City, Sector 54, Golf Course Road,
Gurgaon-122011 Haryana, India**

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Abbreviations

ATH	Amalgamated Telecommunication Holding
ATM	Automated Teller Machine
BFA	Bankable Frontiers Associates
BoP	Bottom of the Pyramid
DAC	Development Assistance Committee
DFAT	Department of Foreign Affairs and Trade
DSS	Demand-side Survey
EFTPOS	Electronic Fund Transfer Point of Sale
FGD	Focus Group Discussion
FIU	Financial Inclusion Unit
FSP	Financial Service Providers
GfG	Governance for Growth
G2P	Government to Person
GDP	Gross Domestic Product
GNI	Gross National Income
IC	Investment Committee
IFC	International Finance Corporation
IMF	International Monetary Fund
IMT	International Money Transfer
KIIs	Key Informant Interviews
KYC	Know Your Customer
LDCs	Least Developed Countries
MNO	Mobile Network Operators
MSME	Micro Small Medium Enterprise
NBV	National Bank of Vanuatu

NFIS	National Financial Inclusion Strategy
NFIC	National Financial Inclusion Council
NFIT	National Financial Inclusion Taskforce
NGO	Non-Governmental Organization
OECD	Organisation for Economic Corporation and Development
PAD	Project Appraisal Document
P2P	Person to Person
PBA	Performance Based Agreement
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
PIRI	Pacific Islands Regional Initiative
POS	Point of Sale
RBV	Reserve Bank of Vanuatu
TSP	Technical Assistance Provider
TVL	Telecom Vanuatu Limited
UNCDF	United Nations Capital Development Fund
UAP	Universal Access Policy
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar
Vt	Vatu
VNPF	Vanuatu National Provident Fund
VNSO	Vanuatu National Statistics Office

1 Introduction

The Pacific Financial Inclusion Programme (PFIP) is a Pacific-wide programme focusing on increasing access to and use of financial services for low income households. PFIP currently covers Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands (SOI), Tonga and Vanuatu, with Kiribati and Tuvalu potentially covered before the end of July 2019. Phase I of the PFIP was completed in 2013, reaching 687,000 additional individuals and/or small and microenterprises in the Pacific Island Countries (PIC) who had gained access to one or more appropriate financial services. Phase II, which builds on the efforts of Phase I is jointly administered by the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with funding support from the Australian Government, the European Union (EU), and the New Zealand Government. Phase II, programmed for 2014-2020, aims to deepen financial access to an additional 1,500,000 previously underserved low-income people in the region and aims to do so through three workstreams: *Policy and Regulation*, *Financial Innovation and Consumer Empowerment*. PFIP's theory of change asserts that markets need these three elements to expand access to finance, and that access to finance improves livelihoods, the ultimate development impact goal of the programme.

In 2019, UNCDF commissioned a final evaluation of PFIP II. This report summarizes the findings from the on-site mission to Vanuatu conducted between 31 July to 7 August 2019. The report begins with a broad macro-economic environment in Vanuatu followed by a snapshot of its financial inclusion policies and developments, followed by a brief description of the PFIP Phase II in Vanuatu, evaluation findings arranged according to the UN/Development Assistance Committee (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability as well as a snapshot of clients' socioeconomic profile, financial behaviour, awareness levels and overall expectations from the financial services received from PFIP partner institutions in Vanuatu. It concludes with a set of recommendations proposing the way forward to ensure achievement of the programme goals. During the onsite mission, the evaluation team interacted with various stakeholders including representatives from the Central Bank, Technical Service Providers (TSP), Financial Service Providers (FSP), secondary duty bearers as well as other stakeholders directly associated with the country's financial inclusion sector. In particular, the evaluation team held interviews with:

- Deputy Governor at Reserve Bank of Vanuatu (Central Bank)
- Financial Inclusion Unit Manager at Reserve Bank of Vanuatu (Central Bank)
- National Bank of Vanuatu (FSP)
- Telecom Vanuatu Limited (FSP, TSP)
- Vanuatu National Provident Fund (FSP)
- VanCare Insurance Ltd (FSP)
- Programme Director, Department of Foreign Affairs and Trade DFAT (Donor)
- Country Coordinator, PFIP (Staff)

A complete list of stakeholders that the team interacted with along with the visit schedule are provided in Annex III of the report. In addition to the interviews, the evaluation team also conducted 4 Focus Group Discussions (FGD) with client groups of National Bank of Vanuatu and Vanuatu National Provident Fund with approximately 5 members in attendance for each group.

2 Vanuatu Country Context

2.1 Demography

The Republic of Vanuatu is an archipelago nation of more than 80 islands spread across 6 provinces and 612,300 square kilometres of South Pacific. As of 2017, Vanuatu ranks 138 among 189 countries on the Human Development Index.¹⁵⁰ There are more than 100 distinct languages spoken, with 63% of the population speaking Bislama, the local pidgin and also the national language of the country. The current estimated population of 272,459 is predominantly rural, with around a quarter living in urban areas of Port Vila and Luganville.¹⁵¹ The density of population is low at 22 people/square kilometre. Annual urban growth rate, however, is relatively high (3.5%) and the total urban population has doubled in the last two decades—an indication of continuing rural-urban migration. Typical of the region, Vanuatu has a young population, with 57% aged under 25 years and the current median age at 20 years.

The majority of the population in Vanuatu is dependent upon tourism, agriculture and allied activities. According to the 2009 census, 36% of the households reported wages or salaries as their main source of income.¹⁵² According to the stakeholders that the evaluators met with, not much has changed over the past decade with only 15% of the total population engaged in any formal economic pursuit.

2.2 Macroeconomic Indicators

Vanuatu is currently classified as a low-income country. It is also the world's most at-risk country for natural disasters, as measured by the UN World Risk Index.¹⁵³ Cyclone Pam affected more than 70 percent of the population and required extensive development aid support. The government and other key authorities of Vanuatu have focused their energies in the past few years to combat the after effects of cyclone Pam and it is only now that they have shifted their attention to developing and implementing its broader economic plans for the country. Despite these economic set-backs, Vanuatu is set to graduate from the Least Developed Countries (LDC) status in 2020. Real Gross Domestic Product (GDP) growth reached 4.4 percent in 2017 and stayed strong at 3.2 percent in 2018.¹⁵⁴ There was a current account surplus in 2018 of 3.5 percent of GDP, driven by windfall revenues from economic citizenship programs (which provide honorary citizenship status for a minimum \$155,000 investment by a single applicant) and still-strong demand for imports for development-partner financed projects. The economic rebound of the last two years has mostly been driven post-Pam cyclone reconstruction activities and donor-supported infrastructure construction projects within the Industry sector and the Services sector, partly associated with the recovery of tourism. Efforts to improve tourism by boosting air access from countries like Australia, China and New Zealand are some proactive measures that are being taken to prepare the country for the next level of growth.¹⁵⁵ Similarly, export of ni-Vanuatu¹⁵⁶ products such as Kawa, beef, coffee among others is also being reinforced by focusing on agriculture and allied sectors.

¹⁵⁰ http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/VUT.pdf Vanuatu's HDI increased by 5.3% between 2005 and 2017

¹⁵¹ [2016 Post Pam Mini Census Report, Volume 1](#)

¹⁵² UNDP. 2010. [Vanuatu Hardship and Poverty Report: Analysis of the 2010 Household Income and Expenditure Survey](#).

¹⁵³ [World Risk Report 2018](#)

¹⁵⁴ [2019 Article IV consultation- press release; staff report and statement by the IMF executive director](#)

¹⁵⁵ Vanuatu and Air Vanuatu Shared Vision 2030

¹⁵⁶ ni-Vanuatu means "of Vanuatu" -<https://en.wikipedia.org/wiki/Ni-Vanuatu>

Due to the anticipated completion of major infrastructure projects by the end of 2019, the Vanuatu Macroeconomic Committee has predicted a downgraded but henceforth stable growth of 3 percent 2020 onwards.¹⁵⁷ Tourism and agricultural diversification are anticipated to become the primary growth drivers going forward.

Table 90: Five year trend for key demographic and economic indicators, Vanuatu

Indicators	2014	2015	2016	2017	2018
GDP growth (annual %)	2.3%	(0.8%) ¹⁵⁸	4%	4.5%	3.2%
Gross National Income (GNI) per capita, Atlas method (current US\$)	3,110	2,790	2,780	2,810	2,970
Population growth (annual %)	2.8%	2.7%	2.6%	2.5%	2.5%
HDI (value)	Not available	0.599	0.600	0.603	
Inflation, consumer prices (annual %)	0.8%	2.4%	0.8%	3.1%	2.2%
Official exchange rate (Vanuatu Vatu per US\$, average)	97.1	108.9	108.4	107.8	110.1

Data source: [WBG Data Bank, Vanuatu](#), [UNDP briefing note for countries on 2018 statistical update- Vanuatu](#)

2.3 Gender and Human Rights

Women in particular face significant economic and social disadvantages in Vanuatu. In 2017, Vanuatu ranked 138th out of 160 countries¹⁵⁹ on the Gender Inequality Index which reflects gender-based inequalities across the three dimensions of reproductive health, empowerment, and economic activity. Vanuatu ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) in 1995 but has yet to be in full compliance of all indicators. While the Vanuatu constitution guarantees men and women equal treatment under the law (as well as equal treatment regardless of marital status, sexual orientation, HIV status, and disability), it does not guarantee equal benefits or outcomes as required by CEDAW¹⁶⁰ and all groups continue to face discrimination.¹⁶¹ Sixty percent of women who have ever been in a relationship have experienced either physical or sexual violence (or both) by a husband or intimate partner; the same percent of women agree with at least one justification for a man to beat his wife.¹⁶² Vanuatu recently introduced legislation on domestic violence which would make it a criminal offense.¹⁶³

¹⁵⁷ [Quarterly economic review; Reserve Bank of Vanuatu; September 2018](#)

¹⁵⁸ Attributed to Cyclone Pam that which hit the Pacific region in March, 2015 and is one of the worst natural disasters to affect Vanuatu

¹⁵⁹ UNDP. 2018. [Gender Inequality Index](#)

¹⁶⁰ UNDP. 2015. [Vanuatu: CEDAW Legislative Compliance Review](#).

¹⁶¹ USDOS. 2018. [Vanuatu 2018 Human Rights Report](#).

¹⁶² UN Women. [Vanuatu](#).

¹⁶³ World Bank. 2019. [Women Business and the Law](#).

Thus far, the government has yet to translate gender policies and strategies into implementation, resulting in little progress on women's economic empowerment, political participation, and addressing domestic violence.¹⁶⁴

Vanuatu scored 66.25 on the *Women, Business and the Law* Index (100 representing the best score overall).¹⁶⁵ The index assesses statistically significant associations with outcomes related to women's economic empowerment, in particular with women's labor force participation in 187 economies. This means there is, on average, gender inequality in a little over a third of the areas examined in the index (including laws regarding mobility, starting a job or business, managing assets, etc.). Only 44% of women are in the workforce.¹⁶⁶ Business ownership and management in the formal sector is dominated by men and because so few women formalize their businesses (which tend to be micro or small enterprises and working in the informal sector), this limits their access to credit and other protections provided by the law.¹⁶⁷ Women hold few positions in national and provincial level governments; there have been no women in Vanuatu's Parliament since 2012.¹⁶⁸ Consequently, women have little voice in influencing policies that impact their personal, financial and business well-being.

2.4 Financial Inclusion Landscape

The Financial Sector in Vanuatu has seen a significant shift in terms of regulations and reforms in the recent past. Historically, Vanuatu has been an attractive Offshore Financial Centre¹⁶⁹; however, the central bank and government authorities have taken steps to bolster the fiscal discipline within the country and comprehensive reform plans to maintain financial sustainability.

As seen in Figure 1, for a country with a fairly sparse population, the quantum of financial services per capita is quite high. Observations from stakeholder interviews and insights collected from secondary literature show that most of the financial services infrastructure is located in the urban centers of Port Vila and Luganville.¹⁷⁰ From the financial inclusion perspective, there has been a history of support to

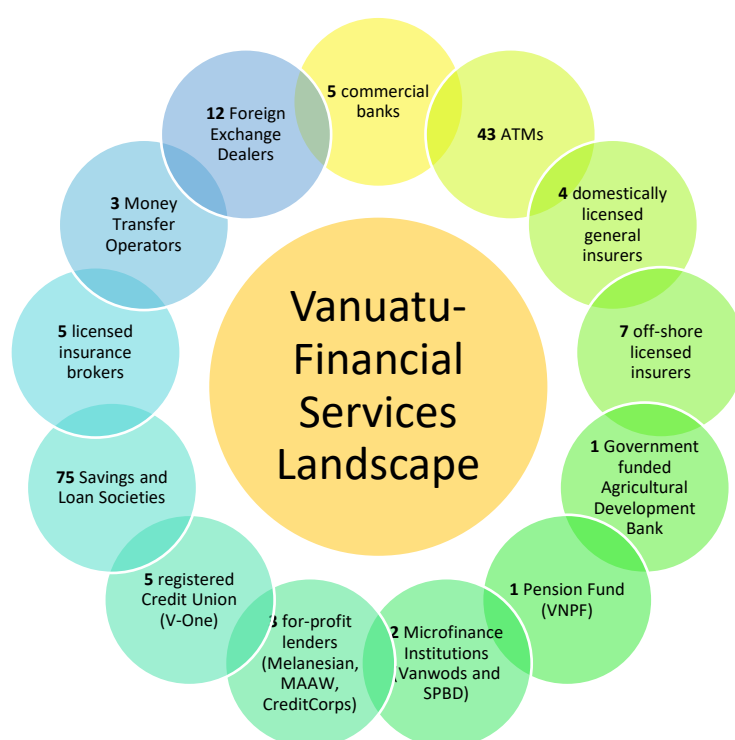


Figure 18: The financial services landscape in Vanuatu

¹⁶⁴ ADB. 2018. [Women and Business in the Pacific](#).

¹⁶⁵ World Bank. 2019. [Women Business and the Law](#).

¹⁶⁶ World Bank. 2018. [Women Business and the Law: Vanuatu](#).

¹⁶⁷ IFC. 2010. [Vanuatu: Gender and Investment Climate Reform Assessment](#).

¹⁶⁸ ADB. 2018. [Women and Business in the Pacific](#).

¹⁶⁹ Choong CK, Jayaraman TK. 2010. Offshore Financial Centre institutions in small jurisdictions in a globalised world: an empirical study of Vanuatu. *International Journal of Economic Policy in Emerging Economies* 3(2):129-146 DOI: 10.1504/IJEPEE.2010.033776

¹⁷⁰ [Republic of Vanuatu: Expanding access to financial services- Technical Assistance Report \(ADB\)](#)

microfinance through many development partners, initially from ADB¹⁷¹ with subsequent interventions from PFIP, IFC, DFAT, AFI and the Pacific Island Regional Initiative (PIRI). Support to the sector will likely continue to increase as technological and financial sector regulations guided by the National Financial Inclusion Strategy (NFIS) make providing financial services to more people possible.

Policy and Regulations:

The Reserve Bank of Vanuatu (RBV) is the apex body that regulates the financial services sector. Established in 1980, the Bank's main functions and appointments are in accordance with the Central Bank of Vanuatu Act. The prevailing political environment has an impact on the functioning of RBV as the senior appointments, such as the Governor, are appointed by the Prime Minister on the recommendation of the Minister of Finance. The regulatory ambit of RBV includes commercial banks, insurance providers and superannuation funds such as Vanuatu National Provident Fund (VNPf), among others. Microfinance institutions operating in the region are not regulated by RBV and neither are the cooperatives that often offer financial services to the rural poor. There is a push to regulate the nascent fintech sector that is increasingly gaining significance.

The Vanuatu NFIS 2018 – 2023 is the key policy document that provides the road map for increasing access to and usage of appropriate financial services among the underserved adult population and micro, small and medium enterprises (MSME) in Vanuatu. A high level of government endorsement has led to the establishment of the National Financial Inclusion Council (NFIC) headed by the Prime Minister.¹⁷² This council is comprised of key ministers from four different ministries namely, Ministry of Finance and Economic Management; Ministry of Trade, Tourism, Industry, Cooperatives and Ni-Vanuatu Business; Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity; and, Ministry of Education and Training. The Governor of the RBV is also a member of NFIC. NFIC provides a high-level forum for steering and coordination of the overall implementation of the NFIS. The next level of hierarchy is the National Financial Inclusion Taskforce (NFIT) headed by the Governor of the Reserve Bank. NFIT is the coordinating committee for the overall NFIS. Four working groups report to the NFIT: Regulation, Inclusive Product and Services, MSME and Financial Literacy and Consumer Empowerment.

For coordinating the activities under NFIS and between the different committees formed thereof, NBV also set up a Financial Inclusion Unit (FIU) that acts as the secretariat to bring together NFIC, NFIT and the four working groups. The FIU is currently staffed with 3 personnel: the Manager and two analysts reporting to the Manager. The Manager reports to the Deputy Governor.

Know Your Customer (KYC) norms are determined by a separate government agency called the Financial Intelligence Unit. The Financial Intelligence Unit does not come under the jurisdiction of the central bank and is independent. In 2017, the government announced the roll out of a universal National Identification Programme for the ni-Vanuatu. While this initiative has a great potential to streamline KYC requirements and processing, it has been a challenge to bring this service to residents of remote islands. Other than the national ID, birth certificates are the most commonly accepted KYC document. These birth certificates are issued from Port Vila and many citizens, especially those working in the informal sector do not find the opportunity and financial costs worthwhile to make the trip to the city unless absolutely required. Almost 40% of adults working in agriculture do not have

¹⁷¹ ADB. 1999. Technical Assistance to the Republic of Vanuatu for Rural Financial Services. Manila (TA 3206-VAN); and ADB. 2003. Technical Assistance to the Republic of Vanuatu for Strengthening Rural and Microfinance. Manila (TA 4238-VAN).

¹⁷² Vanuatu National Financial Inclusion Strategy 2018-2023

either formal identification or a birth certificate.¹⁷³ Other KYC documents used are acknowledgement letters from village chiefs, Driving License and Passports for photo identification and Tax Identification Number (TIN) in case of businesses.

Infrastructure:

Mobile phone penetration has been steadily increasing; as of 2018, it was at 82%.¹⁷⁴ Network connectivity is still a challenge especially for smaller, rural islands but concerted efforts are being made by the regulator to improve 4G spectrum coverage with an aim to reach a desired 98% coverage under the Universal Access Policy (UAP) deployment plans. The past two years have also seen the cost of data come down significantly, thereby driving up usage. The DSS shows that the median banked adult only travels 20 minutes to reach a bank branch, but an unbanked adult reports travel time of over 60



Figure 19: An Agent Outlet

minutes. Increasing financial access points and lowering transaction costs to these points through the expansion of mobile or bank agents is an opportunity that PFIP and its partners are seeking to address.

Access to Financial Services¹⁷⁵:

Access to both information and formal financial products by ni-Vanuatu is a key area of concern. The Vanuatu Demand-side Survey (DSS), published in 2016, reports that a total of 37% of the adult population banks with formal institutions which is about 60,000 adults. Further, 21% of the adult population, or 34,018 adults, uses informal financial services. 32% of adult population, or 51,838 adults, are completely unbanked. Therefore, the total market size for the financial sector is about 145,856 adults in Vanuatu, of which 85,856 were excluded

as per DSS 2016.

The gender divide in access to formal banking is quite evident in the DSS. Compared to 41% of the male adult population with bank accounts, only 32% of the women adults own bank accounts. Behaviourally, women transact more frequently than men and they also appear more likely to use their accounts to save. This may be partly explained by the fact that women are more likely to be self-employed than men, and as a result, may need to deposit and withdraw more frequently. This validates the gender focus that both PFIP and NFIS has on gender to not just further the access of women as individuals but to also effect household level outcomes.

Although the majority of adults in Vanuatu earn income from agriculture, agricultural income earners are most likely to be unbanked. There is a significant portion of adults in all income brackets that earn

¹⁷³ [Demand Side Survey Vanuatu 2016](#)

¹⁷⁴ [Telecommunication and Radio communications Broadcasting Regulator \(2018 annual report\)](#)

¹⁷⁵ Insights presented in this section are primarily gleaned from the DSS 2016

income from agriculture, but even 24% of the wealthiest adults in Vanuatu who earn income through agriculture are unbanked, compared to only 13% of the wealthiest adults not earning income through agriculture. Hence, access to formal financial services is not just about income levels, but also about the type of livelihood activity and the cost of managing a formal bank account. In the DSS, 41% of the unbanked cited expenses of operating a bank account as the primary reason for not having one.

However, in terms of financial behaviours displayed, DSS reports that 59% of the adult population saves money in some way or the other. These include community-based savings clubs (56%), with family members (57%), at home (63%), among others. Many adults in Vanuatu seem to seek out informal institutions to save money, regardless of their usage of formal institutions. Adults with 4 or more savings sources still save 35% of their total savings in informal savings instruments (29% when excluding savings at home). While savings are mostly used to pay for education, loans appear to be used for housing, with education being the second most popular reason for borrowing.

Similar to other PIRI countries, remittances play an important role in the financial lives of adults in Vanuatu. Almost 50% of adults have either sent or received remittances in the survey reference year for DSS (2016). Among adults receiving remittances, 75% are sent from within Vanuatu with a median remittance amount of Vt 9,000.

Penetration of insurance is dismal with only 5% of adults with any insurance coverage. The top reason cited for not having insurance varied by individuals' source of income. Adults earning income through agriculture cite "not knowing where or how to obtain it" (50%), while private income earners said insurance was "too expensive" (57%).

Table 91: Key financial inclusion indicators for Vanuatu

S. No	Indicators	Achievement
1	Account at a formal financial institution (bank or credit union)	37%
2.	Saved at a financial institution in the past year (bank, credit union, MFI)	27%
3.	Saved any money in the past year	59%
4.	Loan from a financial institution in the past year	9%
5.	Loan in the past year from any source	46%
6.	Received domestic remittances last year	33%
7.	Debit cards (total population)	18.7%
8.	Mobile phone used to pay bills (total population)	0%
9.	Mobile phone used to receive money (total population)	0.7%
10.	Saved using a savings club in the past year	9.2%
11.	Adults with Insurance	5%

3 PFIP-II in Vanuatu

PFIP-II's objective is to increase the number of low-income Pacific Islanders who adopt and use formal financial services, with the long-term goal of improving livelihoods. It aims to achieve this objective by supporting financial service providers to innovate with products and services for mass-market consumers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. To this end, PFIP—II is organized into three workstreams: 1) Policy and Regulation, Financial Innovation, and Consumer Empowerment.

The following are the country-level focus areas for Vanuatu:

1. **Output 1 - Better Policies, Regulations and Coordinated Actions:** Strengthen supervisory capacities of RBV and support NFIT to enable implementation of the financial inclusion strategy
2. **Output 2 - Deepening Financial Access:** Scaling up Mobile Money/Branchless Banking initiative of existing partners; Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF); Client and agent satisfaction study with the objective of understanding usage barriers to Mobile Money/Branchless Banking and deepening financial services delivery
3. **Output 3 - Better Market Information and Access to Knowledge:** Comprehensive study of payments landscape for scoping government-to-person (G2P), remittances and other payments possibilities on Mobile Money/Branchless Banking rails; Analyze data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications
4. **Output 4 - Informed and Competent Consumers:** Financial competency baseline assessment needed; Advocacy and implementation support for financial education to RBV/Ministry of Education

The table below summarizes the projects per each of the workstreams and their budget allocation and current budget status as of June 2019. The projects are briefly summarized below but comprehensively documented in Annexes III and IV.

Table 92: Summary of Projects by Workstream and Budgets

Workstream	Grantee Organization	Grant Amount (USD)
Policy and Regulation	Reserve Bank of Vanuatu - DSS	147,058
Financial Innovation	National Bank of Vanuatu	400,000
	Telecom Vanuatu Limited	492,863
	Vanuatu National Provident Fund	100,000
	Vancare (through Fijicare)	291,096
Technical Assistance	Blue Print Pension Service	68,800
	Cloudcase	80,000

3.1 Policy and Regulation Workstream

The Policy and Regulation workstream prioritizes efforts with government departments and regulators to support the development of an enabling financial inclusion ecosystem.

In Vanuatu, PFIP-II has continued to work with RBV to strengthen its financial inclusion mandate. While Vanuatu has always maintained a strong interest in furthering financial inclusion, most initiatives were fragmented and driven by development partners and their ratification of international movements to foster financial services such as the Maya Declaration (2016), Money Pacific Goals 2020 (2009), Maputo Accord (2015) and Denarau Accord (2016). Vanuatu also played a key role in the formation of the PIRI in 2009. However, it was only with the launch of the NFIS 2018-2023 that a proactive, central bank-endorsed pathway to achieving financial inclusion was laid out, driven by the overarching goals of both access to and usage of financial services. Overall, under the Policy and Regulation workstream, the following activities have been supported by PFIP-II:

1. **Demand Side Survey (DSS):** Lack of credible data on financial services' penetration, usage and adoption is a challenge that riddles many Pacific countries and Vanuatu is no exception. RBV found it difficult to push for any policy reforms and advocate for financial inclusion in the absence of a data-driven guidance. The DSS intended to supplement the supply-side information that was collected during PFIP-I primarily through the Financial Service Sector Assessment for Vanuatu (2011).¹⁷⁶

In preparation for effective, measurable and comparable metrics across the PICs, an agreement was reached on the core financial inclusion indicators that would be included in the survey design. With consistent survey instruments and data collection methodology, the DSS is expected to serve as a credible baseline to measure outputs and outcomes as RBV puts the NFIS in action over its implementation period. Additional indicators pertinent to the context of specific countries were added on the volition of the respective country. For example, the Vanuatu DSS specifically collected data on agriculture sector's access to formal financial services. In May 2016, PFIP commissioned RBV to manage the DSS with Bankable Frontier Associates (BFA) and the Vanuatu National Statistics Office (VNSO) as implementation partners. Data was collected for a representative sample of 991 (436- Urban and 555- Rural) respondents across all the 6 provinces of the country.

The resultant insights from the DSS are well documented and widely referenced not just in the NFIS but also by other development agencies working in the country such as the IMF, IFC and ADB in their reports and engagement with the financial services sector. FSPs and TSPs looking to venture into the financial inclusion space have also found the DSS to be a useful document to help demystify the financial needs of the BoP segment and their access to formal services thereof.

Funding and reporting: A total of USD 147,048 (Vt 16,787,500) was sanctioned for the project as part of the Performance Based Agreement (PBA) between PFIP and RBV. A total of USD 145,326 (Vt 16,587,500) was disbursed under the project tenure. The project reported underspend on the disbursed funds and even reversed excess funds of USD 69,708 from the

¹⁷⁶ [Vanuatu Financial Sector Service Assessment report; PFIP \(2011\)](#)

disbursed amount. A financing acquittal report was duly submitted by RBV to PFIP, providing an explanation for the underspend and fund reversal.

2. **National Financial Inclusion Strategy:** PFIP-II supported RBV for the development of a comprehensive financial inclusion strategy to serve as a guideline for policy and implementation of financial inclusion initiatives through development partners, FSPs and TSPs. There is a strong political will supporting this initiative as the Prime Minister's office is also directly involved in the monitoring and implementation of the NFIS. The document itself is futuristic and builds a framework for interventions at macro, meso and micro levels through a network of government and private agencies. In addition, the NFIS is also careful to include the central bank's commitments to various international endorsements such as Money Pacific Goals 2020, Maya Declaration, among others. The NFIS strives to ensure that by 2023, an additional 54,000 (total of 130,000) adults will be active users of formal or semi-formal financial services, of which 50% will be women; 40% of the financially included will be active users; a suite of MSME business financing products are available, which are tailored also to the needs of businesses led by women and youth.

It is still early days for the NFIS in Vanuatu as it was launched in mid-2018. Some key aspirations of the NFIS are as follows:

- a. Macro level -- *Create an enabling policy environment and financial infrastructure:* Includes spearheading the NFIS to map existing policies; streamlining KYC processes in coordination with FIU; clearing regulatory backlog of draft legislations around payment systems and consumer protection; setting up relevant working groups to foster knowledge sharing; identifying opportunities for which regulatory sandboxes can be created; building a strong payments infrastructure, among others.
- b. Meso level -- *Promote and foster inclusive products, services and channels:* Includes developing synergies with public and private entities including those that are not regulated by RBV to ensure last mile reach to ni-Vanuatu; investing in research and piloting of innovative products and services; focusing on digital financial products; focusing on women as a target segment; introducing technology for training and financial capability building of last mile clients; mapping capacity gaps among FSPs and facilitating trainings thereof; MSME finance and allied value chains; financial and entrepreneurial education through educational institutions, among others.
- c. Micro level -- *Financial literacy and consumer empowerment:* Includes developing an action plan for financial education in schools including development and pilot of student impact assessments; mapping existing financial literacy and competency, public awareness drives; financial service product guidelines and a legislation for consumer protection.

Most of the above is aspirational and the Programme Management Unit (PMU) for the implementation of the NFIS is the Financial Inclusion Unit (FIU). The FIU was set up in 2018 and is still in the process of institutionalizing its role as a national level coordinator for financial inclusion initiatives and setting up frameworks for monitoring and reporting. PFIP has a seat in most of the working groups set up by RBV and the in-country representative attends these meetings on invitation.

Funding and reporting: RBV acknowledges PFIP for the NFIS since the strategy was drafted with technical support from the PFIP Deputy Regional Manager, among others. PFIP, along with RBV facilitated in-country consultations, research and gleaned insights from the DSS to

inform the NFIS. A small amount left from the DSS survey budget was also used to fund the NFIS workshop and the strategy launch.

3.2 Financial Innovation Workstream

This workstream supports the development of financial channels and services, especially digital, for underbanked mass market consumers. For many Pacific countries that PFIP works in, the end consumers are often first generation users of formal financial services. PFIP has partnered with over 20 FSPs¹⁷⁷ in the Pacific region to incubate a range of financial services and build institutional capacities to serve underbanked populations, especially women. In Vanuatu, PFIP has partnered with 4 providers to meet its overall programme objectives. PFIP adopted UNCDF's Maturity Model approach of Innovation-Leverage-Scaling up which organizes activities in a testing, learning, and scaling sequence. All of the projects in Vanuatu are in the Innovation stage and are currently in implementation.

Following are the interventions in Vanuatu under this workstream at a glance:

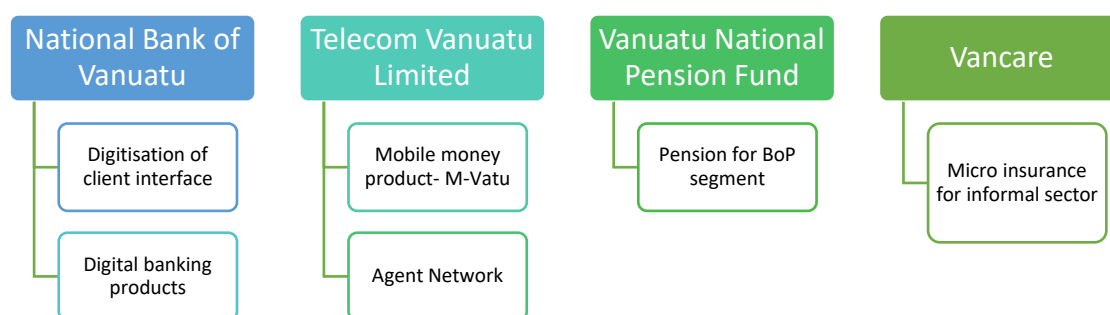


Figure 20: Financial Innovations in Vanuatu at-a-glance, PFIP-II:

National Bank of Vanuatu (NBV)

NBV is the largest commercial bank in Vanuatu. At project inception, NBV had 29,700 rural customers served through 27 branches using a legacy, paper based passbook based system.¹⁷⁸ Of these, only 44% of the clients (13,300) were active customers. The microfinance department at NBV opened many accounts but the bank could not record transactions due to lack of access to bank branches, high costs of banking attributed to trade-off between cost of travel and value of transaction, lack of alternative channels to transact. The project was set up primarily to address these issues, migrate in a phased manner all the customers to a digital platform, increase transaction opportunities and add 14,000 new active customers to the NBV client base. By July 2019, 57% of this target was achieved with the addition of 8,009 unique clients through the project period taking the total outreach to 43,053 customers. Applying a gender lens shows that 48% of the total client base are women with an activity rate >90 days of over 92%.

Telecom Vanuatu Limited (TVL)

¹⁷⁷ PFIP revised results framework (2014-19)

¹⁷⁸ 2 branches in Ambae were shut down in 2018 due to damages sustained from volcanic eruption

TVL has been operational in Vanuatu for 39 years and covers at least 90% of the population. It has a strong retail presence through a network of nearly 2,000 refill agents across the country, including women.¹⁷⁹ TVL, with support from PFIP is looking to launch a mobile wallet product called MVatu that will allow registered users to use their mobile phone like a bank account or debit card. The solution is being carried over from Fiji where Vodafone has successfully deployed its mobile money solution – Mpaia. The project will offer the abovementioned product through a network of 150 agents who will reach 20,000 consumers. The long term plan of TVL is to reach 79,000 consumers by 2023 and a revenue generation of Vt 58 million. The project was initiated in 2018; by August 2019, alpha testing for the product was completed by the technical team.

Vanuatu National Provident Fund (VNPF)

VNPF is a financial institution established in 1987 under an Act of the Vanuatu Parliament. Since the government does not offer social welfare schemes for senior citizens and retirees, VNPF provides a convenient framework for employers to meet statutory obligations towards their employees. The engagement with PFIP is to enable VNPF to now include ni-Vanuatu who are from the informal sector especially engaged with agriculture and allied trades. The goal is to onboard 500 to 700 informal sector members during a six- month pilot phase. By April 2019, VNPF had already enrolled 260 informal workers of which 200 were women and mobilized over Vt 600,000 since inception. Against a target of 400, the project has reported 65% achievement.¹⁸⁰ On gender disaggregated results, VNPF has reported 100% achievement of its outreach to women. Awareness camps have also been conducted across the country to increase access to and uptake of the product.

FijiCare - VanCare Insurance Ltd.

The Fijicare bundled insurance product launched in Fiji with funding and technical support from PFIP has met with considerable success. After launching the product for agricultural workers, the product was endorsed by the Fijian government authorities for a roll-out among civil servants and social welfare recipients. PFIP in early 2019, issued a subsequent grant to Fijicare for a Fiji scale-up as well as regional expansion into Vanuatu run through FijiCare's subsidiary company, VanCare. The core product offered is bundled insurance product that includes coverage for life, personal accident, fire, and funeral expenses. The product was launched in May 2019 but there has been very little progress to date on the identification of entry points into the market. The proposed entry points are with VNPF (22,000 customer base) and with Public Service Commission (5,000 employees).

3.3 Consumer Empowerment Workstream

PFIP has not commissioned projects that are focused specifically on consumer empowerment as part of its Phase II implementation in Vanuatu. However, the evaluators have observed that for most of the projects commissioned, there is a strong mandate in the PADs around designing and executing activities that are focused on consumer empowerment. In addition, from a regulation and governance point of view, the NFIS has laid down a strong commitment to ensure nation-wide roll out of financial literacy initiatives. The evaluators did not find very strong evidence of implementation of such activities both during discussions with management in partner institutions as well as in the field. The

¹⁷⁹ It is also notable that in 2015, TVL launched The TVL -Women Entrepreneur Empowerment model (WEE), where women start small businesses selling refill cards and electronic refill transfer under umbrellas along the streets (supported by TVL), and today around 30+ women have involved in the model all around and are growing in business. This model can be leveraged to provide Mobile Money services while ensuring sufficient participation of women towards increasing financial inclusion.

¹⁸⁰ Project Appraisal Document VNPF- Page 12

partners acknowledge the importance of bolstering information services for last mile clients, but there is no architecture available to support these good intentions in the form of content, delivery mechanisms and quality. Current status on consumer empowerment efforts have been explained in some detail under the project descriptions for Financial Innovation initiatives.

In addition, consumer empowerment also entails a strong commitment to integrate consumer protection measures in policy and practice. Discussions with RBV show that such measures while important are still under discussion and there is no formal guideline document or measurement framework to ensure that current practices within the financial services sector are consumer protection compliant. This is a key area for development and is a necessary measure to both diagnose the current situation and to offer prescriptive solutions going forward.

Knowledge Management: For a supplier of financial services in Vanuatu interested in unlocking the potential of the informal sector in the country, there is very little evidence in the form of empirical data available. This has been made evident by the evaluators' interactions with different stakeholders associated with PFIP Phase II. From this standpoint, the Demand Side Survey (explained in detail under the Policy and Regulation workstream initiatives section) is the only research and available literature that has provided supply side players, including donors and development partners, with any semblance of a market size estimation and the insights thereof. However, there is scope for the DSS data to be further analysed to provide insights into possible correlations between different variables, offer more information about different consumer segments, predict product preferences basis information gathered, etc. Requirement for additional analysis and dissemination thereof, is also one of the key recommendations made by the DFAT Programme Director in Vanuatu- Clinton Pobke.

Apart from the DSS, **PFIP also commissioned a study to Blue Print Pension Services (BPPS) to conduct a feasibility study on the demand-side landscape for superannuation products.** The study results intended to inform relevant stakeholders about the possible product prototype and the distribution strategy that should be deployed for optimal engagement with clients. Conducted for a sample of 304 respondents, the study found that 50% of the respondents did not make any financial provisions for old age. 10% of the respondents, primarily salaried and with comparatively higher education qualifications, were aware about the need to save for old age. 75% of respondents felt that their younger family members should be responsible for looking after them in their old age- reflective of the Wantok family¹⁸¹ system prevalent in the Pacific region. The study, conducted collaboratively with VNPF's inputs has informed the approach for the product prototype that the fund is aspiring to create for the informal sector. However, no concrete evidence came up during discussions with VNPF management or through their reports on the application of the study findings.

3.4 Status of Fund Disbursement for Vanuatu Projects under PFIP-II

The following table shows the status of funding commitments under different projects commissioned by PFIP-II in Vanuatu. Apart from below mentioned, technical assistance through expert consultants has also been provided to projects. Such TA providers were contracted separately for such purposes.

¹⁸¹ Wantok are the ties that bind kinship, language, and clan groups, and these ties can cut across organizational and political groups, including civil society. Wantok ensures a high level of community participation and social protection, but it also creates reciprocity and obligations between kin.- Civil Society Briefs, Vanuatu; ADB (2017)

Table 93: Grant disbursement for PFIP II projects in Vanuatu:

Workstream	Partner	Start Date	End Date	Grant Amount (USD)	Disbursed (USD)	Balance (USD)
Policy and Regulation	Reserve Bank of Vanuatu- DSS	24/4/2015	30/09/2016	147,058	145,326	1,722
Financial Innovation	National Bank of Vanuatu	08/06/2018	30/06/2020	400,000	120,000	280,000
	Telecom Vanuatu Limited	01/10/2018	30/06/2020	492,863	123,216	369,647
	Vanuatu National Provident Fund	07/03/2019	30/06/2020	100,000	0	100,000
	Fijicare (Includes Vancare)	3/06/2019	30/06/2020	291,096	0	291,096
Technical Assistance	BluePrint Pension Services	DNK	DNK	68,800	68,800	0
	Cloudcase Software Ltd.	31/07/2019	DNK	80,000	20,000	60,000
Total				1,569,817	477,342	1,102,465

Fijicare is yet to receive funds and has not initiated implementation of the project in Vanuatu which is part of the regional expansion component of the allocated grant. Both NBV and TVL have received the initial funds disbursed towards contract signing, submission of letter of support and sharing of workplan. While NBV has reported progress on deliverables agreed upon, TVL is yet to start operations in the field due to delays resulting from management change within the organization. VNPF has started reporting its work with the informal sector but has not drawn into the allocated funds. The delay is attributed to the proposed change in legislation that will allow VNPF to mobilise deposits from the informal sector. By the time the evaluation team concluded the field mission, VNPF was still awaiting the final decision from the review committee overseeing the amendment process.

Out of the total funding allocated under PFIP II, 30% has been disbursed and a balance of USD 1.02 million is outstanding. Of the 7 projects commissioned, 2 have been completed.

4 Evaluation Findings

Methodology

The evaluation of the PFIP- Phase II in Vanuatu was spread across 5 working days and undertaken by a two-member team. The team, accompanied by the PFIP country coordinator, also conducted 4 FGDs in different parts of the Efate islands. Each group constituted of not more than 5 customers associated with either NBV or VNPF. Findings from the interviews and FGDs have been elaborated further in the section immediately after the DAC analysis.

Insights Gathered from the Evaluation

This section delineates the programme design, achievements and lessons learnt from the PFIP-Phase II interventions in Vanuatu for the distinct pre-defined workstreams and is centered on the UN/DAC parameters of relevance of programme design, efficiency of programme management, effectiveness of organizational changes and market demonstration, if any, likely intended as well as unintended impact along with an assessment of the programme's sustainability with or without PFIP involvement going forward.

4.1 Relevance

PFIP-II aims to increase access to financial services among low income and rural households. It provides capacity development to financial service providers, regulatory bodies and government ministries and gives performance-based grants to develop and implement financial products and services that support the poor.¹⁸² ***The quality of program design through the various interrelated workstreams of Financial Innovation, Policy and Regulation, and Consumer Empowerment are appropriate to accomplishing the aim, goals and objectives of the programme. The workstreams under PFIP-II cover the entire gamut of financial inclusion space ranging from policy to product innovation suitable to the context and consumer education and awareness.***

PFIP-II aligns with the strategies of UNCDF, UNDP and the donor partners in paving way for inclusive development through financial services, especially digital financial services. Its focus on gender as a cross-cutting theme is evident in the Vanuatu NFIS where a gender lens has been applied to the overall goal of the national strategy.

Discussions with PFIP partners in Vanuatu also show that there is strategic and programmatic alignment shared with PFIP goals and objectives. **At a policy and regulation level**, the financial inclusion agenda is a critical one for the government of Vanuatu as it reflected by the direct oversight provided by the Prime Minister's office. The central bank officials have been extremely appreciative of the role that PFIP has played in creating a curiosity about the informal sector among private sector stakeholders and building empirical evidence through the Demand-Side Survey that has further informed the NFIS. The Deputy Governor was also very explicit in establishing the future role of PFIP and that the programme can play a key role in bringing technical advisory, global best practices as well as development aid as the Central Bank focuses on creating an enabling environment and architecture for developing the financial services market for the informal sector. PFIP is also represented in the 4 working groups set up by RBV.

¹⁸² <https://dfat.gov.au/geo/pacific/development-assistance/Pages/economic-growth-and-private-sector-development-pacific-regional.aspx>

At an institutional level, most of the FSPs and TSPs that the evaluators met with, showed a keen interest in understanding and working with the potential of the informal sector. However, the interest is also interspersed with questions about a working and sustainable model. Since most projects have only just begun (except NBV), it is still early days to determine whether the informal sector will continue to be relevant and competent for private sector players. From the range of products that are currently being tested or scaled through PFIP support, it is evident that there is a push to ensure that there are enough channels of engagement available as there are products. From a delivery-channel perspective, the Vanuatu portfolio for PFIP has a mix of digital and traditional approaches to ensure smooth transition of clients to a more tech-enabled channel.

It is also important to mention that there is a paucity of relevant players in Vanuatu and while the government is taking initiatives to attract the private sector,¹⁸³ initiatives like PFIP have a small pool of potential partners, often rendered smaller given the unique context of the market segment. Questions around relevance come in cases like VanCare where KII with the management showed that even after 6 months into the project, the organisation has very low preparedness to serve the informal sector with a relevant micro-insurance product. It is yet to be seen if the engagement continues to be relevant both for VanCare, for PFIP and most importantly for last mile consumers.

At the consumer level, the PFIP mandate is an extremely important one. Unless consumers are armed with knowledge and information to make relevant choices, sustainability of financial products will always remain uncertain. Further, consumer protection measures are strengthened and held accountable through a consumer base that is well informed or has easy access to transparent recourse, should things go wrong. PFIP's emphasis on consumer empowerment as a separate and important workstream is made apparent by the concerted efforts made to ensure that financial capability and consumer protection is a key policy-level discourse and integrated in project formulation and commissioning procedures. However, from an implementation perspective a few areas that should be monitored as the projects get rolled out are:

4. **Relevance of solutions for rural consumers** should be determined in lieu of the current infrastructure available for digital engagement. Mobile phone penetration according to the telecom regulator is at 82% as has been confirmed by PFIP partners. Cost of data and internet services have come down since 2017 and so have the cost of data enabled handsets that are now available for Vt 5,750 from the previous price point of Vt 8,900¹⁸⁴. While these provide an opportunity to introduce mobile enabled digital solutions for financial services, these phenomena seem to be an urban incidence. Visit to islands off Port Vila showed that community members have to hike to a high point on the island to receive any signal on their phones. USSD based solutions seem more relevant in such cases such as the one that MVatu by TVL or IsiMS offered by NBV.
5. **Relevance from a gender lens** will be key to monitor as most of the product prototypes that have been created under the PFIP commissioned projects have been for the mass market. Partners like VNPF and TVL have indicated their interest to engage with women clients, but the pathway to achieve such has not been clearly charted out.
6. **Relevance of consumer empowerment initiatives** that have been retro-fitted into projects will be consistent with the outputs envisaged only if they are structured well to help build

¹⁸³ [Business reforms in Vanuatu; Doing business, measuring business regulations; World Bank](#)

¹⁸⁴ Vanuatu Telecommunication sector report- 2018; Telecommunication Radio Communication and Broadcasting Regulator (TRBR)

capacities of end consumers to develop affirmative financial behaviors that can help them manage their finances and secure their economic futures. Such initiatives should not be blended with product marketing activities.

In sum, there is a significant drive to create relevant products and services and provide stakeholders with enough regulatory room to serve the rural poor and the informal sector. However, from policy to implementation, the journey is a long one and there needs to be tight reign on ensuring that the products that are finally rolled out remain relevant to the informal sector and do not end up serving those that are already included in the folds of formal financial services.

4.2 Efficiency

At the outset, PFIP-II has exhibited reasonable levels of efficiency in the execution of its projects. ***Efficiency can be seen from various perspectives as per the evaluation framework. First, the project identification, sanctioning and disbursement process, secondly through efficiency of the services offered and finally the timelines within which expected outputs and outcomes are envisaged to be achieved.***

Identification and formulation of projects during PFIP-II was efficient and all the appraisal documents clearly describe the intervention logic, justification for funding as well as progress indicators. All grant proposals were approved by the Investment Committee (IC) and interviews with IC participants revealed that IC members were consulted even during project preparation stage to arrive at consensus. PFIP goes through a vigorous due diligence process and selection criteria in the selection of partners under the different workstreams. For instance, under Project Selection Criteria, PFIP weighs all projects on three core criteria: 1. That the proposed initiative will create a solution that will benefit a large number of low income people; 2. That the solution is operationally feasible and the implementing entity is capable of developing the solution; and, 3. That the solution is eventually commercially profitable at scale. The process is not complete until the Investment Committee approves of the partnership. The PADs also define the risk matrix for the project with the corresponding mitigation measures. There may be some reservations about projects using donor money (public money) to fund the growth of large private companies like TVL. However, absence of competent entities limit the options for the programme and in many cases, instead of an application process, partnerships are developed on the basis of readiness of the agency. In a context where there are few organisations and even fewer who are willing to innovate, this approach seems justifiable. During their interactions with stakeholders in the field, SPBD (South Pacific Business Development) and Vanwods (Vanuatu Women Development Scheme) are two microfinance institutions that found a great degree of recall especially among community members. They appear to have considerable outreach even in the remote, outlying islands and have been successfully engaging with the informal sector through their lending business.

Further to the above, a **project governance structure is developed** clearly articulating the implementation roles and the points of contact from the partner agency, communication protocol, meeting schedules and reporting framework. Efficiencies of time and resource were observed through the succinctness and relevance of the reporting structures that the partners are supposed to report on.

PFIP-II has a results management framework that is designed to capture the high-level outreach of each PFIP supported project. In each project appraisal document, there are clear performance

indicators to be achieved along with their reporting framework and frequency of reporting to PFIP. The efficiency of the programme could have been higher, if the data quality on financial innovation projects would have been deeper. During the review of project related documents, it was observed that reports from most partners were in place but there were instances such as Vancare and TVL where the evaluators could not find any update reports in spite of the project having completed 6 months and 10 months by the time the evaluation field mission was concluded. TVL has submitted the product contours for MVatu but there are no reports explaining the delays in project implementation. The PFIP country coordinator is aware of these developments but the documentation support is missing. This may impair the institutional experience of PFIP as it moves into the next phase. Any unexpected change in management and leadership within PFIP should not derail the repository of information and knowledge that are necessary for the programme to become more efficient. NBV has been reporting regularly with clear updates on anticipated delays on project deliverables such as the electronic banking exchange. However, their reports do not explain the reasons for such delays.

The disbursement process is strictly tailored to outcomes based deliverables and payouts are determined by the outcomes reported by the project. However, efficiencies may get compromised when unpredictable delays in achieving targets affects the project continuum. However, PFIP has ensured that every grant is structured with a significant partner contribution¹⁸⁵ which has ensured that the implementation of project activities do not only depend upon PFIP funds. There have been instances such as VNPF where funds have not been drawn down even after 6 months since project was commissioned but VNPF reported on community mobilisation activities. However, such delays affect the planning and implementation efficiencies of PFIP and can lead to accumulated funds. Similarly according to the original timelines, by August 2019:

1. TVL was supposed to have already drawn at least 70% of funds according to the workplan but has only drawn 25%.
2. NBV, according to their workplan should have drawn 80% of the grant but has only drawn 30%.¹⁸⁶
3. Fijicare (joint project with Vancare) should have drawn 55% of funds according to workplan but has drawn 0%.
4. VNPF, according to their workplan should have drawn 100% of the allocated funds but has draw 0% till date.
5. The project with RBV reported an underspend of 48% and duly reported the reasons thereof.

The funding delays are also explained by the uniqueness of the market and the effort required by implementation partners to plug in gaps. For example, NBV has faced unprecedented delays in setting up solar-powered branches that would enable their remote branches to be online. Similarly, VNPF is waiting on the changes in the VNPF Act that will allow them to serve the informal sector.

PFIP has provided management and oversight on projects with the Country Coordinator managing all the relationships which have been appreciated by all the partners. Given the nascent stage of the Vanuatu financial services sector and the handholding required thereof, there is a great dependency on PFIP to provide technical support and guidance right from RBV to the on-ground implementation partners. Additional technical and management support to ramp up the efforts in Vanuatu should be

¹⁸⁵ Partner contribution to projects: VNPF- 47%; TVL-55%; NBV- 60%; Fijicare- 65%

¹⁸⁶ The PBA is for 2 years but the workplan documented is for 18 months. This may need to be amended going forward

incorporated as part of next stage of planning for PFIP in Vanuatu. For example, the Deputy Governor of RBV specifically suggested a closer working relationship with PFIP in terms of technical input.

A number of the **innovation projects involved systems upgrade and integration** and the quality of such deliverables has been of a high standard with efficiency gains. NBV's IsiMobile platform has been deployed and has been found to be of high quality with an on-going technical engagement with Cloudcase, a TSP partner onboarded through the PFIP-facilitated Fintech challenge earlier in 2019. Similarly, TVL is, with Vodafone Fiji's support, creating a user-centric engagement platform powered through a USSD channel. However, it is still early days for both these platforms to establish their relevance and efficiency since IsiMobile was only deployed in end of July 2019 and TVL is still working on finalising the product for deployment.

In sum, PFIP-II performs reasonably well on efficiency parameters but there is room for improvement in project governance, data management and reporting. Lessons from each setback need to be documented and used as intelligence while planning the next phase.

4.3 Effectiveness

PFIP-II projects in Vanuatu are still at an early stage of implementation and there is little evidence available to determine the effectiveness of these interventions in achieving the overall objectives of the programme at an output and outcome level. One of the biggest success drivers however has been to put financial inclusion at the centre stage of policy level discussions and to create a framework that brings in different participants ranging from government departments, private and public sector stakeholders and last mile consumers. The relationship established with RBV and NFIT is a strong one and the potential of PFIP expertise to steer the sector towards growth and creating mobility within the market is commendable.

The provision of technical expertise from PFIP facilitated the production of the NFIS 2018-2023 and the determination of its targets and seven strategies to achieve the goals of the plan. PFIP has responded effectively through projects and activities that respond to each of these strategic goals¹⁸⁷:

10. To facilitate an enabling regulatory and supervisory environment for providers and users of financial services. **Evidence:** *NFIS and supporting infrastructure in the form of working groups, NFIT, FIU*
11. To enable the people and MSMEs in Vanuatu to have access to a range of appropriate and sustainable financial services at an affordable cost. **Evidence:** *MSME survey 2016, funded by AFI on which PFIP also contributed extensive technical inputs*
12. To foster financial inclusion deepening and resilience via increased and regular usage of financial services. **Evidence:** *Financial Innovation projects geared to test and scale financial services*

¹⁸⁷ The effectiveness for this component is measured by PFIP's ability to respond to policy level priorities in Vanuatu and not necessarily outcomes of the activity/project itself.

13. To strengthen the financial competencies of the people of Vanuatu to enable better informed financial decision making together with the optimal use of financial services to better their livelihoods. **Evidence:** *Integration of consumer empowerment components as part of performance indicators for implementing partners*
14. To facilitate consumer protection of consumers of financial services and for MSME finance. **Evidence:** *This is work in progress. RBV has initiated positive steps towards institutionalizing consumer protection guidelines but the progress has been slow.*
15. To use a multi-stakeholder and multi-sector approach to enable a concerted and comprehensive national approach to addressing financial exclusion. **Evidence:** *The partners on boarded come from mainstream commercial banks, mobile network operators, superannuation funds and insurance providers. Moreover, recent collaborations with other UN agencies and Munich Climate Insurance Initiative (MCII) to work on parametric insurance for Vanuatu will see PFIP influence the insurance discourse at a macro, meso and micro level.*
16. To promote the development in the MSME sector to improve financial users' income. **Evidence:** *Involvement in the AFI-funded MSME survey 2016; incorporation of MSME as a key segment under the NBV engagement.*

On the financial innovation side, despite numerous interventions, the effectiveness has not been high in terms of numbers for various projects. This is also due to the fact that most projects are not in deployment yet. Even under the NBV grant, the most significant achievement has been to completely digitize the legacy passbook records and the same has been achieved for over 30,000 clients. The bank has also added 8,009 new clients over the project period of which 48% are women. The IsiMS, IsiNet and IsiKad have also shown considerable growth but these were existing products at the bank at baseline. VNPF has shown some traction in enrolling informal sector for its pension product but it is not optimal since the legislation changes that will allow its foray into the informal sector is still under process.

In addition, discussions during the FGDs with community members showed that while engaging with banks is useful for them in putting away their money safely, there are some critical issues that still prevent them from having a relationship with a bank that is fruitful. Cost of transaction is very high and most community members that the evaluators met with had little idea about the comparative costs and pricing between different financial institutions. Some of the constants that drive up expenses with regards to formal banking are:

1. For islanders off the coast of major cities such as Luganville and Port Vila, visiting a bank branch would mean paying at least Vt 1,000 to Vt 1,500 on a shared boat.¹⁸⁸
2. Transaction costs for withdrawals or deposits range from Vt 200 to Vt 250 for different banks. For NBV it is Vt 250.¹⁸⁹
3. They value saving in the bank and it keeps their money safe but the money does not grow. NBV does not provide any interest on savings while BSP does. The evaluators met with a few community members who either shifted to BSP or opened another account with them based on this incentive.
4. ATM withdrawal costs are Vt 15 per transaction for BSP and Vt 40 for NBV. These costs are not well known among community members and those who do are extremely wary of using this facility.

¹⁸⁸ This was noted for an island that was a 40 minutes boat ride from Emua, Efate which has a NBV branch close to the pier. For islands that are further off, these costs will be significantly higher

¹⁸⁹ [NBV fees and charges](#)

5. Interest rates on loans require a deposit and even though the interest rates are specified in product brochures, they are presented as a range.
6. Loans are often not sanctioned and they find easy recourse in borrowing from microfinance institutions such as SPBD and Vanwods that allow them to leverage 4 to 5 times of their savings amount for loans and have a quick turn-around. Moreover, these MFI agents provide them with doorstep services.
7. Mobile transactions are expensive and network is a challenge. For the island that the evaluators visited, people in the “bush” or those living beyond the immediate coast line only had TVL and only in certain locations. Hence, prospect of transacting through phones received a mixed response.

For consumers that depend on a primarily cash economy such as agricultural workers, banking has to be a well-planned endeavour which often requires them to budget for the costs involved. The abovementioned insights warrant the question about the effectiveness of current interventions in serving the informal sector while taking into consideration the ecosystem within which such communities exist. The fact that the business model viability and cost to consumer is a delicate trade off should not discount the importance of transparency, dedicated pricing reviews (sector wide and within organisations) and policy interventions to create standards of practice. PFIP’s intervention going forward will be critical in addressing some of these concerns and streamlining the market stakeholders to agree on standards of conducting business with the informal sector.

Consumer Empowerment initiatives, as mentioned earlier in this report, are mostly integrated into the Financial Innovation grants and there has been no commission of a standalone project that is related entirely to consumer empowerment. At a policy level, there is an intent to institutionalise consumer protection and financial education but KIIs with the FIU coordinator and the Deputy Governor show that there is very little awareness about global best practices such as the SMART Campaign or financial education modules developed under PFIP grants in other Pacific countries. There is also the risk of FSPs designing their financial education interventions as a marketing tool to increase uptake of their own products. As their Front Line Workers go into the field, with their own business targets in view, the lines between product marketing and financial education interventions get blurred with a high risk of mis-selling. Moreover, no evidence was found of any concrete financial education material at NBV branches during the field visits. The Branch Manager at the Emua branch reported that they usually talk about their own products and tailor such communication on their own. Other partners such as TVL, VNPF and Vancare are still in the process of creating content towards their consumer empowerment commitments. Awareness about grievance mechanisms and recourse was found to be low among consumers as discovered by the evaluators during Focused Group Discussions.

Effectiveness of knowledge management initiatives under PFIP can be gauged by their ability to inform the relevant stakeholders about the informal sector and for them to apply such insights to business and product strategy. The DSS is a widely disseminated report and has a great recall among all PFIP partners. The PADs for most partners also call for Human Centric Design approach to product design but very little evidence was found of such activities having been conducted and documented. There are also instances where concepts like agency banking, that were part of project deliverables for NBV, have now been pushed out because of a strong belief that the model will not work. While this may hold merit, it is important to document factors that have led to this change in decision. KIIs with donors like DFAT also brought out a need to share more knowledge products that can be shared with the wider world as well as for DFAT officials to push for PFIP engagement internally. The Programme Director, DFAT explicitly mentioned this gap and has professed a need to learn more about

PFIP's efforts through such products. It also came to light that the DFAT Programme Director may soon be posted out and while he is an ardent supporter of PFIP, the next officer in charge will need evidence in the form of reports and knowledge products to carry forward the relationship. On the same note, it was also discussed that the DSS, while informative, still has a lot of scope for analysis that can help FSPs make business decisions around the informal sector.

4.4 Impact

The impact of the interventions under the Policy and Regulatory area are far reaching. The demand side report inform the baseline data that allows for effective planning and measurement of progress on the national strategy. The NFIS 2018-2023 gives proper perspective and direction to Vanuatu's approach to financial inclusion with time bound and target bound results framework. In addition, the policy formulation has also further resulted in creating policy-level infrastructure through NFIT, FIU and coordination between different government departments that can further the cause of financial inclusion in the country. KII's with the regulator also showed that conversations have been initiated with the telecom regulator (TRBR) to ensure alignment as plans for digital financial services are put in place through different initiatives. TVL hopes to leverage off such alignment and the resultant mediation thereof.

It is early to fully grasp the impact of PFIP initiatives on the financial innovation front. However, all the initiatives are pertinent and serve a demand side need. In order to steer these projects towards delivering meaningful impact will need monitoring of workplan and ensuring that the product design is aligned with not only mass market needs but also the informal sector. At the same time, impact is also contingent upon the receptivity of the end consumer towards the products and delivery channels offered. There is a lot of scope for consumer empowerment initiatives to be strengthened right from the policy level to implementation practices of PFIP partners on ground.

Institutions like NBV have a lot of potential to meaningfully engage with the informal sector with their widespread branch network, blended approach that includes a fully suited microfinance business as well as with their endeavour to digitally empower their systems and consumers. With the proposed hub and spoke model approach and with the solar powering of 100% of their branches to enable digital connectivity, they are well poised to serve even remote reaches of the country where there are no other players offering financial services except the microfinance institutions.

VNPF has a deep connection with the community members and a high recall even among the informal sector in spite of the fact that their services have been mostly catering to salaried individuals. The VNPF card is a treasured document as observed during the FGDs conducted by the evaluators and once the supporting legislation is in place, the organisation can make a real dent in achieving the NFIS targets including offering of a wider suite of products that can build the financial resilience of ni-Vanuatu. Partnership between VNPF and NBV to improve outreach of pension products, standardise product offering could also be an avenue to improve impact, further facilitated by the fact that VNPF holds 15% stake in the bank.

As a MNO with a major market share in the country, TVL is well poised to leverage its outreach and an agent network of almost 2000 master distributors and retailers to engage the mass market and the informal sector through its mobile money product. But success, impact and sustainability of its operations will be highly dependent upon its nimbleness to iterate its product design and delivery mechanisms as they launch their pilot and then subsequently launch the product.

Vancare will require a lot of handholding from Fijicare to start implementation. At this point in time, given their unpreparedness and lack of staff capacity to engage with the informal sector, it is difficult to determine the impact of the proposed project.

4.5 Sustainability

On the sustainability front, most of the partners are putting in significant funding and non-cash resources into the projects. Of the total project cost of USD 3.5 million in the country, PFIP is funding 31% of the total costs. Many partners such as NBV and VNPF also mentioned that they would have gone ahead with these projects even without PFIP funding because of the value proposition it entails. TVL mentioned that they would have found it difficult to innovate a product like MVatu without PFIP but Vodafone Fiji has been a support in getting the implementation processes and product prototypes in place. The regional expansion facilitated through the Vodafone and Fijicare initiatives is a sustainable way to transfer knowledge and resources in different countries of the Pacific.

As part of the PADs, the sustainability plan in terms of financial viability has been projected for each initiative.

Findings from Focused Group Discussions:

Most of the participants in the 4 FGDs conducted by the evaluators were engaged in the informal sector for earning their livelihood and were working as farmers, small shop owners and small trades. An FGD on Taloa island was also conducted with local school teachers since they are seen as influencers in the community and are often sought out for information. While participants with agriculture as the main occupation mostly depended on subsistence farming, some women participate actively in the Mama's markets held on bigger islands and towns like Port Vila. Shop owners travel to Port Vila once or twice a week for business transactions and often for banking purposes.

Only about 60% of the FGD participants ever had a bank account (these include the teachers who all had bank accounts). Many areas such as Black Sand also reported that no bank has ever approached them to open a bank account and that most people in the community who did have one was due to their employment with either the government or one of the many private resorts that dot the coastline.

"Banks are not for grassroots but microfinance institutions are"- FGD participant, Black sand, EFATE (also a VNPF member)

- Transacting with banks is very expensive. For those living on the same island as Port Vila, the trip to town to visit the bank will cost Vt 300 to and fro. For islands off the coast of Port Vila, the cost is much higher at Vt 2000 to and fro. The participants confirmed that on such islands, households spend upwards of Vt 60,000 annually on travel to Port Vila and other main towns

alone. A few women reported that in spite of these expenses, they like going to the bank in Port Vila as its part of their social day out, meeting people and catching up with friends.

- There is no clarity among participants about the cost of banking but everyone confirmed that it is very expensive. Some of the users have also found disappointment in availing bank services and feel “left out”. They report as not receiving any feedback for rejected loans even after saving regularly with the banks. There are also times when complaints are put in but there is no redress. Some members also reported to have switched their banks because of such disappointments.

“Fees for deposits, fees for withdrawals, fees for dormancy, with so much going out of my pocket, I am happy burying money in the bush”- Primary school teacher, Taola

- There is also very little clarity about the transaction charges. While there were disappointments around the fact that there is no interest earned on their savings, despite all the expenses that they go through to make the deposits, there were some participants who were happy getting interest in the BSP and BRED accounts.¹⁹⁰
- None of them have any knowledge about pensions and any form insurance. However, many are aware of the risks of losing properties and lives in the event of national disaster or losing money while keeping at home.
- When asked why save money, all responded to save for their children’s school fees apart from other family/social obligations. None of them save for contingencies like natural disasters, etc.
- None of the women had any knowledge about pension, insurance and credit products and their features. The only insurance product most participants knew was the loan protection insurance that they have to sign up for in case they borrow. Many have complained that despite making several attempts to access loans for small business, the banks and financial service providers (NBV, VNPF, BSP, BRED) impose stringent requirements which discouraged them to do business. They prefer going to informal money lenders in the community.
- SPBD and Vanwods are two microfinance institutions that have an extensive outreach in the country, including to remote and outlying islands. FGD participants have an extremely high recall for these organizations; irrespective of whether they had a bank account, most participants or close family members are associated with either or both these organizations. Most participants find it faster and more convenient to borrow from these entities. When asked if they were Ok paying higher interest rates on these loans, most participants confirmed with an affirmative because of the convenience, quicker turn around and the pleasant staff behavior.
- A key challenge faced by women, especially those involved in tourism, was on payment for goods and services. Most tourists who they serve come with Visa/Debit cards and no cash. Non-availability of ATM or Electronic Fund Transfer Point of Sale (EFTPOS) machines in the villages makes it very difficult for tourists to buy their products. It was suggested that the banks can assist business owners with the roll out of EFTPOS machines or other payment systems to assist the visitors and for them to transact more smoothly.
- All the agents that the evaluators came across during their field visits were affiliated with BSP and were happy with the business they were able to generate. In Emua, the BSP agent could generate revenues of upwards of Vt 30,000 every month.

Figure 21: BSP agent enroute Emua, Efate

¹⁹⁰ Websites for these banks do not specify the interest rates for savings. Their product brochures only mention that some interest will be credited.



- In case of decision making, household heads, mostly male spouses, take financial decisions even for women running their own businesses. However, they do participate in these conversations albeit at a very low scale. Other influencers are their own peer group, especially if they are together part of some association, financial or otherwise. The FGD participants also noted they reach out to bank managers from NBV and representatives from VNPF for confirming banking-related information but not to solicit advice.

5 Recommendations and the Way Forward

The evaluators have presented their recommendations as per PFIP-II workstreams:

5.1 Policy and Regulation

1. A year since the release of NFIS 2018-2023, still finds RBV addressing basic issues around coordination between working groups, mobility in putting reporting frameworks and operational guidelines. For example, RBV has still not come up with a reporting mechanism under the NFIS mandate for FSPs to report on thereby making it difficult for regular, transparent reporting of progress made on the national strategy. Therefore, while structurally in place, the NFIS needs the central government to act swiftly in order to pace the required development of the financial services sector. The RBV Deputy Governor specifically requested for PFIP to work closely with the central bank for them to leverage the technical expertise that PFIP's regional team brings to the table. PFIP can play a critical role in bringing together global best practices, technical advisory and management experience to ensure that the implementation of NFIS is more nimble and data driven.
2. During the KII with the central bank, RBV mentioned consumer empowerment as being the key area of intervention where they want to see greater PFIP involvement. The two strands of this workstream that PFIP should positively address in Vanuatu going forward are guidelines/knowledge products to build financial capability as well as for consumer protection. There is little awareness about global, well-established codes like the SMART Campaign¹⁹¹ and PFIP can play a key role in setting up this discourse within the central bank. There have been cases of gross financial mismanagement such as Apma Financial Investment Centre (AFIC¹⁹²) that misappropriated up Vt 700 million of public money as a legally registered savings and loan association. The general mistrust caused by such events, unstructured product pricing in the sector, further augmented by high costs of banking is not enticing for the mass market and much less for the informal sector where stakes are much higher. Going forward, focus on consumer protection relevant framework is imperative for the Vanuatu financial services sector to succeed and sustain.

5.2 Financial Innovation

1. PFIP-phase II is nearing completion in June 2020 and most innovation projects in Vanuatu are likely to spillover. It is important to weigh in with the partners about the reasons for such delay and the impact thereof. Some delays are explained by the overarching externalities such as legislative/regulatory changes, but delays such as for the microinsurance product were unexplained. Of the 40,250 new clients that are to be on-boarded through PFIP-Phase II and its projects by June 2020, only 8,269 have been enrolled (primarily NBV outreach). It is important that the partners be held responsible and explanation for delays are well documented.
2. In line with the above, while regional expansion projects are the progressive way forward to foster knowledge sharing and market demonstration of tested solutions, there is a need to assign a programmatic and management structure for such models to work. For example, for the Fijicare support to Vanuatu, there is little accountability, structure and information available with the PFIP

¹⁹¹ <https://www.smartcampaign.org/>

¹⁹² [AFIC timeline; Daily Post; September 2018](#)

in-country staff to act upon, with respect to time and resource discrepancies as and when they arise.

3. Accountability around staff capacities on part of the PFIP partners should also be increased. At the moment, while TVL is gearing up for roll out, they do not have a dedicated staff deployment for the purpose and have, during the KII mentioned that they will use existing resources to set out time for this project. Similarly, Vancare has not recruited any staff for the project even after 6 months since the sign off the formal agreement. The informal sector requires specific set of skills and expertise and unless the staff and team for the project partners are prepared, there will be unnecessary reinvention of the wheel thus delaying the expected project outcomes.
4. Products like microinsurance should also cover property damage and natural calamities such as cyclones. These should be mandatory features for such a product in a high-risk country like Vanuatu. At the moment, the proposed product by Vancare does not have these features and it is recommended that the product should go through some iteration to increase the value proposition for ni-Vanuatu.

5.3 Consumer Empowerment

Policy level recommendations for consumer empowerment have already been provided under the relevant section. Following are for implementation through FSPs and other relevant organisations.

1. Standalone entities for imparting financial capability modules should be considered. Most partners that offer a suite of financial services and products, do not have a separate team for consumer empowerment, risk overlapping such initiatives with product marketing. There is a high risk of mis-selling and provision of incomplete information. PFIP should put in concerted efforts to get context specific content together, identify delivery mechanisms and provide funding and technical support to independent agencies to further financial capability of ni-Vanuatu. Developing a cadre of school teachers, using Mama Market associations, for example, could be some avenues worth exploring.
2. PADs for different engagements have financial capability building as a component. However, there is no reporting requirement specified that can hold partners accountable for this deliverable. PFIP should add reporting metrics to measure consumer empowerment initiatives and encourage partners to report the same.

5.4 Knowledge Management

Knowledge management needs to be strengthened especially from the perspective of documenting lessons along the project continuum. Many decisions are taken jointly with project and programme teams at PFIP but these do not become part of organizational knowledge repository. For example- delays in project kick-off for different projects, decision to do away with agent networks under the NBV engagement are not documented for future reference. Similarly, stories of impact that may include human interest stories, data outcomes, product design methodology etc. are missing from the popular recall for PFIP among important stakeholders such as donors. The DFAT Programme Director specifically asked for such gaps to be filled in, for him and others at DFAT to keep a positive conversation about PFIP going.

6 ANNEXES

6.1 Annex I – List of Reviewed Documents and References

List of reviewed documents (public):

11. National Financial Inclusion Strategy, Vanuatu- 2018-2023
12. Demand Side Survey- 2016
13. Financial Service Sector Assessment- 2011
14. Telecommunications Sector report 2018
15. IMF Article IV Mission report 2019- Vanuatu
16. PIRI Financial Inclusion 2017 status report
17. 2016 Post Pam Mini Census Report
18. Republic of Vanuatu: Expanding Access to financial Services- Technical Assistance Report; ADB
19. MSME finance survey report 2016
20. Feasibility assessment: Extending superannuation coverage to the informal sector in Vanuatu for VNPF

List of PFIP documents reviewed:

13. Grant Agreements and Project Appraisal Documents (PAD) for:
 - a. National Bank of Vanuatu
 - b. Reserve Bank of Vanuatu
 - c. Telecom Vanuatu Limited
 - d. Fijicare
 - e. Vanuatu National Pension Fund
 - f. Cloudcase
 - g. Blue Print Pension Services
14. PFIP- II programme document
15. PFIP- II Results Framework
16. Quarterly reports from partners
17. Budget related documents

6.2 Annex II – List of Focus Group Discussions

FDG Number	FGD Date	Location	Number of attendees	Organisation
1	01/08/2019	Emua, Tanoliu village	4	National Bank of Vanuatu
2	02/08/2019	Erakor, Blacksand	4	VNPF
3	02/08/2019	Nguna Island	5	VNPF
4	05/08/2019	Taloa (off the coast of Efate)	10	Non-affiliated. Some members of NBV

6.3 Annex III – Vanuatu Project Descriptions

6.3.1 National Bank of Vanuatu (NBV)

Project Title: Financial Inclusion as “opportunities to transact” in rural Vanuatu

Project Period: 8/6/2018 to 30/6/2020

Type of support: Grant and Technical Support

Total project budget: USD 1,262,000

PFIP grant to NBV: USD 400,000

PFIP Technical Assistance support: USD 100,000

NBV contribution: USD 762,000

Project classification: Test and Scale

NBV is the largest commercial bank in Vanuatu. The government has a 70% stake of the bank and the remaining 30% stake is equally divided between Vanuatu National Pension Fund (VNPF) and IFC. The NBV management likes to call the bank the only “*blended*” commercial bank in the region that has a full suite of commercial banking as well as microfinance products. It is also the only bank in the country that has an active branch network outside of the main cities of the country and is the largest with 25 brick-and-mortar set ups in comparison with other banks who do not have more than 8 branches put together.¹⁹³ At project inception, NBV had 29,700 rural customers served through 27 branches using a legacy, paper based passbook based system.¹⁹⁴ Of these, only 44% of the clients (13,300) were active customers.



Figure 22: ATM installed at the Emua NBV branch

The microfinance department at NBV opened many accounts but the bank could not record transactions due to lack of access to bank branches, high costs of banking attributed to trade-off between cost of travel and value of transaction, lack of alternative channels to transact. The project was set up primarily to address these issues, migrate in a phased manner all the customers to a digital platform, increase transaction opportunities and add 14,000 new active customers to the NBV client base.

PFIP also provided technical assistance by inviting NBV to participate in a Pacific-wide fintech challenge.¹⁹⁵ Given the mandate of the project with PFIP, NBV was keen to partner with a TSP who

¹⁹³ NBV Project Appraisal Document

¹⁹⁴ 2 branches in Ambae were shut down in 2018 due to damages sustained from volcanic eruption

¹⁹⁵ [ASEAN financial innovation challenge; PFIP 2019](#)

could assist with their system and process digitalisation. NBV selected CloudCase,¹⁹⁶ a specialised software company focused on providing clients innovative customer origination solutions for the Banking and Financial Services industry that has since been engaging with NBV. The key innovations that NBV has worked on through the project tenure till date are:

1. **Isi-mobile:** Launched in June 2019, this platform is for mobile banking. It enables customers to access their account information as well as conduct a host of banking transactions that at the moment *does not* include inter-banking facility. It complements the functionality offered by an existing NBV product -**IsiNet**- which allows customers to access their bank accounts through their desktops. The product allows customers to access credit, savings including term deposits, intra-bank transfers, and most importantly, remittances. As discussed during the Key Informant Interviews (KIIs) with NBV management, seasonal migrant workers are an important market segment for them to serve and the platform hosts many functions such as information about forex rates and forex remittances, allowing seasonal workers to seamlessly transact with their families in Vanuatu. The product therefore has the potential to not only create ease of access but also undercut the monopoly in the market of players such as Western Union that are very expensive to transact with. By end of June 2019, 600 customers had been on-boarded through this platform.

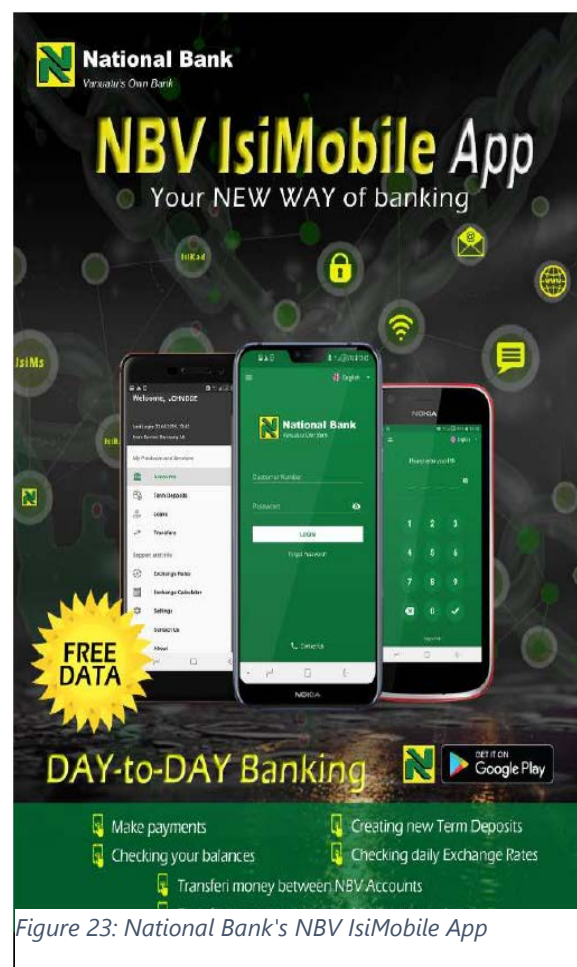


Figure 23: National Bank's NBV IsiMobile App

IsiMS, a subscription and fee-for- service based product is yet another service which allows customers to access basic information services around account balance and recent transactions. 59% of the NBV customer base is subscribed to this service. IsiMobile was an already existing product with NBV earlier supported for development by Australian Aid's Growth for Governance (GfG) programme. However, due to Cyclone PAM the project could not come to a fruitful end. PFIP's support has helped upgrade the functionality and make it more relevant to NBV customers. Further, 90% of existing client base is using ATM cards for transactions. Geoff Toone, the MD and CEO of NBV believes that while ATM infrastructure is becoming redundant in some advanced financial markets, they will always remain relevant in Vanuatu because cash is a big part of this economy.

2. **Using a hub and spoke model, expand branch outreach** by using 5 main branches of NBV to set up 5 additional smaller, albeit fully functional, branches. This also includes upgrading offline branches with solar power to enable them to engage with the Core Banking System

¹⁹⁶ <https://www.cloudcase.net/>

online. As of July 2019, 4 branches were upgraded accordingly. Points of service (POS) have also been increased to 40 through a growing network of 15 automated teller machines (ATMs) and 25 brick and mortar branches. Most of the branches currently are in the 3 provinces of Shefa, Tafea and Malampa.

3. **Automation of the on-boarding process and digitizing of the legacy passbook holders into digital accounts:** The project also aimed to launch a tablet-based customer on-boarding and transaction platform to reduce transaction time and costs and to increase opportunities to transact. Legacy, passbook-based customers were to be moved to this platform in a phased manner. By May 2019, 30,000 rural customers have been transitioned from paper-based passbooks to using digital interfaces for transactions.
4. **Electric Banking Interchange:** This project is being supported in-part by IFC. Implementation of electronic banking interchange will allow customers of other banks to utilize NBV's IsiMobile tablet application to withdraw and deposit funds in rural Vanuatu including through NBV branches. With NBV having the largest network of branches, other bank customers will also have an opportunity to transact through NBV digital channels thereby reducing cost of travel and time. As of July 2019, this innovation is still under development with a possible launch date in November 2019.

Besides the above listed innovations/technology upgrades, NBV is also mandated to conduct financial literacy sessions through its branches and community networks.

5. **Financial literacy:** The project requires NBV to implement financial literacy education focusing on digital financial services. In addition, NBV is required to conduct community-based outreach meetings with villages, informal workers, especially from the agriculture sector, and public servants to understand "opportunities to transact". KII discussions revealed that NBV has outreach to 300 such rural centers where their own staff conducts financial literacy camps and discussions besides assisting villagers with financial transactions. However, during field visits, interactions with NBV staff showed that they do not have access to standardized financial literacy content to deliver and usually depend upon their own acumen or information recall from trainings that are organized by the bank. Similarly, visits to one of the outreach communities for NBV off the coast of their Emua branch did not result in any recall for such financial literacy sessions. The quarterly report submitted to PFIP also does not have any metric/indicator to capture results for this performance indicator.
6. **Outreach mandate:** One of the key performance areas for the bank is to on-board 14,000 new customers. By July 2019, 57% of this target was achieved with the addition of 8,009 unique clients through the project period taking the total outreach to 43,053 customers. Applying a gender lens shows that 48% of the total client base are women with an activity rate >90 days of over 92%.
7. **Grant utilization:** By August 2019, NBV had received USD 120,000 from PFIP. The grant has been directed towards technology, marketing costs beyond the HR costs of recruiting a Programme Manager, travel and incidentals.

6.3.2 Telecom Vanuatu Limited (TVL) with technical support from Vodafone Fiji

Project Title: Telecom Vanuatu Limited (TVL) Mobile Money

Project Period: August 2018 to December 2019

Type of support: Grant and Technical Support

Total project budget: USD 1,107,330

PFIP grant to NBV: USD 492,863

PFIP Technical Assistance support: USD 100,000

TVL contribution: USD 614,467

Project classification: Test

Mobile banking in Vanuatu is at a very nascent stage and has not seen much success in the past. Digicel, the largest network in the country experimented with a mobile banking product in partnership with ANZ, but it did not see a lot of uptake primarily because users first needed a bank account to transact. For a population of 0.27 million, where only 37% of the adult population banks with a formal institution, the product had very little chances to sustain. TVL, with support from PFIP is looking to launch a mobile wallet product called MVatu that will allow registered users to use their mobile phone like a bank account or debit card. TVL has been operational in Vanuatu for 39 years, covers at least 90% of the population, and has a strong retail presence through a network of nearly 2000 refill agents across the country, including women.¹⁹⁷

Internal assessments conducted by Vodafone and TVL show that the runway to achieve viability for a mobile money product in a market like Vanuatu will take at least 6 years. PFIP support will ease up the tough start-up stage for TVL and shorten the business viability period to 3.5 to 4 years. The solution is being carried over from Fiji where Vodafone has successfully deployed its mobile money solution – Mpaia. Amalgamated Telecommunication Holding (ATH) is the parent company for both Vodafone Fiji and TVL and successful deployment in Vanuatu will help in expanding to other markets in the Pacific. In addition, it is anticipated that Vodafone’s technical assistance will provide TVL with an edge since MPaia has been developed by the latter inhouse. Lessons learnt from the Fiji project will also inform the programme design and strategy in Vanuatu. These have been well documented by PFIP in the project appraisal document for TVL.

The project aspires to offer the following products:

1. Bill payments: 100% cashless payments for utilities and other cyclical payments
2. Recharge/Data buys: Facility to buy TVL mobile recharges and data packs
3. Receipt of international money transfers: Ability to receive money instantly in the TVL mobile money wallet via authorized partners from Australia, New Zealand, United States, United Kingdom and other Pacific countries
4. Domestic transfers: Person to Person (P2P) transfers within the country

The product will be a USSD based solution that will enable access even on island locations that have 2G connectivity. TVL has pan national network coverage with 50% of the islands with 4G network. By the end of 2019, TVL plans to ensure 4G coverage across the country. In order to minimize the risk of low product uptake due to network failure, steps are being taken to ensure that in case 4G fails, at least 3G/2G is available to provide connectivity required for the product to work.

¹⁹⁷ It is also notable that in 2015, TVL launched The TVL -Women Entrepreneur Empowerment model (WEE), where women start small businesses selling refill cards and electronic refill transfer under umbrellas along the streets (supported by TVL), and today around 30+ women have involved in the model all around and are growing in business. This model can be leveraged to provide Mobile Money services while ensuring sufficient participation of women towards increasing financial inclusion.

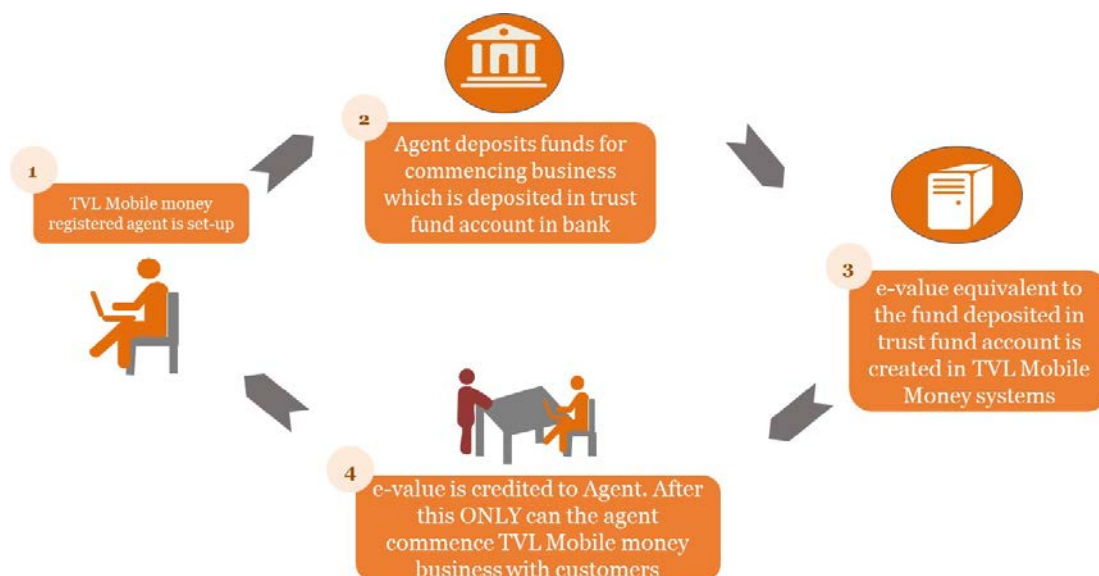


Figure 24: proposed agent-client interface for MVatu

The project will offer the abovementioned product through a network of 150 agents who will reach 20,000 consumers. The long term plan of TVL is to reach 79,000 consumers by 2023 and a revenue generation of Vt 58 million. *Figures 7* shows the distribution plan that the project plans to deploy to take the product to the last mile.

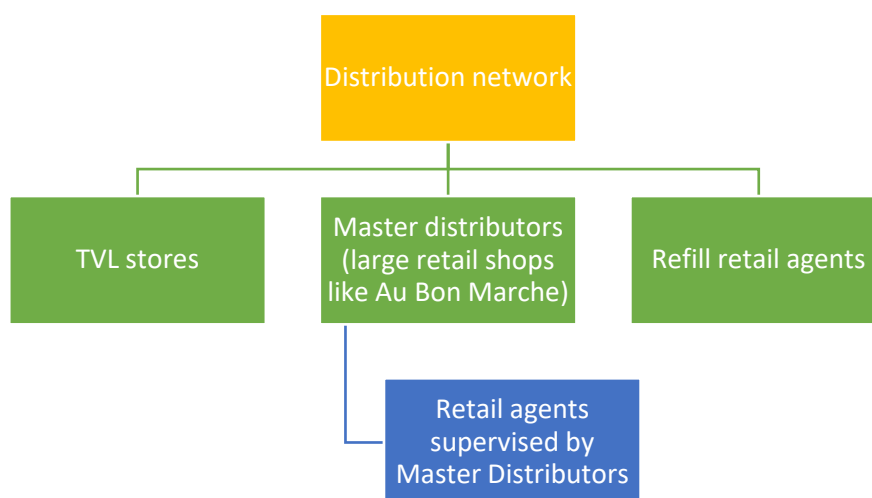


Figure 25: Draft plan for the TVL distribution network for MVatu

The agent network will be the existing one that is already operational for top up, etc. TVL is also looking to expand this further by working with networks where footfall is high as well as presence in islands that have low reach. TVL plans to pilot with a network of 70-100 retail agents. The post-pilot period will see the network extend to another 100 agents. Feedback will be important at this stage since there is very little information about the expected revenue. A dedicated helpline will also be set up to draw agents and to also resolve queries for end customers. Pilot will also help resolve any outstanding teething issues by adopting a phased approach since most distributors will perform the role of finance managers for the first time. By December 2019, the project expects a full roll out.

Current status: The project was initiated in 2018 but key activities are only starting now because of major changes in TVL's management structure. By August 2019, alpha testing for the product was completed by the technical team. Testing by the product manager was yet to take place to gauge user

acceptance levels. Third level of testing with retail agents through mock role plays are planned to test processes. This is yet to be done. The testing is being done in Port Vila. TVL expects a lot of queries to come in. A helpline is being planned for the agents so that they may easily resolve queries. These calls will be monitored and based on the volume of queries received, the frequently asked questions (FAQ) list will be developed. The agents are seen as the “help desks” for the last mile clients.

Staff capacity: TVL has planned to add many products to its current system. However, finding the right talent and human resource is very difficult in Vanuatu. TVL plans to distribute limited resources that they have for the different products since it is difficult to put in place a dedicated team for just MVatu. 60% of staff time will be spent on MVatu with the remaining focused on other aspects of the business. There is a product manager for the project but not a separate team.

Consumer Empowerment and communication is one of the most significant budget items for TVL for this project. Following are being planned to ensure transparency among last mile consumers:

1. Booklets for retail agents to train others
2. Audio visuals for training as well as job aids
3. Training of Trainers and monitoring by supervisors to ensure information dissemination practices are in place
4. Communication through platforms for ni-Vanuatu brands like Kava World¹⁹⁸. Their websites will also carry information about the product
5. Build network of NGOs who have a footprint in outlying areas and islands.

All of the above are aspirational and no identification of non-governmental organization (NGO) partners has been undertaken till date.

Grant Utilization: By August 2019, PFIP has released the first tranche on the disbursement schedule towards the agreement of the workplan and signing of the agreement. The next tranche will be paid on the launch of the product. The disbursed grant has been used for product development and towards the planned product deployment including marketing activities.

6.3.3 Vanuatu National Provident Fund (VNPF)

Project Title: Extending micro pensions to the informal sector in Vanuatu

Project Period: February 2019 to December 2019

Type of support: Grant and Technical Support

Total project budget: USD 330,000

PFIP grant to VNPF: USD 100,000

PFIP Technical Assistance support: USD 75,000

VNPF contribution: USD 155,000

Project classification: Test

¹⁹⁸ <https://kava-world.com/>

Vanuatu National Provident Fund (VNPF) is a financial institution established in 1987 under an Act of the Vanuatu Parliament. The key purpose of the Fund is to provide retirement benefits to members through the management of their savings in an efficient and reliable manner. Since the government does not offer social welfare schemes for senior citizens and retirees, VNPF provides a convenient framework for employers to meet statutory obligations towards their employees. The VNPF Act requires all employees to contribute 4% of their wages to a provident fund account that is further supplemented by a matching deposit by the employer.

The engagement with PFIP is to enable VNPF to now include ni-Vanuatu who are from the informal sector especially engaged with agriculture and allied trades. This provides VNPF with a huge potential to unlock 85% of adult population in the country that are engaged in the informal sector. There is a scope of creating a gender inclusive model since women constitute a large part of the informal sector in Vanuatu but have a 12% gap in their access to formal banking services when compared with their male counterparts. With a view to providing them sustainable superannuation savings services and micro pensions, PFIP in partnership with VNPF aims to replicate the successful model from its Solomon Islands experience and through this grant project test and validate a micro pension pilot in Vanuatu over a six-month period commencing February 2019. The key objectives are:

1. Develop and test demand for a suitable voluntary superannuation savings product that will result into a micro pension solution for those in the informal sector in Vanuatu
2. Test and validate hypotheses around savings behavior, attitudes, perceptions and motivations for old-age savings and financial security by onboarding 500 to 700 informal sector members during the six- month pilot phase
3. Test and validate technology interfaces like mobile banking, mobile wallets for channeling recurring savings by members and digital customer onboarding using tablets
4. Test and validate financial and operational feasibility for VNPF

Current status: VNPF has set up an Informal Sector department to focus on this segment. While most of their engagement in the past decade was with salaried individuals, this project has also required them to apply for a legislative amendment so that VNPF can also serve the informal sector. As of now, current enrolments are being done with VNPF registered as the employer in the system. However, once the legislative amendment comes through, a proactive system will be created to serve the informal sector effectively. One of the amendments proposed is also towards diversifying services and adding health benefits, medical services, education and housing.¹⁹⁹

According to the latest reports available with the evaluators, by April 2019, VNPF had already enrolled 260 informal workers of which 200 were women and mobilized over Vt 600,000 since inception. Against a target of 400, the project has reported 65% achievement.²⁰⁰ On gender disaggregated results, VNPF has reported 100% achievement of its outreach to women. Awareness camps have also been conducted across the country to increase access to and uptake of the product.

¹⁹⁹ [Media coverage: VNPF Act review by Finance Ministry](#)

²⁰⁰ Project Appraisal Document VNPF- Page 12



Figure 26: VNPF representative with newly enrolled VNPF members, Erakor- Blacksand

Grant Utilization: By August 2019, no funds have been drawn from the allocated grant of USD 100,000. The delay is attributed to the proposed change in legislation that will allow VNPF to mobilise deposits from the informal sector. By the time the evaluation team concluded the field mission, VNPF was still awaiting the final decision from the review committee overseeing the amendment process.

6.3.4 FijiCare- VanCare Insurance Ltd.

Project Title: Bundled Insurance Expansion

Project Period: January 2019 to December 2019

Type of support: Grant and Technical Assistance

Total project budget: USD 832,860

PFIP grant: USD 291,096

PFIP Technical Assistance support:

Fijicare contribution: USD 541,764

Project classification: Test and scale

The Fijicare bundled insurance product launched in Fiji with funding and technical support from PFIP has met with considerable success. After launching the product for agricultural workers, the product was endorsed by the Fijian government authorities for a roll-out among civil servants and social welfare recipients. PFIP has, in early 2019, issued a subsequent grant to achieve the following:

1. Support to Fijicare for Fiji scale-up

2. Regional expansion to bundled microinsurance product to Vanuatu

The Fijicare management will directly manage the project in Vanuatu through their subsidiary company, VanCare.

As indicated earlier, insurance coverage accounts for 5% of the adult population in Vanuatu.²⁰¹ With low levels of awareness about insurance and the absence of a viable product that can serve the mass market including the BoP segment, the country is extremely underserved. Most of the products currently available in the market are focused on serving the high-income segment and are researched and priced as such. Vancare is one such provider in the country and has been operating in Vanuatu since 2014. The core product offered is medical insurance targeted at high-income consumers such as the expat community. Motor insurance is also a key offering and a significant contributor to their portfolio. According to RBV, VanCare holds 57% of the market share with respect to medical insurance and 30% share for vehicle insurance (underwriters for Port Vila Road Transport Insurance).²⁰² The company also plans to get into the public liability and worker's compensation space.

The project with Fijicare requires them to handhold VanCare through the process of product launch. A large part of the project, according to the Project Appraisal Document (PAD) is geared towards creating mass awareness around micro-insurance through different media platforms as well as liaising with government and private sector players to chart an entry into the informal sector.

Discussions with the VanCare Chief Operating Officer, Lemeki Kororua showed that the microinsurance product proposed to be offered is the same as the one in Fiji. The product design has been shared with a few stakeholders such as VNPF, Ministry of Agriculture and the *Microfinance Division*²⁰³ to tap into agriculture value chains, and "Mama's markets", or local markets where women entrepreneurs hawk local produce and handicrafts around the country.

Table 94: Proposed product design for bundled microinsurance product in Vanuatu

Premium per annum: Vt 7,800	
Coverage	Amount
Life	Vt 150,000
Personal Accident	Vt 150,000
Fire- explosion only	Vt 150,000
Funeral	Vt 50,000

Current Status: The project is past the half-year mark. The project and product launch was announced in a very public event in May 2019²⁰⁴ along with other PFIP initiatives in the country. However,

²⁰¹ Demand Side Survey- Vanuatu; PFIP 2016

²⁰² [Fijicare annual report 2018](#)

²⁰³ Reference from stakeholder KII with Vancare; evaluators are unable to verify the existence of a Microfinance Division in Vanuatu

²⁰⁴ [Vanuatu makes significant progress on Financial Inclusion in one year; May 17, 2019; PFIP Press](#)

discussions with potential partners have not been consistent and barring a few comments on the product design, there has not been progress on identification of entry points into the market. The favoured partnerships proposed are with VNPF (22,000 customer base) and with Public Service Commission (5,000 employees) to initially test the product with.

VanCare is a third-party insurer and does not have experience of direct outreach. The project requires them to hire staff who in turn will be trained by Fijicare. However, no recruitments have taken place till date and as per the evaluators' discussion with VanCare's Chief Operating Officer, there is no business plan and marketing strategy in place.

6.4 Annex IV – List of Interventions and Status

Workstream	Grantee Organization	Grant Duration	Grant Amount (USD)	Disbursed Amount (USD)	Status	Project Summary	Key Activities
Policy and Regulation	Reserve Bank of Vanuatu - DSS	24/4/2015 to 30/9/2016	147,058	145,326	Closed	This project was commissioned to create a reliable database that can inform different stakeholders in one Vanuatu about the demand side situation in the country From a financial inclusion perspective	<ul style="list-style-type: none"> • Provide the central bank with the necessary data to calculate PIRI core plus indicators, access and usage indicators and data for triangulation with supply side study conducted with PFIP in Phase I of the programme • Determine needs and aspirations of ni-Vanuatu with respect to their access and adoption of financial services • Understand users and non-users of financial services • Identify main barriers that prohibit adults from using formal financial services
Financial Innovation	National Bank of Vanuatu	08/6/2018 to 20/6/2020	400,000	120,000	Ongoing	The NBV digital financial services project will design, test and validate the hypothesis that both existing and new NBV	<ul style="list-style-type: none"> • Launch a tablet based customer onboarding and transaction platform that will vastly reduce transaction time and costs besides

						customers will transact regularly (savings and withdrawals) if provided increased opportunities to transact.	<p>increase opportunities to transact for remote rural customers. It is proposed to ultimately move all the 29,700 customers of NBV from the legacy passbook based system to a digital platform in a phased manner.</p> <ul style="list-style-type: none"> • Add 14,200 active accounts that transact through electronic and/or mobile delivery channels. (50% women) • Test and validate additional technology interfaces like mobile banking, combine financial literacy training with the service roll-out to increase usage
Financial Innovation	Telecom Vanuatu Limited	1/10/2018 to 30/6/2020	492,863	123,216	Ongoing	This grant was made to spur the payments sector in Vanuatu through a mobile money product that will at first offer simple wallet services and then offer more complex payments products in a phased	<ul style="list-style-type: none"> • New Mobile Money product that will inspire Ni-Vanuatu to use the mobile money platform to improve their daily financial lives. • 20,000 new active customers will be added to the platform over 18 months.

						manner. It is also an opportunity for Vodafone Fiji to expand regionally, as both TVL and Vodafone come under the same holding company- ATH	<ul style="list-style-type: none"> An operationally feasible and commercially viable digital platform.
Financial Innovation	Vanuatu National Provident Fund	7/3/2019 to 30/6/2020	100,000	0	Ongoing	<p>The project will test the feasibility and various hypotheses around people in the informal sector subscribing to a long-term superannuation savings product that will provide micropensions and financial security during their old age.</p>	<ul style="list-style-type: none"> Develop and test demand for a suitable voluntary superannuation savings product that will result into a micro pension solution for those in the informal sector in Vanuatu Test and validate hypotheses around savings behavior, attitudes, perceptions and motivations for old age savings and financial security by onboarding 500 to 700 informal sector members during the six-month pilot phase Test and validate technology interfaces like mobile banking, mobile wallets for channeling recurring savings by members and digital

							customer onboarding using tablets <ul style="list-style-type: none"> • Test and validate financial and operational feasibility for VNPF
Financial Innovation	Vancare (through Fijicare)	3/3/2019 to 30/6/2020	291,096	0	Ongoing	Regional expansion of bundled micro-insurance product to Vanuatu	<ul style="list-style-type: none"> • Business process re-engineering and process digitalization • Cultivating a market for individual enrollment • Enhanced customer empowerment via improved financial literacy programmes • Regional expansion
Technical Assistance	Blue Print Pension Service (technical assistance)	DNK	68,800	68,800	Closed	Feasibility study on superannuation product for informal sector in Vanuatu	The objective of the assignment was to undertake research to determine how to extend superannuation benefits to people who are not mandatory VNPF members as well the type of schemes that are suitable to this target segment. This included the clear majority of the nearly 62,172 adults who are economically active but presently not covered by the VNPF
Technical Assistance	Cloudcase (technical assistance)	31/7/2019	80,000	20,000	Ongoing	Technical assistance to NBV	To assist NBV to create and implement innovative digital solutions that leverages its existing

							digitization initiatives and business context to help the bank to be more efficient in delivering MSME credit while propelling the bank to substantially scale its MSME portfolio.
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Annex 13: Selection Criteria for PFIP grantees/partners

Table 95 Selection Criteria for PFIP grantees/ partners

Selection Criteria	
<i>Outreach to relevant segments</i>	Ability to reach, or enabling others to reach, significant numbers of the PFIP target market in the short, medium and long-term, namely low-income, vulnerable and rural households as well as small and microenterprises
<i>Management capacities</i>	Implementation and expansion of the proposed activity, including adequate governance and financial resources
<i>Risk thresholds</i>	Willingness to share risk as demonstrated by the partners' financial or in-kind commitment
<i>Bandwidth for innovation</i>	Ability to design and test an approach to delivering financial services that has potential for reaching underserved populations on a commercial scale
<i>Cost sharing</i>	Established FSPs, particularly for-profit entities are required to share a portion of the cost. No fixed ratio is proposed, rather a case-by-case approach is taken. PFIP aims to fund no more than 75% of the total cost of project.
In addition to the above: <ul style="list-style-type: none"> • The PFIP Management Team establishes specific ranking criteria, approved by the Investment Committee (IC), prior to the publication of any Expression of Interest • Regulators and Policy Makers will not be assessed in the same manner as and will be assessed with different criteria, mainly based on the institution's competence and commitment to implement the project and report appropriately 	

Annex 14: Eligibility Criteria for PFIP grantees/partners & Partner List

Table 96 Eligibility Criteria for PFIP grantees/ partners

Criteria for Technical Partners	Criteria for Service Providers	Criteria for Regulators and policy makers
<ul style="list-style-type: none"> • Microfinance or bank network organizations or associations 	<ul style="list-style-type: none"> • For-profit microfinance institutions (MFIs), • Commercial banks, • Non-bank financial institutions (NBFIs) 	<ul style="list-style-type: none"> • Central banks and relevant regulators
<ul style="list-style-type: none"> • Business service providers, • Consulting companies, • Training institutions 	<ul style="list-style-type: none"> • Non-profit MFIs including specialized microfinance NGOs and credit unions 	<ul style="list-style-type: none"> • Government agencies (e.g. Ministry of Finance, Ministry of Education, Ministry of Social Welfare, Ministry of Trade)
<ul style="list-style-type: none"> • Research and educational institutions 	Other financial institutions including: <ul style="list-style-type: none"> • Remittance companies • Insurance companies • Provident funds; • Government or development financing institutions 	
<ul style="list-style-type: none"> • Credit bureaus, registries and other organizations that support the financial sector 	Non-financial service companies with potential of providing financial services such as: <ul style="list-style-type: none"> • Telecommunications • Internet service providers • Retail stores 	

Table 97 :Partner List

Government/Regulator	Public Sector	Private Sector
FIJI		
Reserve Bank of Fiji Ministry of Education Ministry of Economy Land Transport Authority Department of Social Welfare Consumer Council	Fiji National Provident Fund	Vodafone HFC Bank Sugar Cane Grower Fund Fiji Care Insurance BIMA IT Galax
PNG		
Bank of Papua New Guinea	Life Insurance Corporation PNG National Superannuation Fund Mi Bank Kamaliki Technical & Vocational Edu & Trg	BIMA Westpac Women's Micro Bank Limited Kina Bank SolaPayGo
Solomon Island		
Central bank of Solomon Island Inland Revenue Department	Solomon Island National Provident Fund	ANZ Bank SPBD Microfinance World Vision Young Enterprise Trust
Vanuatu		
Reserve Bank of Vanuatu	National Bank of Vanuatu Vanuatu National Provident Fund	Telecom Vanuatu Vancare

Annex 15: Country wise priority areas and program milestones

Table 98: Country wise priority areas & milestones

	Priority areas for programme activities	Programme- Milestones ²⁰⁵
PNG	<ul style="list-style-type: none"> • Strategizing interventions in conjunction with CEFI (Center for Excellence in Financial Inclusion) and MEP (Microfinance Expansion Project) • Consumer and agent satisfaction study with the objective of understanding usage barriers to MM/BB and deepening financial services delivery • Scaling up microinsurance pilot through products, delivery channels innovations • Piloting gender focused financial services – partnerships with at different types of FSPs to develop and pilot women centric financial products • Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails • Analyse data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications (with BPNG/CEFI) • Developing a strategy for FinED with BPNG • Financial literacy through faith-based institutions 	<p>By 2020:</p> <ul style="list-style-type: none"> • 2 million access formal financial services of which 50% will be of women and 10% of youth • 75% of adults have a deposit account • At least 500 financial access points per 100,000 adults. Of these, 320 will be outside the National Capital District • 20% increase in number of G2P transactions made electronically into accounts • At least 500,000 people trained to build financial capabilities
Fiji	<ul style="list-style-type: none"> • Advocacy for interoperable payment systems including mobile money/branchless banking • Catalysing strategic partnerships between MNOs, banks, Agri-value chain players for greater synergies between service providers and enhanced consumer value proposition • Scaling up microinsurance pilot through products, delivery channels innovations • Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF) • Support development of community based and other savings mechanisms 	<p>By 2020,</p> <ul style="list-style-type: none"> • Increase access to formal financial services from 64% to 85% (by 130,000) of the adult population, of which 50% are women • Increase the percentage of youth accounts with formal financial institutions from 51% to 80% (25,000) • Grow SME contribution to GDP by 5% Increase the percentage of adults using mobile money from 2% to 15% (79,000) • Increase Government digital

²⁰⁵ There are no country specific targets for PFIP. However, PFIP played a key role in the formulation of the NFIS of its focus countries and the milestones listed in this section are from the country specific strategy documents.

	<ul style="list-style-type: none"> • Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails • Demand side research and supply side feasibility of micropensions • Study of leasing sector; build understanding for potential foray into greater transparency in microleasing sector • Implement financial diaries to better understand demand side for financial services • Scope opportunities for identifying gaps and potential foray into MSME space • Support effective implementation and monitoring of FinED; • Develop a regional centre of excellence FL through mobile phones; piloting a national financial services helpline 	payments from 75% to 90%
Solomon Islands	<ul style="list-style-type: none"> • Strengthening capacity of CBSI and NFIT to implement and coordinate FI activities • Grants and technical assistance support to partners willing to venture into MM/BB space • Advocacy and support for G2P riding on MM/BB rails, and for microinsurance • Work with CBSI to strengthen supervision of savings clubs and build capacities/provide support to NGOs promoting savings club • Agent network scoping/feasibility study • Demand side research and supply side feasibility on microinsurance • Commissioning research through financial diaries to better understand demand side of financial services • Strengthening financial competence with greater emphasis on women • Advocacy and implementation support for FinED to CBSI/Min of Education; • Financial literacy through faith based and member-based institutions 	<p>By 2020:</p> <ul style="list-style-type: none"> • 90% (670,000) of the total population will have a financial service access point within one hour of ordinary travel from their home • 70% (300,000) adults 15 + will be active users (i.e. at least once in past year) of a formal or semi-formal financial account including at least half (150,000) women • 10% (43,000) adults will have active credit accounts with formal (includes CUs and credit companies) or financial institutions (including regulated MFIs, but not savings clubs)
Samoa	<ul style="list-style-type: none"> • Strengthen capacity of CBS to strategize, implement and coordinate FI activities in Samoa • Develop and pilot saving products for households dependent on remittances • Demand side research on credit and 	<p>By 2020,</p> <ul style="list-style-type: none"> • Additional 40,000 adults with improved access to formal financial services, of which at least 50 percent will be women, and at least 50 percent will be

	<p>savings needs of low-income households</p> <ul style="list-style-type: none"> • Mobile money usage and ANM study - understand drivers for deepening product off-take • Financial diaries to better understand household level cash flows • Financial literacy through community learning centres; focus on remittances • Support the extend FinED to Samoa in conjunction with CBS and the Ministry of Finance/Education and integrate with NFLTF financial literacy strategy 	<p>from rural areas</p> <ul style="list-style-type: none"> • Have an additional 20,000 people, who were previously excluded from the formal financial system, gain access to a formal savings account • Increase the usage of financial products and services, while ensuring at least 10% activity rate for digital financial services • Improve the quality of financial services by promoting a wide variety of suitable and affordable financial services for • Provide financial education to children including differently-abled children and promote financial literacy among adults
Tonga	<ul style="list-style-type: none"> • Strengthen supervision capacities of central bank especially for semi-formal finance companies including national financial inclusion strategy • Advocacy for relaxed KYC • Develop and pilot saving products for households dependent on remittances • Demand side research on credit and savings needs of low-income households • Mobile money usage study to understand drivers for deepening product off-take • Financial competency baseline assessment • Advocacy and implementation support for FinED 	Not available
Vanuatu	<ul style="list-style-type: none"> • Strengthen supervisory capacities of RBV and support NFIT to enable implementation of financial inclusion strategy • Scaling up MM/BB initiative of existing partners • Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF) • Consumer and agent satisfaction study with the objective of understanding usage barriers to MM/BB and deepening financial services delivery • Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails 	<p>By 2023,</p> <ul style="list-style-type: none"> • Ensure an additional 54,000 (total of 130,000) adults will be active users of formal or semi-formal financial services, of which 50% will be women • Ensure 40% of the financially included will be active users. • Ensure a suite of MSME business financing products are available, which are tailored also to the needs of businesses led by women and youth

	<ul style="list-style-type: none"> • Analyse data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications (with BPNG/CEFI) • Financial competency baseline assessment needed • Advocacy and implementation support for FinED to RBV/Min of Education 	
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Annex 16 – List of References

1. Financing Agreement: Grant Between UNCDF and BIMA Grant Agreement PFIP FJ 02 – 2016
2. Grant Agreement No. 02 -2017 Fiji between UNCDF and Fiji Care Insurance Limited
3. Grant Agreement Between UNCDF and Fiji Care Insurance Limited
4. Grant Agreement No. 01 -2019 Fiji
5. Financing Agreement: Grant between UNCDF and FNPF
6. Financing Agreement: Grant Between UNCDF and Home Finance Company Limited trading as HFC Bank
7. Grant Agreement between UNCDF and IT Galax Solutions Grant Agreement No. 01 – 2018
8. Financing Agreement: Grant between UNCDF and Fiji Ministry of Education- Grant No. PFIP FJ – 02 – 2014
9. Financing Agreement: Grant Agreement Between UNCDF and Reserve Bank of Fiji-Grant no. PFIP Fj – 01 – 2014
10. Financing Agreement: Grant Agreement Between UNCDF and Reserve Bank of Fiji - Grant No. PFIP FJ - 01 – 2015
11. Grant Agreement between UNCDF and Sugar Cane Growers Fund - Grant No. 03 – 2017
12. Grant Agreement between UNCDF and Vodafone Fiji Limited
13. Grant Appraisal Document – Vodafone M-Paisa Innovation Lab (Voda – ilab) – Phase II
14. Grant Agreements and Project Appraisal Documents (PAD) for all the projects sanctioned under PFIP II
15. Budget notes for projects
16. Contracts for TA providers
17. PFIP- II programme document
18. PFIP- II Results Framework
19. Quarterly reports from partners
20. Budget related documents
21. Grant Agreements and Project Appraisal Documents (PAD) for:
 - a. Central Bank of Solomon Islands
 - i. Demand Side Survey
 - ii. G2P Study
 - iii. NFIS
 - iv. Airtime topup
 - b. Alliance for Financial Inclusion
 - c. ANZ Bank

- i. Coconut Value Chain
 - ii. Digital School Fees
 - d. Solomon Islands National Provident Fund
 - i. Micropension research and Pilot
 - ii. youSave scaleup
 - e. SPBD
 - i. Rural Expansion
 - ii. Solar Products
 - f. World Vision
 - g. Young Enterprise Trust
- 22. PFIP -II Programme Document
- 23. PFIP- II Results Framework
- 24. Quarterly reports from partners
- 25. Budget related documents
- 26. Grant Agreements and Project Appraisal Documents (PAD) for:
 - a. National Bank of Vanuatu
 - b. Reserve Bank of Vanuatu
 - c. Telecom Vanuatu Limited
 - d. Fijicare
 - e. Vanuatu National Pension Fund
 - f. Cloudcase
 - g. Blue Print Pension Services
- 27. PFIP- II programme document
- 28. PFIP- II Results Framework
- 29. Quarterly reports from partners
- 30. Budget related documents

Annex 17 – Lines of Evidence, Data Collection Toolkit, Evaluation Framework & Limitations of Evaluation

Lines of evidence	Methods	Primary outcomes /Impact-Consumer level	Primary outcomes /Impact-Systemic changes	Further impact as a result of the systemic changes	Unexpected/unintended impact-(positive and negative)
Desk Review <ul style="list-style-type: none"> - <i>Stakeholder mapping</i> - <i>Activity mapping</i> - <i>Theory of Change</i> - <i>Literature review</i> 1.1.3	Contribution analysis	Yes	Yes	Yes	Yes
Key Informant Interviews (KIIs) <ul style="list-style-type: none"> - <i>Regulators</i> - <i>UNCDF Advisory panel</i> - <i>PFIP country office personnel</i> - <i>Service Providers</i> 	Key Informant Interviews (Qualitative analysis)	No	Yes	Yes	Yes
Awareness & Uptake data <ul style="list-style-type: none"> - <i>Longitudinal data available with service providers/regulators</i> - <i>Public data on same</i> - <i>PFIP country monitoring reports</i> 	Statistical analysis	Yes	No	No	No
Quantitative survey (Consumer) <ul style="list-style-type: none"> - <i>Detailed consumer level survey</i> 	Statistical analysis	Yes	No	No	Yes
Qualitative Survey (Consumer) <ul style="list-style-type: none"> - <i>Detailed Focused Group discussion</i> 	Qualitative analysis	Yes	No	No	Yes

The evaluation team conducted a **desk review, Key Informant Interviews, Quantitative Survey, Qualitative Survey** and analysed **partner data** received during the field mission phase of evaluation as **five lines of evidence** for programme evaluation. A tabular presentation of lines of evidence is present in Annex 17.

Desk Review - The desk review was a continued activity during the evaluation of the programme. During the inception phase, the evaluation team reviewed the programme document, midterm review report, Results Management Framework, Back to Office Reports (BToR) prepared by the PFIP staff, reports submitted by the TSPs/FSPs to UNCDF as well as quarterly and annual summary reports submitted by PFIP to its donors. It equipped the evaluation team with a comprehensive understanding of the project components, objectives and contextual factors. During the field-mission phase, the evaluation team reviewed Performance-Based Agreements (PBAs), project closure reports and reports developed through technical assistance provided by PFIP -II. The list of documents reviewed by the evaluation team is listed in Annex 2 of this report, and the references are listed in Annex 16.

Stakeholder Sampling - A stakeholder mapping exercise was undertaken by the evaluation team in close consultation of PFIP -II programme team and in-country staffs and regional experts of the evaluation team using a participatory approach, resulting in a good distribution of stakeholders across the three workstreams. At the same time, inputs from in-country staff ensured that the list was aligned with the national and programme priorities within the country.

Data Collection & Process – During the inception phase of evaluation, research instruments were developed by the evaluation team for conducting KIIs, FGDs and client survey. Separate research instruments were developed for conducting KIIs with PFIP Staffs, FSPs, Policymakers and Regulators and donors. Prior to the field-mission phase, evaluators were able to secure appointments with the stakeholders in 4 countries with the help of in-country staffs of PFIP. During the field mission, these Key Informant Interviews with stakeholders and Focus Group Discussions with the clients was undertaken by the visiting evaluation team. All discussions were guided by the developed research instruments to answer the research questions/sub-questions present in the evaluation matrix. Data request, if any, on awareness or uptake of the product was made by the team during the field-mission phase to the implementation partners. A total of 54 KIIs were done across 4 countries. Fieldnotes for each of these KIIs were developed by the visiting evaluation team, and those were used for analysis by evaluators to generate the findings for this programme evaluation. The list for stakeholders interviewed during the field-mission phase is enclosed in Annex 3 of this report.

The **quantitative research** method was conducted using the research instrument developed during the inception phase for client survey. The quantitative survey was undertaken by the vendor agency in Fiji and PNG during the field mission phase. A total of 131 client interviews were done across the rural and urban locations of PNG and Fiji. In Fiji, the quantitative survey was done in Suva, Lautoka, and Nadi while in PNG, it was done across Port Moresby and Goroka. Statistical analysis on the cleaned dataset was undertaken by the team and results have been integrated into Chapter 4 and Annex 5 of this report.

Evaluation Framework

The evaluation framework for conducting the final evaluation of PFIP -II was developed after a thorough review of the programme documents, Theory of Change and Results Management Framework. It has followed a comprehensive evaluation matrix developed on the basis of OECD/DAC criteria and has adopted a gender lens, the details of which have been explained in the inception report.

Theory of Change (ToC): PFIP -Phase II's objective is to increase the number of low-income Pacific Islanders who adopt formal financial services. It aims to achieve this objective by supporting financial service providers to innovate with products and services for mass-market consumers, supporting

governments to create an enabling policy environment for financial innovation, and empowering consumers.

The programme's theory of change is explained in **Chapter 1**, which also draws from the results chain that was used by the Evaluation Team to frame the evaluation questions and sub-questions discussed in detail in Chapter 3. The ToC presented in this report has been detailed by the evaluators using the PFIP Phase II ToC that forms part of the results management hierarchy to include impact metrics that is otherwise not articulated. The revised ToC helped the evaluators complete the results chain from inputs-outputs-outcomes.

Evaluation Criteria: As a first step, using the Theory of Change, the evaluation situated the programme intervention into a wider context and considered how programme inputs and outputs were intended to be transformed into results in terms of immediate and longer-term outcomes and impact. Following the ToC framework, the evaluation matrix assessed the contribution of PFIP Phase II at four levels: 1) Programme, 2) Financial Service Providers (FSPs)/Technical Service Providers (TSPs), 3) end consumers and 4) market ecosystem for financial services in the region that includes policy and regulations. The evaluation questions across these four levels were based on the five OECD/DAC evaluation criteria. Table 1 below summarises the evaluation questions that were explored by the evaluators – a more detailed description of the main questions and sub-questions is provided in Chapter 3.

Table 99: Main Evaluation Questions as per DAC Criteria

OECD/DAC Criteria	Main Questions
Relevance	How well designed is the programme to meet its broader objective of enabling access to financial services to low-income Pacific Islanders within the local market and policy context?
Efficiency	How well has the programme delivered the expected results?
Effectiveness (organizational changes)	To what extent is the programme on track to increase the capacity of partner organizations to deliver good quality and sustainable financial services to low-income populations, particularly women?
Effectiveness (Policy Influence, market demonstration, up-scaling & consumer empowerment)	To what extent is the programme on track to influence the broader financial inclusion system in the countries where it operates?
Likely impact	To what extent is the programme on track to contribute to improved access to financial products and services for low-income rural populations?
Sustainability	To what extent are programme results likely to be sustainable?

Limitations of the Evaluation

1. **Limited quantitative sample** – The quantitative sample chosen for the programme evaluation was limited to 2 countries, and FGDs were conducted in 4 countries, though PFIP interventions are spread across 6 countries. Considering this, it was limiting to draw general inferences for all the countries by extrapolating country-level findings. Also, the statistical significance of the sample was not valid for rural and urban areas, separately.
2. **Absence of baseline data** – It limited the ability of evaluators to assess the changes at the consumer level over the project period. As the changes at consumer level during project period

was not captured through quantitative data, it was difficult to quantitatively estimate the impact of the programme at the client level, though certain insights into consumer behaviour at the time of the study were obtained. Furthermore, impact at client level was assessed through the Impact Pathways study commissioned by PFIP. Though the problem of segregating programme's impact at client level was further aggravated with the **absence of counterfactual** at the consumer level to establish attribution and causality of intervention.

3. **Availability and reliability of PFIP data** – There was limited availability of programme level data in terms of outreach, gender, and activity levels with a baseline for 2014. It would have helped in determining the incremental impact of PFIP II. In some cases, granular details regarding the programme outreach were not available which was limiting for the evaluators. This available data was triangulated during the field mission phase.
4. **Determining the sustainability of interventions at FSP level** – With the limited availability of granular/objective data at Financial Service Providers level for each product, it was tough to determine the sustainability of interventions at FSP level. Even though the evaluation team explored the sustainability of interventions at FSPs during KIIs, triangulation of observations with objective information was limited in many cases.

Annex 18 – Programme Details and Partner List

PFIP – II Hypothesis

The hypothesis for the PFIP, as perceived by the consultants is as follows:

Project hypothesis for PFIP II:

By enabling policy and regulatory environment through a robust financial inclusion strategy, deepening financial access for the masses through product/channel innovations that meet the needs of low-income Pacific Islanders, particularly for women and by strengthening financial capabilities of consumers, the programme can help create business and financial access opportunities to improve livelihoods. This will further lead to contribution towards the SDG commitments of UNCDF and its partners.

PFIP II was launched in 2014 after the conclusion of PFIP I that was implemented during 2008-2014. Post the review of PFIP I, the objectives and activities were **re-aligned to focus on developing products and channels that influence greater usage and deeper reach of financial products, especially using digital platforms. In addition, the second phase also envisaged a more diversified outreach to women and other vulnerable groups.** Hence, the sub-hypothesis that emerges out of the different strands of the programme are as follows:

Sub-hypothesis 1: Working with regulatory authorities like Central Banks will help in the formulation and shaping of national financial inclusion strategies and consumer empowerment initiatives to aid the overall development of a conducive ecosystem to aid sustained growth and development of demand and supply side players.

Sub-hypothesis 2: Provision of technical assistance to existing Financial Service Providers through experienced networks/Technical Service Providers leads to more efficient and effective capacity building of financial institutions to innovate range of products/channels to drive uptake and usage of formal financial services

Sub-hypothesis 3: By supporting innovations driven through research and development teams in established FSPs/TSPs will lead to demonstration effect, enabling replication and scale of solutions that are specially tailored for Pacific Islanders, thereby reducing financial exclusion.

Sub-hypothesis 4: Supporting innovations focused on gender mainstreaming the access to finance in the PFIP focus countries will lead to creation of a business case for financial products/channels tailored to the needs of women and will lead to replication and scale by other supply side players in the region resulting in deeper coverage of potential women consumers.

Sub-hypothesis 5: By aiding research and knowledge management activities, PFIP will be able to address the data gap in the Pacific region and help in establishing thresholds to measure performance of not just the PFIP programme but other similar initiatives in the region thereby improving the quality of discourse around the region

Alignment with UNCDF's strategy – The UNCDF strategic framework 2018-21²⁰⁶ aims to support the achievement of sustainable development goals 1 (No Poverty) and 17 (Partnerships for SDGs) in Least Developed Countries by making finance work for inclusion, in collaboration with UNDP and other United Nations partners. Building on its core competencies, UNCDF pursues innovative finance solutions through: (a) financial inclusion of individuals, households, and small and medium-sized enterprises, with a focus on digital financial services; and (b) local development finance that shows how fiscal decentralization, municipal finance, and structured project finance can promote local economic expansion and local climate adaptation. A key focus area is women's economic empowerment which is articulated across all of UNCDF's work.

Further, in 2015, the UNSGSA decided that financial inclusion be recognized and embedded it in the agreement, not as an end itself but as a powerful enabler of development progress. With this context, PFIP's approach is aligned with 11 of the 17 Sustainable Development Goals (SDGs). PFIP's unique positioning in the Pacific area furthers the UNCDF mandate of aligning with SDGs to also impact Climate Change (SDG 13).

In alignment with UNCDF's strategy, PFIP Phase II has strived to pursue innovative finance solutions through financial inclusion of individuals, households and Small and Medium Enterprises (SME), with a focus on inclusion of women in formal financial services. Use of digital finance as a medium and channel for delivery of such services has been a critical focus for PFIP Phase II in lieu of the unique geographical and demographic challenges in the Pacific countries. The programme's commitment to adopt a gendered approach through quantifiable targets disaggregated by gender has been furthered by referencing PFIP DFS for women strategy, among others.

Table 100:Country-wide progress made on PFIP Phase II RMF indicators (self-reported as of March 2019)

Workstream	Pro Doc Output Indicators	PFIP total achievement	Fiji	Solomon	PNG	Vanuatu
Financial Innovation	30 projects	27 projects of which 15 have been classified as test projects	7 Projects 3 test projects	8 Projects 5 test projects	8 projects 5 Test projects	4 projects 2 Test projects
	14 innovations scaled	3 innovations scaled	1 innovation scaled	1 innovation scaled	1 innovation scaled	None noted
	11 Projects with women segmentation	14 projects with women segmentation	3 Projects with women segmentation	4 Projects with women segmentation	5 Projects with women segmentation	2 Projects with women segmentation
	10 knowledge products	12 knowledge products	5 Knowledge Products	4 knowledge products	2 knowledge products	1 knowledge products

²⁰⁶ <https://www.uncdf.org/article/3207/strategic-framework-2018-21>

Workstream	Pro Doc Output Indicators	PFIP total achievement	Fiji	Solomon	PNG	Vanuatu
Policy & Regulation	5 PICs with FI strategy	5 PICs with FI strategy (also includes Samoa)	1 (NFIS-2)	1 (NFIS -2)	1 (NFIS- 2016-2020)	1 (NFIS 2018-2023)
	23 key policy commitments	10 policy commitments ²⁰⁷	3 Policy commitments	2 Policy commitments	3 Policy commitments	2 Policy commitments
	11 Policy related TA/Research delivered	11 policy related TA/research delivered	6 Policy related TA	3 Policy related TA	2 policy related TA	None noted
	3 G2P/P2G projects	2 G2P/P2G projects	1 G2P Project	1 G2P/P2G project	None noted.	None noted
	15 Knowledge products	6 knowledge products	1 knowledge product	3 knowledge products	1 knowledge product	1 knowledge product
	20% of G2P/P2G payments through digital channels	Data not captured	Data not captured	Data not captured	Data not captured	Data not captured
Consumer Empowerment	4 Consumer education models embedded in service delivery	None noted	None noted	None noted	None noted	None noted
	3 PICs with FinEd curriculum	3 PICs with FinEd curriculum either in schools or TVET	1 FinEd Curriculum at school level	1 FinEd curriculum at TVET level	1 FinEd curriculum at TVET level	None noted
	5 FinEd projects	4 FinEd projects	2 FinEd projects	1 FinEd	1 FinEd	None noted
	2 Consumer protection	None noted	None	None	None noted	None noted

²⁰⁷ The definition of this indicator is unclear and the RMF has not been able to clarify the meaning of policy commitments. The evaluators have included pledges to and endorsement of regional commitments such as Maya Declaration, Money Pacific Goals, among others against this indicator.

Workstream	Pro Doc Output Indicators	PFIP total achievement	Fiji	Solomon	PNG	Vanuatu
	mechanisms tests		noted	noted.		