

PROJECT DOCUMENT***[Democratic Republic of Congo ACTIF Project]***

Project Title: Action, Change and Transformation through Inclusive Finance in the DRC (ACTIF)

Project Number: TBC

Implementing Partner: UNCDF / UNDP

Start Date: 1 Jan 2017

End Date: 31 Dec 2021

PAC Meeting date:

Brief Description

The DRC comprises an estimated 40 million adults (including the 19 million who live in deep rural areas), and according to FinScope 2015 over 25 million of them are financially excluded and do not use any type financial services. Only seven million people are reached by formal financial services, and a mere one million have more than one type of formal financial service. This places the DRC at the bottom of the financial inclusion spectrum in comparison to regional peers.

Project Impact: A significant reduction in financial exclusion by supporting the implementation of the National Financial Inclusion Roadmap, contributing to the achievement of the DRC post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and to national poverty alleviation goals.

Project Outcome: By year 2021, the financial sector is strengthened and is able to better support financial inclusion, contributing to the Roadmap outcome of formal inclusion increasing from 32% to 46%, and percent of adults with more than one product increasing from 6% to 10%. This will be via ACTIF activities which will directly impact 400,000 low income beneficiaries (at least 50% women), and through getting all stakeholders to work together to fully implement the national financial inclusion roadmap and thereby enable 3,000,000 people to benefit indirectly from access to financial services.

Project Outputs:

1. Output 1: The Policy, Regulatory and Institutional Environment is strengthened – the national financial inclusion Roadmap map is successfully implemented;
2. Output 2: Financial service providers are strengthened to develop innovative methodologies tailored to the specific needs of women, men, and youth particularly in agricultural and SMME households;
3. Output 3: The viability and management of meso-level institutions have improved, particularly to support microfinance institutions and credit information;
4. Output 4: Digital finance and remittances are developed and adopted by consumers including through catalytic efforts to open and widen domestic and cross border remittance corridors; and
5. Output 5: Knowledge, learning and sharing supports the implementation of the program

Project location: DR Congo, national territory

Project beneficiaries: the national government and regulators, selected Financial service providers and end users, i.e. Banks, IMF, Coopac and Payment service providers, sector associations and national Financial Inclusion Fund

Contributing Outcome (UNDAF/CPD, RPD or GPD):

UNDAF 2013-2017: "public institutions effectively implement policies and coordinated programs of support for key players operating in growth sectors to accelerate job creation and income improvement."

UNDP CPD 2013-2017: "The business climate has improved, and beneficiary access to services / sustainable financial mechanisms adapted and expanded."

Total resources required:	USD 9,867,960	
Total resources allocated:	UNDP TRAC:	TBC
	SIDA:	TBC
	UNCDF core	300,000 ¹
	UNCDF other:	450,000
	Government:	In-kind
	In-Kind:	

¹ \$300,000 has been requested. In addition UNCDF has already invested \$1m as part of the MAP process

Unfunded:	
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Agreed by (signatures)²:

Government	UNDP	UNCDF
Print Name:	Print Name:	Print Name:
Date:	Date:	Date:

² Note: Adjust signatures as needed

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I. DEVELOPMENT CHALLENGE

1.1 Country Context

1. The Democratic Republic of Congo offers enormous potential. The efforts that the Government has deployed since 2001 with the support of the international community has helped to put an end to recurring armed conflict, pacify the country, and to improve its management system, including among other things the realization of several reforms and the holding of general elections in 2006 and 2011. However the DRC remains marked by a relatively fragile political and security situation, and continues to face strong corruption, which affects the quality of public action. Despite rich natural resource endowment (arable land, forests, fauna, flora, etc.), minerals (copper, cobalt, diamond, gold, Tin, Zinc, oil, etc.), ideal geographical position, and its water potential, the DRC remains an underdeveloped country with a per capita income estimated at 516 current USD in 2015. The agricultural industry employs 62% of all employed men and 84% of all employed women (USAID, 2015) however a significant proportion of food is imported. Beyond the progress displayed by the DRC from 2002 to 2015 and further growth opportunities in the short, medium and long term, its economy remains undiversified and quite vulnerable to shocks.
2. Approximately 65% of the population live in rural areas however there is a high rate of urbanisation (at 4% annually), and external migration (estimated diaspora of over nine million people)³. The “Kinshasa” region has the highest income and education profile, and its population is the easiest to reach. This is followed by the “other urban”, “rural” and “deep rural” populations. Almost half of all adults (19 million adults) live in deep rural areas where they are so unconnected and difficult to reach that they are deemed to be economically inactive. There are gender differences and in general men surveyed in FinScope are more educated, and wealthier than women. The youth (15-24 years), estimated at 38% of the active population, are over-represented among the unemployed population⁴.
3. The needs and expectations of the population in the post-conflict period are marked by the fragility of the social fabric and the traditional banking system and the precarious living conditions of the vast majority of the population. People face many risks and financial shocks that reinforce the poverty cycle. Financial services can help to manage these shocks more effectively. The Making Access Possible (MAP) research shows that 60% of adults who earn less than a dollar a day and who are financially excluded have missed a meal, could not send their children to school, or could not pay their health costs. In contrast the corresponding proportion among the financially included is 48%.

1.2 Overview: Financial Inclusion in the DRC

4. The DRC comprises an estimated 40 million adults (including the 19 million who live in deep rural areas), and according to FinScope 2015 over 25 million of them are financially excluded and do not use any type financial services. Only seven million people are reached by formal financial services, and a mere one million have more than one type of formal financial service. This places the DRC at the bottom of the financial inclusion spectrum in comparison to regional peers.
5. On average, men have higher uptake of financial services than do women, with 13% of men banked compared to 10% of women, and formal inclusion at 36% compared to 29% for women. Inclusion is also sensitive to geography, and 45% of adults in urban areas are formally included compared to 21% of the rural. The levels of inclusion are higher for lower income families however there are also approximate 900,000 adults who earn more than USD 200 per month yet have no formal financial services. A further 1.5 million earn between USD 100 and USD 200 per month and are totally excluded. Congolese who are included mostly use either remittances or savings products, with credit and insurance virtually non-existent.

³ Figures throughout this document are based on DRC MAP Diagnostic 2015 unless otherwise specified

⁴ Employment, informal sector, and household consumption survey, INS 2012

6. The potential role of savings is well-documented, and hence it remains a priority area identified by the MAP diagnostic as requiring focus. It has the potential to impact economic growth by allowing savings to be invested in the growth and productive sectors, and through direct benefits in the poor being able to smooth consumption and protect from shocks to reduce vulnerability and increase income-generating capacity. Credit to the private sector while very constrained at only 6% of GDP is also crucial, particularly for MSMEs and farmers to expand their operations. There is a need for insurance to cope with the impact of risk events, and remittances to enable trade and welfare for low income families.
7. The poor state of health infrastructure and the conflict-ridden past combine to create a strong need for risk management for health expenses, for the expenses and for loss mitigation for risks leading to loss of income related to death, as well as for loss of assets. Other significant needs include Education, Consumption smoothing, Swift, secure sending and receiving of money over a distance, Housing, and Business and agriculture inputs which are critical to maintain incomes and escape poverty.

1.3 Financial Service Providers Landscape

8. The financial services landscape is dominated by banks (18 banks, 2.5 million accounts, 400 branches), and money transfer operators (MTOs) who fulfil an important function in transferring money across distances (75 MTOs, 5 million clients, 389 branches). SACCOs (103 touch points) and MFIs (21 in total) together have an estimated 1.9 million accounts, however they remain important particularly because of their proximity to the poor, and thanks to their flexible strategies and methodologies tailored to the needs of the population.
9. Distribution is very limited and largely confined to urban areas (in 2015 over half of the bank branches were located in Kinshasa). Rural areas are substantially underserved and suffer from poor infrastructure (roads, mobile phone, electricity etc.). The lack of interoperability means that any given consumer has access only to the distribution points of their own financial institution. Financial services are further hampered by the lack of a domestic real-time gross clearing and settlement system (RTGS). While four banks have established a private system and a project is underway to implement a national RTGS system, banks in DRC rely on foreign systems which add cost, time and risk.
10. There is potential to leverage the mobile networks and other alternative providers. There are 6.8 million mobile money accounts however actual use is low and providers estimate only 10% of these to be active. A potential exists to leverage agency and partnership models with providers such as petrol stations, retailers, agricultural dealers or processors, pharmacies, mines or post offices, however, networked groups are relatively uncommon and agency regulation is only now underway.
11. Against the backdrop of the constrained formal financial sector environment, informal services are fulfilling a critical role: almost everybody transacts in cash and many people rely on family and friends or informal financial services to cope for example rotating savings groups (likelemba), informal money lenders and the Mutualité. Informal providers serve just under six million clients, about half of them outside of the Kinshasa region, and more than 12 million adults turn to family and friends.
12. The financial sector and in particular the microfinance sector is resurgent and presents the opportunity to increase the levels of innovation, professionalism, institutional capacity, fiscal consolidation and modernization. Initiatives under ACTIF will seek to develop a portfolio of service providers that better serve the low income population, and will pay particular attention to SACCOs and MFIs that are targeted at low income rural populations.

1.4 Policy and Institutional Landscape

13. There is currently no consolidated policy on financial inclusion, but there is awareness and commitment to build an inclusive and stable financial service sector. The adoption of harmonised business law via the Organisation for the Harmonisation of Business Law in Africa (OHADA) has enabled elements of the regulatory system to leapfrog developmental cycles and better align with regional and international norms. In addition a number of local initiatives have had positive implications on financial inclusion, most notably the bancarisation initiative to pay civil servants via the financial system, and

the ongoing processes for the digitisation of the credit bureau, the development of a framework for a national payments system, agency banking and consumer education among others. Also notable is the creation of the National Fund for Microfinance (Fonds National de la Microfinance - FNM), and the Markets and Financial Infrastructure Development Project (Projet de Développement des Infrastructures Financières - PDIFM), led by the Ministry of Finance, which is providing finance to youth and women SMMEs through microfinance institutions.

14. Government has also been a committed partner in the PASMIF II programme, the immediately preceding programme which helped facilitate access to microfinance for low-income individuals. The Strategic Document for Growth and Poverty Reduction (DSCRDP) emphasizes the need to promote people's access to financial services tailored to their needs, and under PASMIF I and II the Banque Centrale du Congo (BCC) received support to strengthen the legal, regulatory and supervision environment for the microfinance sector. The programme is also supporting government in the process of developing a National Strategy for the development of Small and Medium businesses.
15. More recently the government has adopted the SADC regional financial inclusion strategy 2015 – 2020, and locally has supported the development of the “Plan National Stratégique de Développement” (PNSD) 2017-2021 as well as the national financial inclusion Roadmap 2016 – 2021, in the belief that financial inclusion will support broader development policy goals. Financial inclusion will help improve the welfare of households (reliability and speed of income receipts, efficiency of payments for goods and services, tools to manage risks and liquidity, asset accumulation for education and health, resilience to shocks), help create growth and employment (mobilise / intermediate savings for investment, financial services for Farmers and MSMEs, remittances from the diaspora), and help reduce inequality. Financial inclusion is a key component of the UN Sustainable Development Goals.
16. The Ministry of Finance is the financial sector policymaker. The regulatory and supervisory mandate rests primarily with the BCC and the L’Autorité de Régulation et Contrôle des Assurances (ARCA). The BCC regulates credit establishments such as banks, financial cooperatives (in certain conditions), specialised financial institutions, microfinance institutions, money transfer operators, and electronic money institutions. ARCA was established by the 2015 Insurance Law and will be set up to regulate the insurance industry. Other authorities of relevance for financial inclusion include the Ministry of Planning (financial sector development policy and the improvement of the business environment), and the ARPTC which has oversight of mobile networks and the post office.
17. A number of challenges need to be addressed in the Legal and Regulatory environment, notably in the business framework (the difficult environment that exists to set up and manage financial institutions and inefficiencies in the legal and judiciary system), in the regulatory framework (e.g. Finalisation and implementation of key legislation such as for payments), and by reforming problematic areas such as the onerous tax requirements for bad debt.
18. At the meso level professional associations exist for key sectors, most notably in the bank (ACB), as well as the MFI (ANIMF) and SACCO (APROCEC) sectors. These deal with representation, promotion and advocacy, and also help in strengthening the institutional capacity of member organizations, and the development of best practices. PASMIF II actively supported the establishment of meso institutions however these remain in need of further strengthening to better support the financial service providers.

1.5 Barriers to Expanding Financial Access (from FinScope 2015 data)

19. The financial sector in the DRC is in many regards still young and recent growth has been strong. However a number of factors that challenge sustained growth to serve a larger client base including the limited consumer viability and reach due to poverty, low literacy and rural nature of the population; a skills and technology gap to meet rapid growth requirements; severe infrastructure constraints; a difficult business environment that adds risk, time and cost to deliver services; and challenges in decision-making by financial service providers due to a lack of consumer data and difficulties in enforcing contracts. There are also systemic challenges to leveraging the cross-border economy and thus while border trade is often simpler than trading between cities within the DRC the

financial sector deficiencies undermine formal cross-border trade and remittances. Only a small proportion of the estimated USD 9 billion per annum in remittances goes through formal channels.

20. The key barriers for consumers to access and usage of financial services include: Proximity (many consumers need to travel > 60 minutes to the nearest Bank, ATM, or supermarket); Reliability of financial infrastructure; Eligibility as the Elector's card is the only official documentation that the majority of Congolese have; Customer capability (69% find products too complex); Hassle Factor (e.g. 3 – 4 hrs bank queue); Trust (history of loss of funds); and Awareness. Many Congolese are not aware of the role that banking and other formal financial services should or can play or how to use them effectively. Specific segments may also encounter unique barriers, for example low education levels and the reluctance of FSPs to provide loans to youth, and the lower income and education levels amongst women.

II. STRATEGY

2.1 PASMIF II – Achievements and Lessons learnt

21. The implementation of PASMIF II (2010-2014) had a number of important achievements to its credit, at all levels of interventions⁵. At the macro level, the project has been successful in supporting the Central Bank to establish a more conducive environment for the development of the microfinance sector with the consolidation of control and supervision mechanisms. Laws and regulations governing microfinance activities and the sector interventions have been adopted and disseminated, and the Central Bank has carried out all planned supervisory tasks with microfinance institutions and savings and credit cooperatives (SACCOs) operating throughout the country. As of end 2015, the number of microfinance institutions clients rose 2.3 times (133%) from 805 750 in 2011 to 1 879 060 in 2015, with women clients increasing from 545,824 to 935,772 (49.80%). At the meso level, the most notable achievement is related to the improvement in the organizational structure of the sector with the creation of two professional associations, namely, APROCEC (Professional Association of Savings and Credit Cooperatives of Congo) and ANIMF (Association of microfinance Institutions) aiming at strengthening the capacities of their members, defending their interests and supporting advocacy initiatives with national authorities and partners. Micro level achievements of the programme include capacity building and support for financial institutions (banks, MFIs, SACCOs) through the Funding for Financial Inclusion in DRC (FPM asbl) and performance based agreements by providing them with effective financial and technical support in the area of governance, management information systems (MIS), development of innovative products and services, etc. At the end the project, 13 financial institutions partnering with the Programme were able to reach 660 000 clients in total. This includes poor and low income households in rural areas initially excluded who managed to be served through the development and provision of products and services tailored to their needs such as: (i) the group product "*Crédit Epargne et Education Plus*" CEE+, which combines credit and saving products with non-formal education services that promote behaviour change; (ii) the credit product "*Grenier villageois*" which allows farmers to store their crops and get higher prices during the off-seasons; (iii) the product "*Epargne à la carte*" which allows poor people to save in small amounts on a daily basis. Product development allowed the formal Credit and Savings Cooperatives (SACCOs) to create linkages with 160 self-help groups "*Mutuelles de solidarité*" promoted within UNDP areas of intervention, resulting in 6 146 new clients served including 4 492 female. More generally from a gender perspective PASMIF II successfully enabled COOPEC financial statements that took account of the gender aspect, recruitment of women into COOPEC positions, availability of sex-disaggregated data e.g. volume of credit granted and savings collected, and new products meeting the specific needs of women.
22. Four (4) important lessons can be learnt from the implementation of the PASMIF II: (i) supporting on a sustainable basis microfinance interventions in underserved communities can be an effective way to improve the level of financial inclusion in remote and isolated rural areas; (ii) the CEE+ product was facilitated and adopted by MFIs and SACCOs as an effective means to gradually advance financial

⁵ Evaluation finale du Programme D'Appui Au Secteur Del La Microfinance Phase 2 (PASMIF II), Rapport final, Ahouissou BA et al, Dec 2015

inclusion to improve the lives of the poor who are not able to access financial services through their solidarity group; (iii) the high mobile phone penetration rate offers the opportunity to rapidly scale up access to financial services through digital channels in all localities of the country; (iv) MFIs and SACCOs operating in rural areas do not have specific products for agricultural financing while the majority of their clients / members are farmers. Initiatives undertaken by the programme for the development of agricultural/rural finance should therefore be encouraged.

23. The lessons learnt from PASMIF II including on women empowerment have been incorporated in the design of ACTIF, continuing with the consolidation of successful initiatives and increasing focus on products aimed at the agriculture sector. In addition, there is also a higher emphasis placed on other areas of inclusive finance beyond microfinance institutions, and these were identified as a result of the MAP diagnostic process in the DRC. Such areas include the national financial inclusion roadmap implementation and remittances, in particular.

2.2 Lessons learnt from Other Example UNCDF / UNDP Programmes in DRC

24. From 2010 to 2015, UNCDF in partnership with The MasterCard Foundation launched the global YouthStart programme, Building Youth Inclusive Financial Sectors in Sub-Saharan Africa, as a regional pilot to test different approaches and models to sustainably serve young people. In DRC, the programme supported the youth sector with a grant of US\$800,000 and technical assistance through among others FINCA DRC which as of June 2016, had provided access to finance to almost 35,000 youth (44% young women), and collected approximately US\$500,000 in savings from the youth⁶. The programme showed that affordability, accessibility and financial education were very important for the youth. Youthstart helped train 22,000 youth in basic financial literacy concepts.
25. MicroLead (initiated in 2008 and expanded in 2011) is another highly relevant and global UNCDF initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women. MicroLead helps providers to reach rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages, offered in conjunction with financial education. The midterm evaluation of MicroLead Expansion during March 2016⁷ highlighted some important trends and observations that are relevant for the DRC including how FSPs globally are linking informal savings groups to digital channels as an option to reach rural markets; the deployment of fit for purpose agent networks (proprietary agent networks, MNO agent networks or hybrid models); the emergence of Mobile money as a means to reach and retain customers and also as a revenue stream for the FSPs; account dormancy as a constant challenge; agent management as the next frontier for FSPs expanding into agent banking; and the need for financial education which can be labor intensive and expensive. As UNCDF rolls out MicroLead phase 3, its contribution will be a valuable addition to programming in the DRC.
26. The UNCDF has also recently launched PoWer, a program whose goal is to strengthen women's economic empowerment through financial inclusion. PoWer's holistic approach will address both "access" as well as "agency" challenges faced by women, and will be implemented through a partnership between UNCDF and UN Women, where UNCDF brings its expertise on financial inclusion (access) and UN Women its mandate and expertise on women advancement and empowerment in general (which will enable to address agency issues in a more systematic way). PoWer will help deliver the ambitions of SDG 5 in LDCs, with the DRC (subject to funding) being identified amongst the initial four pilot countries due women's access to financial services being very low in absolute terms.
27. UNCDF and UNDP will leverage these learnings, as well as from other programmes not specifically mentioned above to address challenges identifies in the Roadmap development process. The respective experts will be brought in to help attain high impact results. However while it is desirable to have full scale programmes around these programmatic areas (e.g. MircoLead, YouthStart etc.), this is

⁶ See youthstart programme final evaluation [here](#).

⁷ See the MicroLead midterm evaluation [here](#).

not budgeted for in the current document, and will be subject to additional funding being raised for the purpose, which will help to further expand scope of ACTIF activity in DRC.

2.3 DRC MAP Programme and the Financial Inclusion Roadmap

28. The DRC National Financial Inclusion Roadmap 2016-2021 was adopted by the MAP Coordinating Committee on Financial Inclusion on 18 August 2016. The Roadmap sets out a vision for financial inclusion in the DRC, being to “Improve household welfare, increase economic efficiency and support growth by increasing the percentage of adults with access to at least one formal financial service from 32% to 46%, and increasing those with access to more than one formal financial product from 6% to 10% by 2021”.
29. The Roadmap is built on the key findings of the DRC MAP Diagnostic 2015, and the DRC FinScope Survey 2015. Six priorities are proposed in the Roadmap, namely to: (1) Extend payment system footprint and use – payments are critical to allow people to support each other, to access resources and financial services; (2) Leverage remittances to attract and share resources – FinScope suggests that seven million people receive remittances; (3) Build trust to save including full implementation of the National Programme for Financial education and responsible finance – decades of conflict, bank collapses and hyperinflation have eroded understanding and trust in the formal financial sector; (4) Unlock intermediation for investment – private sector lending sits at only 6% of GDP; (5) Improve risk management options – four million people reduce consumption or sell critical assets to manage insurable risks; and (6) Build the institutions and frameworks for an enabling environment for innovations and better coverage to target unserved and underserved areas.
30. Implementation of the Roadmap will be coordinated by the MAP Coordinating Committee under the guidance of the Ministry of Finance over the next 4 – 5 years. It is envisaged that the proposed interventions will result in an increase in breadth and depth of financial inclusion in the DRC, and hence support national goals, the National Programme for Strategic development (PNSD) and the SADC regional financial inclusion strategy.

2.4 ACTIF Proposed Approach, Objectives and Strategy

2.4.1 Approach and Strategy

31. Project Approach: The project planned for five years (2017-2021) and a provisional budget of USD 9.9 million (with potential to increase to \$ 20 million by expanding the range of activities within the Roadmap context) is to improve the well-being of households, increase economic efficiency and support growth by increasing the percentage of adults (including women and youth) with access the formal products and services to be offered by a variety of financial service providers. The actors of the inclusive finance will thus be involved in partnerships and better coverage including in rural areas. The aim is to combine efforts and skills to reduce poverty and inequality in order to sustainably contribute to the emergence of an economically and financially inclusive society in DRC. Its key objectives will be to (1) Build confidence in savings and promote financial education and consumer protection; (2) Strengthen institutions and the framework to ensure an enabling environment and support innovations in the sector while ensuring territorial coverage in low- and unserved areas; and (3) Increase access to savings, credit, transfers, sending / remittances and microinsurance targeting men and women with low incomes including rural, youth and small businesses. The project will use the following key approaches:
 - a. Support for financial service providers (banks, MFIs, SACCOs) for better coverage of underserved areas within the national territory including the promotion of digital finance;
 - b. Support for the implementation of the national SME development strategy, particularly for financial inclusion of SMEs promoted by women and youth. The;
 - c. Support for the improvement of the environment and capacity building direct players to professionalize the sector;
 - d. Promote access to green energy: develop and diversify new financial products (providing access to microcredit for the purchase of equipment that produce clean energy), including those that are resilient to climate change, mobile phone, etc. ;

- e. Financing agricultural value chains;
 - f. Linking with informal savings groups and COOPECs / MFIs / Banks / Mobile Telephony Operators;
 - g. Search for synergies with other agencies for access to financial services supported or organized populations;
 - h. The approach based on gender specificities and needs of the youth.
32. The primary focus of the ACTIF project is to support the DRC government in creating an environment that promotes an accelerated market development for financial inclusion, contributing to sustainable financing for development, and to strengthen the private sector in providing appropriate and affordable services to the poor.
33. Strategically, the DRC Financial Inclusion Roadmap 2016 – 2021 is the key instrument that government will leverage in order to create the conditions needed for an accelerated market development for financial inclusion. UNCDF and UNDP through PASMIF II have been key actors in supporting the government in the development of the Roadmap, and ACTIF will help kick-start implementation alongside other key strategic partners to government. ACTIF does not address all the Roadmap priority areas given resources and capacity constraints. Rather ACTIF focuses support on areas where UNDP and UNCDF have specific advantages, and where it seeks to empower financial service providers or customers, it will seek to help them address multiple priority areas, for example making available a wider range of product categories in line with the Roadmap priorities.
34. The Roadmap outlines broad areas of work that will help to advance financial inclusion in the DRC, through which it is hoped that the number of people able to access formal financial services will increase significantly, by 3 million adults, including MSMEs, small-scale farmers, women, youth and other poor and low income people that are currently unserved.
35. ACTIF proposes first and foremost to assist the government to mobilize stakeholders around the Roadmap in order to ensure it is implemented and that it achieves its broader goal. In addition, ACTIF proposes to provide further specific support for selected areas of the Roadmap where UNCDF and UNDP capabilities are aligned, particularly in the effort to strengthen the financial sector so that it more effectively serves low income people. ACTIF does not address all areas of the Roadmap and UNCDF, UNDP and the government will play an active role in inviting other key stakeholders to support and contribute to different aspects of the Roadmap to ensure its full implementation. The areas where ACTIF is positioned to best deliver are further detailed below, as well as in the ACTIF illustrative and high level theory of change diagram in Annexure 3.

2.4.2 Overview of Proposed Programme Areas

36. *Roadmap Implementation:* In order to achieve the Roadmap objectives, government has selected a broad range of actors in the financial inclusion Sector to be part of the MAP Coordinating Committee, under the chairmanship of the Ministry of Finance. The government will need support to effectively lead this effort, and UNCDF and UNDP are well suited to offer the support because of the earlier support under PASMIF II and in the development and adoption of the Roadmap, as well as their significant and global experience in working with regulators and other development partners. The support will mainly be in the form of senior resources to be deployed to work alongside government to help the Coordinating Committee further refine its role and impact, capacity development of officials responsible to drive the Roadmap, the necessary strategic technical support and advice, resource mobilisation support, and to ensure coordination of ongoing activities. The support will also ensure that work plans reflect the strategic requirements of the stakeholders and the strategic direction of the programme. The support will include developing (within 2016) a national tracking and monitoring mechanism to measure progress in roadmap implementation.

37. *Broader support for Inclusive finance regulatory environment:* Under PASMIF II UNDP and UNCDF were instrumental in working with the BCC to ensure a stable and supportive regulatory environment for microfinance. The Roadmap anticipates a key role will continue to be played by Banks, Microfinance Institutions and SACCOs, and ACTIF will therefore offer continuity by further consolidating gains already made in this important area.
38. *Financial service providers (FSP) are strengthened through FPM asbl and direct FSP capacity support -* to develop innovative methodologies tailored to the specific needs of men, women and rural youth. PASMIF II provided support at the micro level, including capacity building and funding support for financial institutions (banks, MFIs, SACCOs) through the Fund for Financial Inclusion (FPM asbl). These have been effective in expanding access to SMMEs and low income segments, allowing UNCDF / UNDP to remain at the forefront of one of the leading donor initiatives in financial inclusion in the DRC, as well as leveraging other donor funding for scale and will be continued under ACTIF. The support to SACCOs / MFIs in underserved communities has proven to be an effective way to improve the level of financial inclusion of people in rural and remote areas, through funding, technical assistance, development of new products and tailored services and strengthening of the credit portfolio to take account of vulnerable population (returned from war, demobilized women and men, people affected by HIV etc.) and will continue. The effort will entail the support of FSPs in under-served areas, the expansion of the government programme to pay civil servants via the financial system (bancarisation), and possible synergy with other activities of UNDP in the North Kivu, South Kivu the Sud-Ubangi District and Maniema.
39. *Targeted Financial Service Provider support in selected priority areas,* including: (i) promotion of agriculture financing and support for financial innovation: The programme will help develop and match financial services and products to the specific needs of rural / agricultural communities; (ii) Supporting smooth school to work transitions of youth: the programme proposes to deepen the work with youth that UNCDF started in 2010 through its YouthStart programme, by support FSPs that can help the youth to better manage school to work transitions and access economic opportunities. (iii) Support to FSPs to enable them to serve informal groups: an intervention that focuses on rural remote populations and particularly women, emphasising the linkage of informal groups into formal FSPs; and (iv) Direct efforts to address gender equality: Progress the gender focused initiatives of PASMIF II, focusing on development and sharing of data, research and case studies; development of gender sensitive accounting and monitoring tools.
40. *Support to meso level institutions:* The support will focus on Technical Assistance to help improve the viability and management of APROCEC and ANIMF, which were set up under PASMIF II, and a new initiative to promote private sector led credit information sharing. In particular, (i) it is proposed to continue to provide needed institutional support and technical assistance to these APROCEC and ANIMF, as optimally functioning associations will help address capacity constraints in the financial services providers, and help instil a level of professionalism and innovation that will better serve low income consumers. Special attention will be given to training related to improving serving the most vulnerable, including women and youth. (ii) The growth of credit information will help lower costs of credit to consumers and small businesses, as well as help manage over indebtedness. Often access to credit is constrained by information asymmetry between lenders and borrowers especially on their credit worthiness and addressing the asymmetry can allow lenders to extend greater credit at more favourable terms. Thus information sharing about borrowers' characteristics and their indebtedness can have important effects on credit markets activity and on borrowers' welfare, by allowing increased access to finance for poor men, women and small businesses, enabling new types of data such as transaction data to be applied in assessments, potentially opening up opportunities for providers to

reach those without a credit history or other forms of lending security, and as an important tool in preventing over-indebtedness, by providing information to credit providers on consumer debt levels, enabling early detection of potential over-indebtedness. The work done by UNCDF MAP partner in the SADC region (FinMark Trust) will be expanded into the DRC, to help establish private sector based credit provider associations to complement the existing initiatives currently in place.

41. *Digital payments and domestic and cross border remittances* are crucial areas in the DRC and both were highlighted as priorities in the Roadmap. Payments are critical as they allow people to support each other, to access resources and to access financial services. The needs analysis showed that in the DRC payments including remittances are the most used instruments for people to live their day to day economic lives, to manage risks and to unlock opportunities for human capital development and growth. They form the backbone for all other financial services. Furthermore, efficient payment systems can improve market liquidity to make more capital available for investment. The analysis further showed that there are substantial annual remittance flows and that these matter at the household as well as at the macro level: for the 7 million people who receive remittances, they are critical for survival, for building human capital and for managing financial shocks. And for the economy, the USD 9 billion in remittances (30% of GDP) represents a source of foreign resources for investment that far outstrips the size of domestic credit provided by the financial sector.
42. The proposed contribution under ACTIF will include support for FSPs to adopt digital financial services and deepen bancarisation beyond account ownership to usage (i.e. under Output 2), and support for the adoption, domestication and implementation of Mobile money guidelines developed for the SADC region by the MAP programme partner FinMark Trust. Subject to funding being available, it will be possible to expand the involvement of UNCDF in the digital payments area through its holistic ecosystem approach i.e. Mobile Money for the Poor (MM4P). In addition it is proposed to help the growth and adoption of Domestic and Cross border remittances through a new project to scope and identify key corridors and blocks to formalisation – such blockages are anticipated to be regulatory as well as market issues such as lack of innovation and capacity and low levels of competition in the market. The project will help address these blockages, and also link the DRC interventions into the wider SADC Remittances work that FinMark Trust is carrying out.
43. *Deepening Financial Inclusion in the DRC*: ACTIF project by supporting the financial inclusion Roadmap implementation will help to ensure a deeper and broader financial sector in the DRC, providing greater access to financial services for people (and especially women and youth), small businesses and small-scale farmers in supporting sustainable improvements in the livelihoods of poor people through increased incomes, employment creation and long-term security against shocks and hence equitable and sustainable inclusive growth at a national level (Annexure 3).
44. Direct and Indirect Technical assistance provided to FSPs targeting the low income population will help create and increase the range of affordable, quality and effective financial services and particularly through savings, digital financial services, uncollateralized MSME credit and product design that better takes into account customer research outcomes in new products for the low income. By FSPs being able to offer relevant products, customers take up will increase and hence result in expansion and deepening of financial inclusion. FPM which is implemented in conjunction with other development partners will help fund and strengthen selected FSPs in rural areas. It is anticipated that these interventions will showcase and lead to the modernization of FSPs in the DRC, resulting lower business costs, innovation and best practice, culture change, new delivery models and partnerships, user-centered approaches, and hence increased market penetration, customer confidence in FSPs and sustainable models.

45. The project will help financial service providers become more innovative, effective and sustainable through various tools such as performance based agreements, learning and sharing forums, and close interaction ensure that the grantee service providers perform well, and adjust as needed based on lessons learnt throughout the support period. The design of the performance based agreements will emphasise good results and change, with subsequent disbursements being dependent on success in previous periods. In addition thorough due diligence will be done before investment into the service providers, with key performance indicators (KPIs) being agreed ahead of time based on what is realistically achievable. The KPIs will also ensure that FSPs remain gender sensitive, and address any specific needs of women and girls.
46. The success of the ACTIF project will be evidenced by (i) sustainable structures, resources and processes being in place to sustainably continue the implementation of the financial inclusion Roadmap by the government, (ii) an informed and active regulatory authority that is at the forefront of advocating for progressive approaches in the area of microfinance, and (iii) a portfolio of successful, vibrant and sustainable FSPs and cooperatives that adopt international standards in their product approach and operations, and that address the needs of low income customers, MSMEs and small-scale farmers, and are sensitive to needs and requirements of youth and women. At the end of interventions, the supported FSPs and cooperatives should be sustainable, and they should have encouraged other FSPs to adopt their approach, leading to a multiplier effect. The market interventions will be assessed through the sustainability of the supported FSPs, the number of clients they serve as a result of ACTIF, and the uptake (hence relevance) of any new products they offer.
47. The project in achieving its broader objectives will wherever possible prioritise specific sub-objectives aligned to the UN, UNDP and UNCDF strategy and global targets, notably on gender, consumer protection, digital finance and extraction of synergies with existing projects.

2.4.3 Key Assumptions

48. The Project has been designed based on UNDP / UNCDF deep understanding of financial inclusion issues in DRC, as evidenced by their previous local engagements, as well as encapsulated in the National Financial Inclusion Diagnostic and Roadmap that were completed with their support in 2016. Some key but realistic assumptions that underlie the successful implementation of ACTIF include: (i) That additional funding will be available from local and international donors: based on PASMIF II experience and currently ongoing discussions with potential funders this is a realistic assumption; (ii) That the macro environment will support the ACTIF objectives and most importantly that financial inclusion remains a key policy objective for government: based on PASMIF II experience, the prominence of financial inclusion in the post-2015 SDG agenda, and ongoing engagement with government, there are no expectations that the macro environment will become hostile to financial inclusion; (iii) Willingness of in-country stakeholders (especially government and donors) to implement the financial inclusion Roadmap: Government intends to develop a national financial inclusion strategy based on the Roadmap, and thus expectations are that the Roadmap implementation will remain a core pillar of financial inclusion interventions in the DRC; (iv) Target FSPs are willing to adopt strategies and practices in line with ACTIF objectives: the due diligence process and performance based agreements will ensure that supported FSPs are willing and able to adopt the strategies proposed under this project; (v) Targeted segments adopt the financial services to improve their lives: based on PASMIF II experience, and experience elsewhere, this is a realistic expectation if appropriate products and services that meet the needs of the target markets are developed; and (vi) Political, Social and Economic stability remain critical to the success of ACTIF.

2.4.3 Linkage to UNDAF and CPD

49. Improved access to financial services for consumers (and especially women and youth), small businesses and small-scale farmers will lead to sustainable improvements in the livelihoods of poor people through increased incomes, employment creation and long-term security against shocks and hence equitable and sustainable inclusive growth. This directly supports the UNDAF 2013-2017 Output 2 that "public institutions effectively implement policies and coordinated programs of support for key players operating in growth sectors to accelerate job creation and income improvement." It also supports the UNDP CPD 2013-2017 Outcome that the "The business climate has improved, and beneficiary access to services / sustainable financial mechanisms adapted and expanded".

2.6 Stakeholders, Target groups and Ultimate beneficiaries

50. The main stakeholders of this project include Micro-level players (financial service providers and end users), meso-level institutions (sector associations, institutions and service providers), macro-level institutions (ministries and regulators), as well as development partners.

51. The target groups for the ACTIF project include the national government and selected FSPs i.e. MFIs, SACCOs and Payment service providers. The ultimate beneficiaries of the project are the unbanked and underbanked low income population, especially small-scale farmers and the poor, with particular focus on females and youth involved in the agriculture and MSME activities. At least 400,000 low income clients⁸, MSME and small-scale farmers will directly benefit (a minimum of 50% of them women) as a result of ACTIF. 3,000,000 previously excluded individuals will also benefit indirectly, as a result of ACTIF ensuring the Roadmap is successfully resourced and implemented⁹.

2.7 Partnership approach to ACTIF

52. The ACTIF project will be rolled out in partnership with the government, as it is intended to support government objectives, and in addition, the overarching framework will be the Financial Inclusion Roadmap implementation process which is driven by the government. Government counterparts will be co-opted into the project governance and reporting structures, including the Ministry of Finance and the BCC.

53. The ACTIF project will also seek to work with the various existing initiatives and minimize duplication, as well as share information to ensure optimal impact for the target beneficiaries. This includes projects with UNDP and UNCDF (e.g. [clean energy finance](#), [savings-led development](#), [national financial inclusion diagnostic and road mapping](#), [digital financial services](#), [strengthening financial inclusion for low income youth](#) and the SADC MAP programme). The PASMIF project will draw on the experience and knowledge of those existing projects to create synergies and promote cross learning.

54. Furthermore, ACTIF will draw on the work of other development partners working in the DRC including Agence Française de Développement, the Belgian cooperation, DfID, GIZ, IFAD, IFC, KfW, the Swedish Cooperation, USAID and the World Bank. The project resources will liaise with these and other development partners to ensure that critical areas of the Roadmap receive support, and will work with the coordinating committee to track activities and priorities and to minimise duplication. Each of the high level priorities of the Roadmap is made up of sub-categories which allow for a variety of interventions to work together.

⁸ FPM asbl 80,000 clients through PASMIF funds, direct / meso support for FSPs 130,000 clients, Youth programme 50,000, Rural women linkages (MicroLead) 50,000, Agriculture product support 40,000, and Digital financial services and remittances 50,000.

⁹ Based on the proposed Roadmap goal and the diagnostic baseline, growth in access from 32% to 46% by 2021 as a result of the Roadmap implementation could equate to 3 million clients indirectly benefitting from the ACTIF project.

III. RESULTS AND PARTNERSHIPS

3.1 Expected results, Resources & Partnerships

55. *Project Impact:* A significant reduction in financial exclusion by supporting the implementation of the National Financial Inclusion Roadmap, contributing to the achievement of the DRC post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and to national poverty alleviation goals.
56. *Project Outcome:* By year 2021, the financial sector is strengthened and is able to better support financial inclusion, contributing to the Roadmap outcome of formal inclusion increasing from 32% to 46%, and percent of adults with more than one product increasing from 6% to 10%. This will be done in part via ACTIF which will directly impact 400,000 low income beneficiaries (at least 50% women) and through getting all stakeholders to work together in an integrated manner and full implementation of the roadmap, 3,000,000 people will benefit indirectly from access to financial services.
57. *Evolving approach:* The DRC comprises a dynamic market and for this reason the PASMIF project will adopt a flexible approach where through regular reviews the focus will be refined based on dynamics in the country, progress in the project implementation areas, and ongoing refinement in various development partner focus areas and outputs. The description in this document therefore defines the approach and the broader areas of work to be covered, which will be further refined during the implementation of the project. Annual work planning with government and under the ACTIF programmatic framework will make sure that the project remains relevant.

3.1.1 Output 1: The Policy, Regulatory and Institutional Environment is strengthened

58. The Policy, Regulatory and Institutional Environment for inclusive finance will be strengthened through enhanced capacity of government to implement the financial inclusion roadmap, and the facilitating of an enabling regulatory environment necessary for expanding and deepening the role of microfinance institutions, data, and regional linkages.
59. *Roadmap Implementation support:* It is proposed to provide facilitation and technical support to the government to ensure that it has the institutional delivery system for implementation. The role and responsibility of the coordinating committee comprises Coordination and Harmonization of the different initiatives ensuring synergies are extracted where possible, Monitoring and Evaluation and providing regular report-backs to various government organs, and Implementation modalities ensuring that stakeholders' projects falling behind schedule are escalated as appropriate. The ACTIF project through a locally based staff unit will support the committee in achieving these objectives and the following is anticipated:
- a. State of the art technical support functions to support the coordinating committee and its secretariat
 - b. Development of a tracking and monitoring function including Key Performance Indicators for the Roadmap, and annual targets;
 - c. Strategic and technical advice to the Committee;
 - d. Assist the Committee and government coordinate development partners and mobilize resources;
 - e. Provide technical leadership to ensure the implementation momentum is retained;
 - f. A MAP Refresh in 2019 (with an update to the Roadmap as necessary); and
 - g. Linkages to SADC Regional structures and strategy for inclusive finance.

60. *Support for the Inclusive finance regulatory environment:* ACTIF will support, strengthen and help consolidate the capacity of the BCC in the deployment of laws, regulations or other instruments to professionalise and strengthen the operations of microfinance institutions. Indicative activities include:
- a. Dissemination of the microfinance law and sensitization amongst MFIs and SACCOs
 - b. Support for the implementation of the national SME development strategy, particularly for financial inclusion of SMEs promoted by women and youth
 - c. Advocacy for conducive environment promoting MSMEs and economic recovery
 - d. Development of a tiered banking framework to better leverage deposit taking MFIs, and to potentially bring other non-traditional financial service providers into the fold
 - e. Support for the effectiveness of supervision and on-site inspection missions by the BCC
61. *Data and Publications:* The data and publications agenda will remain important in a country with scarcity of information on which service providers and policy makers can make reliable decisions. In addition to market data (e.g. publication of an annual report for the MFI and SACCO sector) provided under PASMIF II, there will also be M&E data, as well as development and publication of materials within the financial education national programme. Indicative activities include:
- a. Data collection including the BCC annual report for the microfinance sector
 - b. Support for development and publication of materials within the financial education national programme

3.1.2 Output 2: Financial Service providers are strengthened and address needs of the target groups

62. Financial Service Providers are strengthened to develop innovative methodologies tailored to the specific needs of women, men and rural youth through (1) a national microfinance fund (FPM), (2) targeted direct support for microfinance institutions and complementary partners (like youth serving organizations) and CBOs working with informal groups, (3) product innovation effort in the agriculture sector, (4) interventions that support a smooth school to work transition of youth, (5) Support to FSPs to enable them to serve informal groups, and (6) gender based interventions.
63. *Funding for financial inclusion (FPM ASBL):* The fund is run in partnership with other donors in the DRC, notably the World Bank and KfW. Its purpose is to strengthen the technical capacity of microfinance institutions to promote financial services tailored to the needs of SMEs, and women farmers and rural women in general and support to optimize their financial and social performance. The main activity through ACTIF will be to support the FPM ASBL business plan that includes direct technical assistance to SACCOs, MFIs and banks, covering specific targets including rural areas. Under ACTIF, UNDP and UNCDF will seek to ensure that the FPM ASBL business plan and activities strongly support the Roadmap priorities, and in addition that they better support other existing initiatives (e.g. under PASMIF II II the criteria for FSP selection was narrow and will need to better align to other potential initiatives e.g. digital finance, youth, agriculture, Last mile trust fund, etc).
64. *Microfinance Financial Service Provider Support:* Support the deployment of microfinance institutions in under-served areas including to improve the civil servants bancarisation, and to leverage possible synergy with activities of Component Recovery UNDP Community (some areas in the North Kivu, South Kivu the Sud-Ubangi District and Maniema) and other technical and financial partners. The support will include Technical assistance, development of new products and tailored services and strengthening the credit portfolio COOPECs / MFIs to take account of vulnerable population (returned from war, demobilized women and men, people affected by HIV etc. trained in various trades and bankable). Key activities include:

- a. Training and retraining of staff and technicians, including women, in collaboration with APROCEC and ANIMF (various modules)
- b. Training of field agents and managers of MFIs (certified training program, forum)
- c. Support for new product development (research, case studies) and pilot roll out with FSPs' rural branches
- d. Study trips to successful experiences in rural finance according to specific themes (leasing, rural finance, etc.) specific products for women including those organized in savings and credit groups
- e. Microfinance Market Research Achievement in underserved areas
- f. Grants for MFIs and SACCOs to develop financial products and services to the vulnerable in rural areas: rural women, young people, disadvantaged etc. (Support to include hardware and software)
- g. Supporting the development of new products and innovations: Support piloting of financial products for youth and rural women, or in connection with Energy / Environment and products based on the use of ICT, informal savings groups and credit groups with the Financial Services Providers

65. *Agricultural Sector Support* through the promotion of agriculture financing and support for financial innovation. The programme will help develop and match financial services and products to the specific needs of rural people including women. Although there are existing institutions, the quality of financial resources is greatly lacking in quality and quantity and many SACCOs and MFIs operating in rural areas do not have specific products for agricultural financing while the majority of their customers / members are farmers. Under the PASMIF II, some initiatives were undertaken for the development of rural financing and the aim under ACTIF will be to find innovative products to support agriculture, be they savings, remittances, credit or micro-insurance. These may include the financing of the agricultural value chain, adapting products to agricultural cycles, linking of groups in rural areas with formal financial service providers through alternative distribution channels, digital finance to strengthen financial inclusion, as well as the design of a range of suitable products based on remittances, savings, credit and micro-insurance. The main anticipated activity will be to work with a local bank to investigate and launch a set of new products and innovations in agriculture.

66. UNCDF has already commenced the project, including obtaining the endorsement of the DRC government. The project will develop and test the viability of new rural agricultural products within a "friendly" business environment to ensure customer take-up, and as such is structured as a Public Private Partnership (PPP) with a locally based bank / MFI partner. UNCDF will deploy two implementation partners, one being a competitively sourced firm to assist with innovative product design based on human centred design principles, and the other being Rabobank, a global leader in Food and Agricultural financing and sustainability-oriented banking. Rabobank – through its advisory divisions, Rabo Development and Rabo International Advisory Services (RIAS) – will help the bank partner successfully implement and monitor the new products, a technical advisory service that is critical in ensuring that the new products become "reality". Rabo Development and RIAS have a strong track record in supporting financial institutions in African countries especially in the food and agriculture sector, including in the DRC, with a strong banking, consulting and operational expertise. A grants based approach will be used to resource Rabobank, based on an agreed work plan which will include market analysis, product development (based on innovative human centred concepts developed), business plan and business model development and implementation support (including training). This will assist in ensuring successful implementation, and later in rapidly scaling up the project. The learnings and the outputs from this project will be used to develop a blue-print for scalability for agricultural financial products in the DRC and beyond, and UNCDF will invest in training

and developing independent technical service providers and crowd them as the approach is proven successful.

67. *Supporting smooth school to work transitions of youth and girls:* the programme proposes to deepen the work with youth that UNCDF started in 2010 through its YouthStart programme. As such, ACTIF will support FSPs partnering with youth serving organizations to provide financial and complementary non-financial services that support youth to better manage school to work transitions and access economic opportunities. While FSPs working with youth will be encouraged to adopt a savings-led approach, the programme will also seek to strengthen the credit component in the programmes of existing partners (for example Finca DRC) and introduce it at an earlier stage for new partners. ACTIF will explore innovative approaches and partnerships to delivering financial services especially in rural areas such as linking informal youth savings groups to formal financial services and using technology to promote usage and provide greater access to more vulnerable and harder to reach groups (for example, young women). The selected FSPs will be encouraged to work in the design and development of financial services for youth that are key to support the interventions that enable entrepreneurship, where access to finance is a key component. Based on the Youth Economic Opportunities Assessment conducted by UNCDF in DRC, an agriculture-focused incubator, a retail micro franchising initiative and a business support programme for youth entrepreneurs have been proposed. The following specific interventions have been identified: (1) An agriculture-focused incubator for youth as groups or cooperatives, linked to the government-led agro-industrial parks; (2) Retail micro franchising to develop entrepreneurs and generate employment amongst youth by the support of retail or ICT micro-franchises; and (3) Business support for youth entrepreneurs in manual works and construction artisans, or those graduating from TVET institutions; to help both skilled and unskilled youth establish small businesses. Synergies with the UNDP vocational training support programs will be exploited.
68. *Support to FSPs to enable them to serve informal groups, particularly women:* In tandem with MicroLead phase 3 being rolled out elsewhere, an intervention is proposed in the DRC that focuses on rural remote populations and particularly women, emphasising the linkage of informal groups into formal FSPs, utilizing digital financial services innovatively as the delivery channel, customer-centric product design, and financial education. This will further complement the work described earlier in rural FSPs and agriculture. The initiative will support through a grant FSPs that seek to better connect informal groups into the formal financial services sector. Savings, Digital financial services, and financial education will be key elements of the grant programme, with the objective to extend access to the rural poor and particularly women.
69. *Address gender disparities:* Gender is a critical area of programming for both UNDP and UNCDF, and is highlighted in the UN Sustainable Development Goals as an important area. Some initiatives were implemented under PASMIF II to promote equality between men and women in the microfinance sector, including training on gender sensitive GAR, and support for institutional gender strategies and action plans. During the next phase, support will continue via APROCEC in the implementation of the action plans; development and sharing of data, research and case studies; development of gender sensitive accounting and monitoring tools for SACCOs and MFIs; and dissemination of 'lessons learned' on gender and microfinance in DRC (capitalization of knowledge, new knowledge). During the next phase, the following activities are planned:
- a. Action oriented Research on gender inequality in Inclusive Finance
 - b. Support for the online training in microfinance and gender (self-training)
 - c. Preparation of gender case studies

- d. Support the development of accounting tools and monitoring gender sensitive in SACCOs and MFIs;
- e. Supporting the production of gender-sensitive data (research) and the development of a data dissemination system and 'lessons learned' on gender and microfinance in DRC (capitalization of knowledge, new knowledge)
- f. Financial and entrepreneurial education program for deployment to rural women including those organized in savings and credit groups as part of their links with the formal institutions

3.1.3 Output 3: The viability and management of meso-level institutions have improved

70. The viability and management of meso level institutions supporting microfinance will be improved by continuing to strengthen the professional associations for the the SACCO and MFI sector, i.e. APROCEC and ANIMF. Planned activities include:

- a. Institutional and Technical Support for the action plans of Professional Associations of the sector (ANIMF, APROCEC)
- b. Facilitating cooperation between the two professional associations (organization of joint training workshops, exchange visits Gender and innovations in agricultural credit and products tailored to the needs of women)
- c. Support for the establishment of an online education (online module with multiple sessions with forum) or self-training (platform with a series of modules and fact sheets) on gender and inclusive finance
- d. Synergy between SACCO / MFI and informal groups in rural areas, including in the potential deployment of virtual systems to overcome physical distance challenges and the absence of COOPEC / MFI in these areas
- e. Synergy between the beneficiary groups of the 3X6 approach, other formal and informal economic interest groups supported by UNDP such as farmers' organisations and others, and established microfinance institutions
- f. Structuring informal groups of savings and credit (financial education and communication for the local financial services), and raising awareness on the culture of saving
- g. Development and dissemination of communication media (PASMIF and industry)

71. ACTIF will also help establish important building blocks for more effective information sharing, notably awareness and advocacy within national structures, registration and launch of a Credit Provider Association, and the development and agreement on the key principles for credit reporting within the DRC to complement the existing credit bureau. The activities will be focussed on getting credit providers to agree to share data and to adopt common standards and rules for data reporting (i.e. reduced focused on working with credit bureaus and regulators). In the future there may also be the potential for the establishment of a Business (SMME) Credit Information Sharing Initiative. Envisaged activities include:

- a. Supplement existing initiatives around awareness and advocacy within national, provincial and local structures for wider credit information sharing
- b. Registration and launch of a private sector Credit Provider Association in the DRC
- c. Development and agreement particularly among microfinance institutions within the private sector Credit Provider Association environment on the key principles, data protocols and templates for credit reporting, e.g. reciprocity, privacy etc.
- d. Enhancing of the regulatory framework where necessary e.g. ensuring client protection and privacy, customer education, and supporting operational activities to ensure that the

information is effectively collected and shared. However advocacy will not be a major focus of the project.

- e. Capacity building amongst members of the credit provider association to increase the use of credit information for increased financial inclusion, innovation and growth in the DRC.

3.1.4 Output 4: Digital finance and remittances are developed and adopted by consumers

72. ACTIF will support the growth of digital payments and domestic and cross border remittances. Potential actions to support the development of the formal remittances market include the development of cross-border corridors for remittances and trade flows at service provider level, working with regulators to address regulatory bottlenecks where necessary. At the diplomatic level, government will be supported to pursue bilateral negotiations to remove first mile access challenges in sending countries (including topics like documentation requirements) and the development of a diaspora policy to attract funds. The geographic spread of the remittance corridors to be addressed will be selected based on a scoping of the estimated corridor sizes (in number of customers and value, and include the key corridors internationally and domestically e.g. between the Eastern Congo and Kinshasa), and seek to maximise leverage with existing UNDP work in the DRC. The proposed contribution will include:

- a. Support for the adoption, domestication and implementation of SADC Mobile money guidelines
- b. Scope and identify key corridors for cross border and domestic remittances and blocks to formalisation
- c. Address the blockages, through advocacy, catalytic pilots and market development
- d. Raising public awareness on the benefits of digital money transfers
- e. Link the DRC interventions into the wider SADC Remittances work.

3.1.5 Output 5: Knowledge, learning and sharing supports the implementation of the program

73. Successful implementation must not only achieve the objectives but also do so in a cost effective manner. Knowledge and learning as well as Monitoring and Evaluation will be key components to help ensure the objectives are achieved and best practices shared. Learning and knowledge management will also ensure the project remains responsive to national needs and circumstances, encourage interaction and cross learning with other projects in the DRC and in the region, and that ACTIF is able to crowd in other development partners in cementing its market development approach. The international/regional learning agenda will be achieved primarily through the SADC MAP programme, where learnings from the project will support the programming agenda across the region especially with regards to the implementation of roadmaps based on the MAP methodology, and in pushing the frontiers of the role that FSPs can play in advancing financial inclusion. Successful implementation of ACTIF will as such depend on the resources and structures put in place to support implementation and these include:

- a. Establishment of a Steering Committee for oversight over the project.
- b. Knowledge and learning
- c. Research, Monitoring and Evaluation
- d. Project evaluation

3.2 Support for the National Financial Inclusion Roadmap Objectives

74. The ACTIF project as noted earlier supports the DRC Financial Inclusion Roadmap 2016 – 2021, especially by enabling microfinance institutions to fully support the roadmap priorities, as well as by contributing more broadly in the area of payments and remittances. The PASMIF project will be central to ensuring that the Roadmap is implemented, by helping to coordinate inter-ministerial activity related to the Roadmap, as well as assisting the government to track progress of the Roadmap implementation. PASMIF will also assist the government to mobilise resources for the Roadmap implementation.
75. The ACTIF and Roadmap projects share a common focus on poverty reduction and growth through the potential to increase Financial Inclusion, target an increase in inclusion from 32% to 46%, and those with more than one product from 6% to 10%. The two projects also share aligned Outputs and Activities, particularly in the priority areas of extending payments (through the roll out of mobile money guidelines), growing and leveraging remittances to attract and share resources, building trust to save especially among microfinance institutions, unlocking intermediation for investment (also mainly through microfinance institutions), improving risk management options (especially in rural areas through microfinance institutions), and building institutions and frameworks for an enabling environment for innovations and better coverage to target unserved and underserved areas. The PASMIF project will therefore contribute materially in areas where the requirements of the Roadmap match the expertise and core competencies of UNCDF in DRC, most notably in microfinance and in helping create a supportive regulatory and structural environment.

3.3 Stakeholder Engagement

76. The main Stakeholders of ACTIF include the Financial Service Providers, the involved / beneficiary ministries and government departments, funders of the programme, as well as implementation partners. Stakeholders will be engaged throughout the implementation, through a number of mechanisms: (i) Regular Project Steering committee meetings, at least once quarterly – the Steering committee comprises the core stakeholders of ACTIF i.e. government, funders and implementers; (ii) Field visits for the Project Steering Committee members; (iii) Regular (Quarterly or Six-monthly) monitoring visits to grantees; and (iv) Formal Quarterly reports. Any challenges encountered in implementing or delays will be discussed with the stakeholders in these forums, and any issues addressed. More broadly, National Stakeholders of financial inclusion will be engaged through the National Roadmap implementation Steering Committee and the Financial Inclusion Secretariat, being kept apprised of UNCDF / UNDP efforts in financial inclusion, particularly as regards the National Roadmap and National Strategy implementation support process.

3.4 South-South and Triangular Cooperation (SSC/TrC)

77. It is now recognized that good practices to accelerate sustainable human development are increasingly available in the global South, and they can be found in the policies, institutions and programmes that have enabled a number of developing countries to acquire a skilled labour force, create decent jobs, raise productivity and lift millions of their citizens out of grinding poverty. Under the South-South initiative developing countries turn to one another and their Northern partners to address challenges through cooperative alliances and peer-to-peer learning, leading to the widespread application of policies, strategies or practical programmes that have worked to raise living standards in the South.
78. ACTIF is designed to take full advantage South-South and Triangular cooperation wherever possible, leveraging UN expertise and global presence to leverage such cooperation. The Financial Inclusion

Roadmap process directly links into the SADC financial inclusion strategy, and ACTIF will ensure integration and linkages into the regional programme for example in benchmarking, common legal and regulatory frameworks, learning and sharing, capacity building and knowledge transfer. UNCDF is particularly positioned to drive these linkages given its global MAP programme that is coordinated centrally, as well as the additional countries where MAP is being implemented within the SADC region. Capacity building initiatives will focus on best practices in the South, including in Latin American countries through visits and workshops locally and abroad.

79. In addition, as UNCDF deploys its global technical expertise and includes the DRC programme beneficiary institutions in the knowledge management activities, additional south-south learning will result. UNCDF experts working in a number of countries and who are aware of the best practices across countries will be deployed locally, as earlier outlined in the Results Section. One such local contribution worth highlighting is the MicroLead programme, which will form a significant part of the ACTIF programme. MicroLead was highlighted in a recent UN publication¹⁰ that showcases Southern good practices that are relevant to the implementation of the Sustainable Development Goals, with many featured good practices having been recommended by member agencies of the United Nations Development Group Task Team on South-South and Triangular Cooperation and other development partners. The MicroLead programme is showcased under initiatives that can help create “Decent work and Economic growth”, by effectively providing banking deposit services empower low-income rural people.

3.5 Sustainability and Scaling Up

80. Impact and sustainability will continue beyond the life of the project as the deepest focus of the PASMIF interventions will be to increase the capacity and sustainability of the various partners we work with. The technical assistance provided will encourage sustainable financing models, modernisation of FSPs, increased innovation and best practice, culture change, new delivery models, user-centered approaches, and new partnerships and business models that together will ensure sustainable (lower) business costs and risk, increased confidence by consumers in FSPs and more broadly sustainable models. These improvements will lead to FSPs reaching deeper into the middle/lower income MSME markets, both in the period leading to 2021 and beyond.
81. Interventions relating to empowerment of FSPs including technical assistance, grants and non-grants will end with the formal disbursement of the assistance, although the beneficiaries will be monitored over a longer period of time for the anticipated impact to be measured. The assisted organisations will become examples for other FSPs and projects in the DRC, ensuring sustainable replication.
82. The government (primarily the Ministry of Finance and BCC) understanding of financial inclusion and the need for an enabling environment will be increased. The regulatory environment will be more enabling in particular for scale up, increasing the depth and outreach of financial services. The government (via the steering committee) will also be able to fully own the financial inclusion Roadmap and process, and have the capacity and tools to monitor the Roadmap implementation.

3.6 Risks and Assumptions

83. The major assumptions underlying the programme’s design are the DRC Government’s and partners’ determination to support the implementation of the financial inclusion roadmap, and to maintain a

¹⁰ Good Practices in South-South and Triangular Cooperation for Sustainable Development, Draft for endorsement by UNDG, UN office for South-South Cooperation, May 2016.

favourable environment for the development of the sector. These assumptions are realistic with respect to the past and ongoing reforms and actions that are targeted towards a more inclusive and sustainable financial sector.

84. The first risk identified is a delay in the approval and operationalization of the programme. The continuous engagement of the Government and partners to ensure the PASMIF programme's continuity as well as the willingness of all actors to make it play an effective role in the development of the financial sector will contribute to reducing this risk. The second risk concerns the lack of capacity of the actors to effectively engage in the programme and take ownership of the proposed actions. To mitigate this risk and enable the present intervention to be operational, the project will put particular emphasis on building the capacity of actors and providing them with appropriate technical assistance where needed. The third risk relates to the lack of control over the rapid growth of financial services supply chain induced by the growing number of service providers with the risks of over-indebtedness and defaults on payments of clients. Mitigating this risk involves raising awareness and training customers as well as building confidence and trust among all actors by applying more rigor in MFIs' control and supervision, including a suspensive measure that will be applied to MFIs in case of poor performance.
85. The degradation of the current political stability is also another potential risk that could hamper the normal implementation of the programme and its expansion in some areas of the country. The involvement of multi-level stakeholders and their engagement for common objectives developed by the ACTIF will contribute to reducing this risk by strengthening the foundations for social restructuring through the support to community-based groups and poor and marginalized population.
86. At a macro level a number of risks also exist. The Political, Social and Economic stability of the country is assumed, including that the country remains politically stable as it approaches elections. It is difficult to estimate in advance how any instability might affect ACTIF work if it were to materialise, but that would obviously depend on the geographical extent of such risks, as well as the intensity and timing. At an economic level it is assumed that the financial sector will remain stable, particularly banks as any instability could easily spill over into the policy and microfinance sectors upon which the ACTIF is anchored. Inflation and currency risks could also negatively impact upon the success and impact of the project. At a social level it is possible that targeted service providers and customer segments fail to adopt the assistance and financial services to improve their lives, however this is unlikely given PASMIF II experience. More broadly the full impact of the project is contingent upon additional funding becoming available from local and international donors particularly around the Roadmap implementation, and the Ministry of Finance will have to take a leading role to raise such funding. In this respect it is assumed that the macro environment remains supportive of the PASMIF objectives e.g. that financial inclusion remains a key policy objective for government.
87. No significant social and environmental risks have been identified as being introduced as a result of the project, and a Social and Environmental Screening Template has been completed and is attached as Annexure 1. However an associated social risk worth highlighting is the current challenges facing local banks (such as BIAC and MECRECO) which could more generally result in a loss of trust in the system and negatively impact savings mobilisation efforts and peace of mind for poor people in regard to their savings. ACTIF will work with other partners to help alleviate this social risk, including through measures such as deposit insurance (not yet operational), a deposit guarantee fund, and better governance standards. More generally the project will have direct positive impact as ACTIF enhances the availability, accessibility and quality of benefits and services for potentially marginalized individuals and groups (the rural, the poor, women, and youth), and increases their inclusion in decision-making

processes by empowering them through financial education. ACTIF helps to empower government through capacity building efforts to better address the needs of the poor, rural, women and youth, through programs and policy interventions. The standard risk log template is attached as Annexure 2.

IV. PROJECT MANAGEMENT

4.1 Cost Efficiency and Effectiveness

88. The PMU will be responsible for implementation but specific project elements will be implemented either directly by UNCDF / UNDP (through the PMU), or by service providers contracted through competitive processes subject to UNCDF / UNDP procurement policies and procedures. Aspects of the project will also be implemented by existing UNCDF / UNDP partners who have been used by the parent organisations over a period of time, and have a proven track record including being cost efficient and cost effective. FPM asbl is the existing PASMIF partner, while FinMark Trust is UNCDF’s partner in the global MAP programme.

89. In ensuring that the ACTIF project is implemented in a cost efficient and cost effective way, UNCDF and UNDP will rely on methodologies and standards that have been developed globally: the experience gathered in most effectively expanding access and reaching vulnerable groups for example in digital finance and others will be leveraged. Further ACTIF splits the use of funds into activities that directly touch beneficiaries, as well as strategic spend to help shift access significantly in the DRC through the Roadmap methodology and process. The Table below shows the estimated number of beneficiaries compared to those under Pasmif II.

Project	Total spend, USD million	Number of beneficiaries
PASMIF II	14	1,800,000
ACTIF	9.9	400,000 + 3,000,000 ¹¹

90. **Role of the PMU:** The PMU in addition to overall project management will support some of the activity at the macro and meso levels. This model proved to be cost effective during PASMIF I and II. The PMU will help the Ministry of Finance and the BCC with capacity including the implementation of the BCC microfinance activities, help facilitate the activities of the roadmap coordinating committee, and coordinate all project activity including partner and service provider recruitment. An international specialist in Inclusive Finance is proposed to coordinate the program owing to the seniority required in managing these various activities.

91. The international specialist and two national experts (Special Projects and Innovation, and Inclusive finance and monitoring & evaluation) have been proposed to form a pool of expertise within the PMU to facilitate and conduct technical and institutional dialogue on the various elements of the program at macro, meso and micro levels. The project team will also help receive the technical support of thematic programmes where UNDP and UNCDF are currently engaged such as MicroLead, YouthStart, Consumer Protection, Corporate Social Responsibility, articulation of IMF and Coopec, and financial education.

¹¹ Of the total USD 9.9 million budget, USD 4.7 million spent on FSP facing activities will impact 400,000 direct beneficiaries, while the total project spend will have 3 million indirect beneficiaries. Indirect beneficiaries are as a result of increased access due to successful Roadmap and policy implementation.

92. **Role of FPM asbl:** In consolidation of the role of the FPM in PASMIF I & II, FPM asbl will continue to be responsible for direct Technical assistance to financial service providers (micro level), including funding, innovation and capacity building. This will be done in line with their existing procedures and practices, including eligibility criteria for access to financial support. Funders of the FPM include UNDP and UNCDF, KFW, and the World Bank, and additional donors and investors wishing harmonize their efforts in supporting the sector may make further contributions.
93. A significant proportion of support from UNDP and UNCDF towards FSPs will continue to be through the FPM asbl technical assistance, and through a parallel Investment Committee for financial innovation grant . Assets acquired under the program using UNDP and UNCDF resources remain the property of UNDP and UNCDF who determine how to deal with such at the end of the Program, including any profits made..
94. **Role of FinMark Trust:** FinMark Trust is a UNCDF global partner under the MAP programme and will be mandated to support the PMU in the national financial inclusion coordination efforts, linkages into the SADC financial inclusion programme, as well as certain implementation activities (notably the credit information sharing, mobile money guidelines, and remittances work).
95. **The national counterpart:** The project will directly contribute to the policy objectives of the Ministry of Finance and the BCC, and these counterparts have been involved in the setting up and approval of the program. Additional Ministries will benefit from capacity building in microfinance and results-based management methodologies. The program will benefit from an exemption from customs duties and taxes for all services, property and equipment acquired under the program. (TBC)
96. **The technical and financial partners:** UNCDF and UNDP will both help finance the program. The Program locally is placed under the responsibility of the UNDP Deputy Country Director, Programme, while the technical monitoring will be the responsibility of the UNCDF Inclusive Finance Unit. UNCDF will also provide strategic guidance to the project. The PMU will be housed in UNDP offices pending its possible relocation to the Ministry of Finance. Assistance of KFW and World Bank will be received directly under the FPM-ASBL structure.
97. The mandate of each of the implementing partners (UNDP and UNCDF) will be detailed in a terms of reference clarifying roles and responsibilities in this regard. Both UNCDF and UNDP will be responsible for recruitment of PMU team¹², and the Specialist Inclusive Finance (project coordinator), will work under the technical supervision of UNCDF and the administrative supervision of the UNDP-DRC.

4.2 Project Management

98. The PMU will be responsible for overall management, ensuring that sufficient funding is raised, resources are available and that the project is implemented to high quality standards in all aspects. The resources of UNDP and UNCDF will be managed under the terms of parallel financing. The program execution will be carried out according to the DIM modality.
99. **Development of partnerships and resource mobilization:** The program will ensure the implementation of a harmonized approach and a mechanism for coordination with other initiatives to support the sector. Thus, the program will work in close synergy with other existing or future initiatives, and seek partnerships to mobilize additional resources to increase the impact of the ACTIF project. UNDP and

¹² It is planned that UNDP will hire the national experts and cover their costs - UNCDF will be part of recruitment process including ToR formulation

UNCDF will strive to mobilize additional funds needed to achieve the objectives of the joint program including the negotiations are underway with the Swedish Embassy in Kinshasa for potential support from the Government of Sweden.

100. A proportion of funding from ACTIF for supporting financial service providers will be implemented as a direct grant to FPM asbl.

101. UNDP is the Administrative Agent of all non-core resources needed to mobilize the programme. A partnership agreement will be signed between funding donors and UNDP / UNCDF, detailing the distribution of funds between UNDP and UNCDF based on activities performed by each of these two organizations. An indicative split of 70% / 30% UNCDF / UNDP is targeted (See table in Annexure 6 for an indicative distribution of activity), with UNCDF focusing on grants, hiring and deployment of international inclusive finance experts, and the Roadmap coordination. UNDP on the other hand will focus on the locally based activities, particularly supporting rural based IMF and COOPEC, support to the related meso level institutions, local procurement, national staff and locally sourced activities. Where sufficient budget is not raised locally in respect of their respective core activities, either organisation may separately and in parallel raise the required funding from global sources.

4.4 Suitability of UNCDF / UNDP in implementing ACTIF

102. In line with national priorities for inclusive growth and sustainable development, the proposed partnership will help contribute to greater harmonization of interventions of donors in supporting the sector's development using the available finance including from the Sweden and Belgium cooperation. UNDP and UNCDF have comparative advantages and experience for the success of this partnership:

- a. Trust and legitimacy: UNDP has the confidence of local authorities and the population in general. This privileged position in particular is that UNDP is one of the few organizations not to have interrupted its support or presence during conflicts. It is a respected interlocutor of the Government and the Central Bank (BCC)
- b. Recognized role in the development of national policies: confidence is reflected in the central role of UNDP / UNCDF in the development of national policies, including the Growth Strategy Paper and Poverty Reduction (PRSP). In partnership with the Ministry of Finance, the Ministry of SMEs and other development partners, UNDP and UNCDF currently supports the Congolese government in the process of developing a National Strategy for Financial Inclusion and a National Strategy development of Small and medium business.
- c. A proven field experience: UNDP jointly with UNCDF contributed and implemented the Programme to support the microfinance sector (PASMIF) in the DRC. This involvement with intermediate structures and populations concerned provides the UNDP / UNCDF understanding of the needs and realities, thus giving more weight and credibility to its contribution in the discussions between partners and with the authorities.
- d. Global vision of the sector: the development of a diagnostic approach and programming and collaborative vision for financial inclusion (MAP) constitute a coherent framework to coordinate and support the various initiatives to expand sustainable access to services financial for the poor and low-income especially women and youth including rural areas
- e. Technical expertise of UNCDF and flexibility of its financial mechanisms (loans, grants, guarantees) are used to make different types of appropriate support and sustainable solutions for each of the macro, meso and micro industry;
- f. Experience of UNCDF in the LDCs in particular in the field of Inclusive Finance: mobilization of rural savings, digitalization of finance for the poor including youth and women's

empowerment, and diagnostics and national roadmaps and programming for financial inclusion. Various themes are deployed at the Fund called "Last Mile Trust Fund" (LMTF) to allow access to international resources and to benefit from similar experiences with useful adaptations to the context of the Democratic Republic of Congo.

V. RESULTS FRAMEWORK¹³

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: public institutions effectively implement policies and coordinated programs of support for key players operating in growth sectors to accelerate job creation and income improvement											
Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets: % Increasing of formal inclusion contributing to the roadmap outcome.											
-Baseline 2016 : 32% of adults financially included											
- Target 2021: 46% financially included and percent of adults with more than one product increasing from 6% to 10%:											
At least 400,000 low income beneficiaries (a minimum of 50% women) directly benefit as a result of the project, and at least 3,000,000 indirectly											
Applicable Output(s) from the UNDP Strategic Plan: The business climate has improved, and beneficiary access to services / sustainable financial mechanisms adapted and expanded											
Project title and Atlas Project Number:											
EXPECTED OUTPUTS	OUTPUT INDICATORS ¹⁴	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	2017	2018	2019	2020	2021	FINAL	
Output 1 <i>The Policy, Regulatory and Institutional Environment is strengthened</i>	1.1 Percentage of adult population using formal financial services	MAP Diagnostic 2015	32%	2015	34%	37%	40%	43%	46%	46%	Source: FinScope Risks: Macro economy, political situation
	1.2 Percentage of women using formal financial services		29%	2015	32%	36%	39%	43%	46%	46%	
	1.3 % of annual activities of Roadmap / Strategy implemented vs plan	Ministry of Finance	-	2016	60%	75%	75%	75%	75%	75%	Availability of resources from government, donors
	1.4 Number of microfinance (MFI) customers, '000	BCC, PASMIF II evaluation	1 879	2014	2 000	2 350	2 700	3 050	3 400	3 400	Willingness of Government and FSPs to continue in developing of the sector
	1.5 Number of microfinance women customers, 000		936	2014	1 000	1 175	1 350	1 525	1 700	1 700	

¹³ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

¹⁴ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

	1.6 Annual average outstanding credit in MF institutions (USD' million)		134.743	2014	160	175	190	205	220	220	
	1.7 Annual average outstanding savings in MF institutions (USD 'million)		177.297	2014	185	205	225	245	265	285	
Output 2 Financial Service providers are strengthened	2.1 Number of customers in benefitting institutions	PASMIF, ANIMF	660,000	2016						TBC	Funding; Commitment by the partners
	2.2 Percent of women customers in benefitting institutions	PASMIF, BCC	49.8%	2014	50%	50%	50%	50%	50%	50%	Commitment by the partners
	2.3 Percent of youth customers in benefitting institutions	PASMIF, BCC			10%	15%	15%	15%	15%	15%	Commitment by the partners
	2.4 Number of new products / innovations	PASMIF, ANIMF	-	2016	1	2	2	2	2	9	Funding; Commitment by the partners
	2.5 Number of customers using the new products / innovations, 000	PASMIF, ANIMF	-	2016	20	40	60	80	100	100	Commitment by the partners
	2.6 Number of new youth / women / rural customers using the financial services as a result of the innovations	PASMIF, ANIMF	-	2016	15	30	50	60	80	80	Commitment by the partners
	2.7 Number of members of savings groups linked to formal financial service providers	PASMIF, BCC, ANIMF	-	2016							Commitment by the partners
Output 3 The viability and management of meso-level institutions have improved microfinance institutions have improved	3.1 ANIMF and APROCEC are self-funding	PASMIF, BCC	Need support					X	X	X	Commitment by the partners
	3.2 Effective cooperation between the 2 organisations and with FSPs, groups based members (MUSO, VSLA) and beneficiary groups of the 3X6 approach	PASMIF, ANIMF, ANIMF, stakeholders		2016	X	X	X	X	X	X	Measurement: Interview of key stakeholders Risk: Commitment by the partners
	3.3 Number of people registered on Credit Bureau	PASMIF, BCC	?	2016							Risk: Commitment by BCC and credit providers
Output 4 Digital finance and remittances are developed and adopted by consumers	4.1 Formal remittances as a percent of total Remittances (domestic remittances / cross border remittances)	PASMIF, BCC	<1%	2015							Willingness of government to support
	4.2 Number of legal, policy or de facto barriers to domestic and cross border capital flows removed	PASMIF, BCC	-	2016	-	1	2	2	2	7	Willingness of government
	4.3 Mobile money guidelines implemented	-	-	2016	-	X	X	X	X	X	Willingness of BCC

Output 5 <i>Knowledge, learning and sharing supports the implementation of the program</i>	<i>5.1 Number of knowledge products developed / published p.a.</i>	<i>PASMIF</i>	-	2016	1	1	2	2	2	8	-
	<i>5.2 Number of programme beneficiaries per USD of spend</i>	<i>PASMIF</i>	<i>TBC</i>	2015			<i>TBC</i>				

VI. MONITORING AND EVALUATION

The programme will align its monitoring and evaluation systems for financial service with the emerging CGAP guidance for measuring market development where appropriate¹⁵. It will adopt a results-based management approach focusing on the performance and realization of outputs, outcomes and impacts. The results will be monitored periodically and their development impact will be reported in annual review meetings. The programme staff will assess reporting requirements for grantee FSPs based on results chain and assist concerned FSPs in streamlining their internal systems to capture the data indicators mentioned in the grant agreement. Industry standard indicators will be used for each type of investee, e.g. MIX Market for FSPs as appropriate. Also, wherever necessary baseline data will be collected through primary research, the cost of which would be built in the support provided to concerned partner.

Regular monitoring of programme activities will be operationalized through system of quarterly progress reports that programme team will submit to the investment committee. The progress reports will detail partner's progress on agreed targets along with issues/constraints being faced by the partners in meeting the agreed targets. The system of quarterly progress would be complimented with annual review meetings with investment committee for deciding on financial inclusion priorities for the following year and detailing an annual work plan for programme activities.

The ACTIF Monitoring and Evaluation procedures and results will also have a close linkage with the DRC national financial inclusion monitoring and evaluation frameworks around financial inclusion, in particular the financial inclusion Roadmap and strategy M&E frameworks. Data developed under ACTIF will help populate the national indicator set, as part of the Roadmap implementation support.

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

6.1 Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk		

¹⁵ The CGAP guidance is expected to be formally issued in the second half of 2016. UNCDF has actively been engaged in helping to develop, and test this guidance. As the focus is on measuring financial services market development, some of Empower's work, in particular that focusing on agency issues or public sector partners and projects, may require a different results measurement approach.

	risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.		log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

	socialize project results and lessons learned with relevant audiences.				
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6.2 Evaluation Plan¹⁶

Joint evaluation frameworks will be developed to suit the needs of all the programme donors. The programme will have either a mid-term review of the programme (target date 2nd half of 2018), and/or a final evaluation (target date 2nd quarter of 2020). The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance. A programme review may be used as an alternative to a full mid-term evaluation, and combined with a final evaluation.

¹⁶ Optional, if needed

VII. MULTI-YEAR WORK PLAN ¹⁷¹⁸

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					RESPONSIBLE PARTY	PLANNED BUDGET			
		2017	2018	2019	2020	2021		Funding Source	Budget Description	Amount	
Output 1: The legal, regulatory and institutional framework for inclusive finance has improved and is secure	1.1 Support for the implementation of the roadmap for financial inclusion (FI) and development of the IF strategy	90 000	90 000	75 000	540 000	35 000	UNCDF, UNDP			830 000	
	1.2 Support for Inclusive finance regulatory environment	120 000	85 000	55 000	10 000	10 000	UNCDF, UNDP			280 000	
	1.3 Data and Publications	40 000	40 000	40 000	40 000	40 000	UNCDF, UNDP			200 000	
	1.4 Staff and overheads	129 150	158 900	158 900	158 900	130 900	UNCDF, UNDP			736 750	
	MONITORING	5 600	5 600	5 600	5 600	5 600	UNCDF, UNDP			28 000	
	Sub-Total for Output 1										
Output 2: Financial Service Providers are strengthened	2.1 Support through the National financial inclusion fund (FPM)	392 000	490 000	-	-	-	UNCDF, UNDP			882 000	
	2.2 Direct Technical Assistance to Microfinance Institutions	155 000	120 000	155 000	100 000	135 000	UNCDF, UNDP			665 000	

¹⁷ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

¹⁸ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

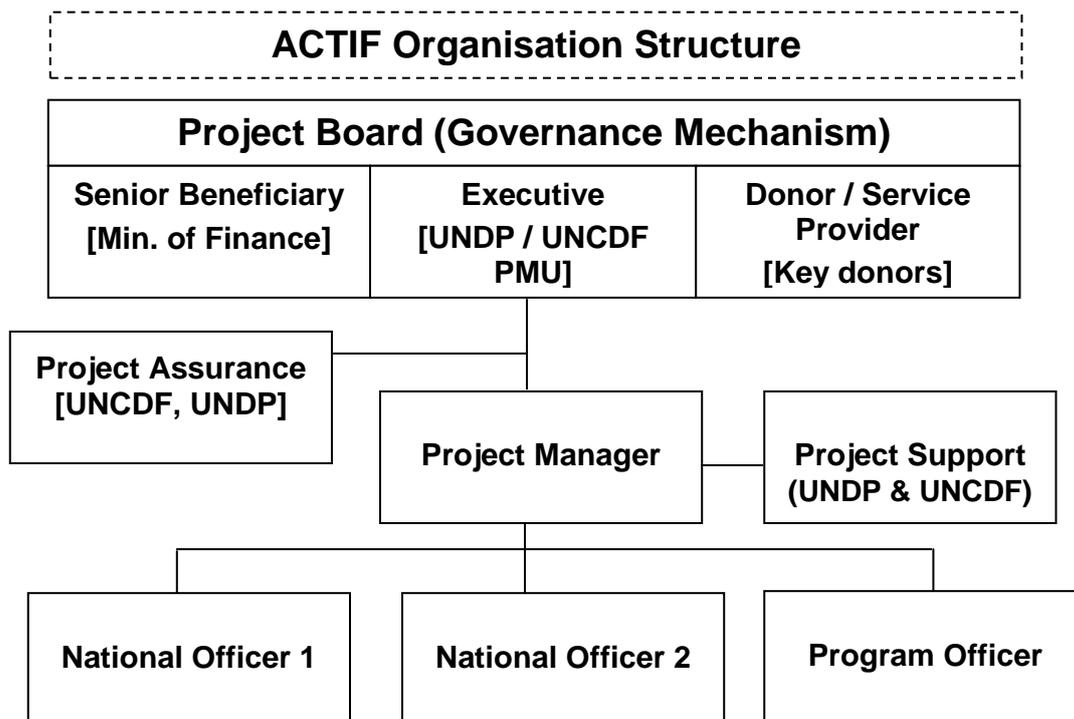
	2.3 Technical support to Agricultural sector	310 000	55 000	-	-	-	UNCDF, UNDP			365 000
	2.4 Youth support programme	210 000	210 000	110 000	110 000	10 000	UNCDF, UNDP			650 000
	2.5 Support to rural women informal groups	210 000	210 000	110 000	10 000	10 000	UNCDF, UNDP			550 000
	2.6 Address gender disparities	90 000	-	90 000	-	90 000	UNCDF, UNDP			270 000
	2.7 Staff and overheads	129 150	158 900	158 900	158 900	130 900	UNCDF, UNDP			736 750
	MONITORING	5 600	5 600	5 600	5 600	5 600	UNCDF, UNDP			28 000
	Sub-Total for Output 2									4 146 750
Output 3: The viability and management of meso-level microfinance institutions have improved	3.1 Professional Associations supported	315 000	295 000	295 000	80 000	80 000	UNCDF, UNDP			1 065 000
	3.2 Credit information sharing platform set up	50 000	50 000	100 000	10 000	10 000	UNCDF, UNDP			220 000
	3.3 Staff and overheads allocation	55 350	68 100	68 100	68 100	56 100	UNCDF, UNDP			315 750
	MONITORING	2 400	2 400	2 400	2 400	2 400	UNCDF, UNDP			12 000
	Sub-Total for Output 3									1 612 750
Output 4: Digital payments and remittances are adopted by more consumers	4.1 Domestic and cross border remittance corridors addressed	85 000	120 000	45 000	10 000	10 000	UNCDF, UNDP			270 000
	4.2 Implement Mobile money guidelines	50 000	25 000	-	-	-	UNCDF, UNDP			75 000
	4.3 Staff and overheads allocation	36 900	45 400	45 400	45 400	37 400	UNCDF, UNDP			210 500
	MONITORING	1 600	1 600	1 600	1 600	1 600	UNCDF, UNDP			8 000
	Sub-Total for Output 4									563 500
Output 5: Knowledge, learning and sharing	5.1 Knowledge and Learning	50 000	35 000	50 000	35 000	50 000	UNCDF, UNDP			220 000
	5.2 Monitoring and Evaluation	10 000	-	100 000	-	300 000	UNCDF, UNDP			410 000
	5.3 Staff and overheads allocation	18 450	22 700	22 700	22 700	18 700	UNCDF, UNDP			105 250
	MONITORING	800	800	800	800	800	UNCDF, UNDP			4 000

	Sub-Total for Output 5									739 250
Evaluation <i>(as relevant)</i>	See 5.2									
General Management Support		202 560	185 200	137 200	113 200	85 600				730 960
TOTAL										9 867 760

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

8.1 Governance

103. **Programme Steering Committee (CPP):** The Project will be governed by the Steering Committee that was already set up and under PASMIF II. The members of the Steering Committee include UNDP, UNCDF, Ministry of Finance and the BCC. The Steering Committee is composed by the Representative of the Ministry of Finance as chairman, as well as the technical and financial partners that contribute to financing the program (UNDP, UNCDF, the Swedish cooperation and Belgian Cooperation). The Steering Committee meets at least once a year.
104. The Steering Committee provides oversight of the activities outlined in this document, including approval of Annual Reports and Annual Work plans and revisions as well as authorize any major deviations from the agreed plans. The responsibilities of the Steering Committee are divided into three specific categories:
- a. Representatives from Beneficiaries: In order to ensure maximum stakeholder participation and genuine national ownership, representatives from government hold a seat on the board. The selected representatives represent the interests of those who will ultimately benefit from the project activities (MSME, small-scale farmers, women-led enterprises, poor and low income). Their primary function within the Steering Committee will be to ensure the realization of project results from the perspective of project beneficiaries.
 - b. Technical partners: The technical partners provide guidance in technical matters and support the board in making appropriate decisions from an implementation perspective.
 - c. Representatives from donors/service providers: The financial partners provide advisory support. Their primary function within the board will be to provide strategic advice on programme results and direction.
105. **Project Assurance:** The overall responsibility for Project Assurance is with each Project Board member. Project Assurance role is delegated primarily to the UNCDF Regional Office in Johannesburg. The Regional Office will support the Project Board in the project assurance functions by carrying out objective and independent project oversight and monitoring functions. This role ensures that appropriate project milestones are managed and completed in line with the decisions made by the board members.
106. The UNCDF Regional Office is responsible for approving budget revisions, payments, purchase orders, as well as ensuring regular monitoring, review and reporting to the board and other development partners. Other key functions are as follows:
- a. Ensure funds are made available to the Project in a timely manner;
 - b. Ensure the Project is making progress towards intended outputs;
 - c. Perform regular monitoring activities;
 - d. Ensure that resources entrusted to UNCDF and UNDP are utilized appropriately;
 - e. Ensure that financial reports are submitted to UNCDF and UNDP on time, and that combined delivery reports are prepared and submitted to the board;
 - f. Ensure that risks are properly managed and regularly updated.
107. The overall Project Structure is represented below:



8.2 Management and Staffing

108. **Management:** UNCDF / UNDP through the PMU will be responsible for day-to-day management of the project, ensuring that all operations are conducted in compliance with internal rules, procedures and other policies. The ACTIF Project will draw upon the UNDP's human resources, finance and administration units for its basic services. The project team will also receive technical support from others at UNCDF, such as those working with women and youth issues.

109. **Project Team Roles and Responsibilities:** As referenced in the organizational structure above, the ACTIF project is headed by an International Expert in Inclusive Finance who is the coordinator of the program (Project Manager) responsible for the implementation of the activities. The Project Manager will count on a project team comprising two national experts, and support staff (Assistant Program officer and Driver. The PMU team will be jointly responsible for: (i) preparing work programs, (ii) monitoring actions at the macro and meso levels (iii) leading the donors to harmonize interventions in the sector, (iv) monitoring innovations in financial inclusion practice areas and (iv) provide support - advice to UNDP and UNCDF in inclusive finance and make recommendations on how to run and improve the project. The PMU will produce progress reports (quarterly and annual) to transmit the technical and financial partners and to government. The PMU will receive reports from FPM and other partners for the UNDP and UNCDF contributions. The reports of the PMU will incorporate these results and analyze the impact of the support provided, investments and performance indicators of the supported FSPs and programmes e.g. the national financial inclusion roadmap. PMU staff will be based in the DRC, either at UNDP or Ministry of Finance offices. Specific roles in the PMU are highlighted below and the Project Manager position is further defined in Annexure 4.

110. **ACTIF Program Coordinator:** The Specialist in Inclusive Finance (P4) will be supervised by the Regional Technical Manager UNCDF and fall under the administrative supervision of the Deputy Resident Representative of UNDP in the DRC. He / she will manage the realization of project outputs through activities and will be responsible for ensuring the achievement of the project results. He/She

will explore partnerships with relevant projects and initiatives and as the focal point of the ACTIF project and specialist in inclusive finance will coordinate all activities of the project, manage / interact with government and all the project partners and service providers, and lead the donor group in the harmonization of interventions in the inclusive finance sector in the DRC. He / She will also oversee the PMU team and manage the finances of the Project, including disbursement, financial management and performance issues, and act as UNDP technical advisor in the field of inclusive finance. She or he will develop strong partnerships with other development partners promoting the comparative advantages of UNCDF and UNDP, including in the field of financial inclusion to accelerate the possibilities of mobilizing additional resources.

111. **National Officer (LNOC) 1:** The position will be an expert Inclusive Finance, and will function under the administrative and technical supervision of the International Expert. The position will provide support for the Roadmap implementation process, linkages into the SADC structures, Management of FPM asbl, APROCEC, ANIMF and FSP relationships, Performance management of directly supported FSPs and M&E. He / she will interact regularly with the government (Ministry of Finance and BCC), as well as with FPM, Professional Associations, donors and service providers in the inclusive finance area. The officer will also provide support to the government as part of the Secretariat functions, helping develop Action Plans that define and sequence priorities, resource requirements and commitments, and defining roles of different ministries. The officer will support Roadmap donor resource mobilization, coordinating with the government to ensure all areas of the Roadmap are funded.
112. **National Officer (LNOC) 2:** The additional national officer position, Special projects and Innovation, will focus on financial innovations, gender issues, and monitoring and evaluation. He / she will function under the administrative and technical supervision of the International Expert. The position will provide support to financial service providers and projects in the innovation and gender space, providing expertise in SME, agriculture, rural, women and youth issues, collecting relevant M&E information from partners, government and FSPs, and preparing reports for various stakeholders. The officer will be monitoring project activities to ensure the foreseen results are met as well as regularly preparing donors reporting. The officer will also ensure good performances and success stories achieved are widely disseminated among relevant stakeholders and are receiving substantive attention and visibility. The officer will also have the responsibility of sharing lessons learned with other colleagues who could benefit from this learning.
113. **Assistant Programme Officer:** will support the implementation of ACTIF activities through administrative support to the Project Team such as preparing budgets and revisions, Financial Reports, Requisitions, Purchase Orders or non-PO vouchers; ensuring that payments are processed on time; provide operational support for procurement of services and goods; support preparations of Steering Committee meetings or any other major events; support all logistics for the ACTIF project Team, etc.

IX. LEGAL CONTEXT AND RISK MANAGEMENT

114. This document together with the CPAP signed by the Government and UNDP which is incorporated herein by reference, constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA); as such all provisions of the CPAP apply to this document. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner”, as such term is defined and used in the CPAP and this document.
115. UNDP and UNCDF as the Implementing Partners shall comply with the policies, procedures and practices of the United Nations safety and security management system.
116. UNDP and UNCDF will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

X. ANNEXES

1. Social and Environmental Screening Template

See attached word document

2. Risk Analysis.

See attached word document

3. Roadmap and ACTIF Theory of change diagrammes (High level)

The Roadmap broad Theory of Change is shown below.

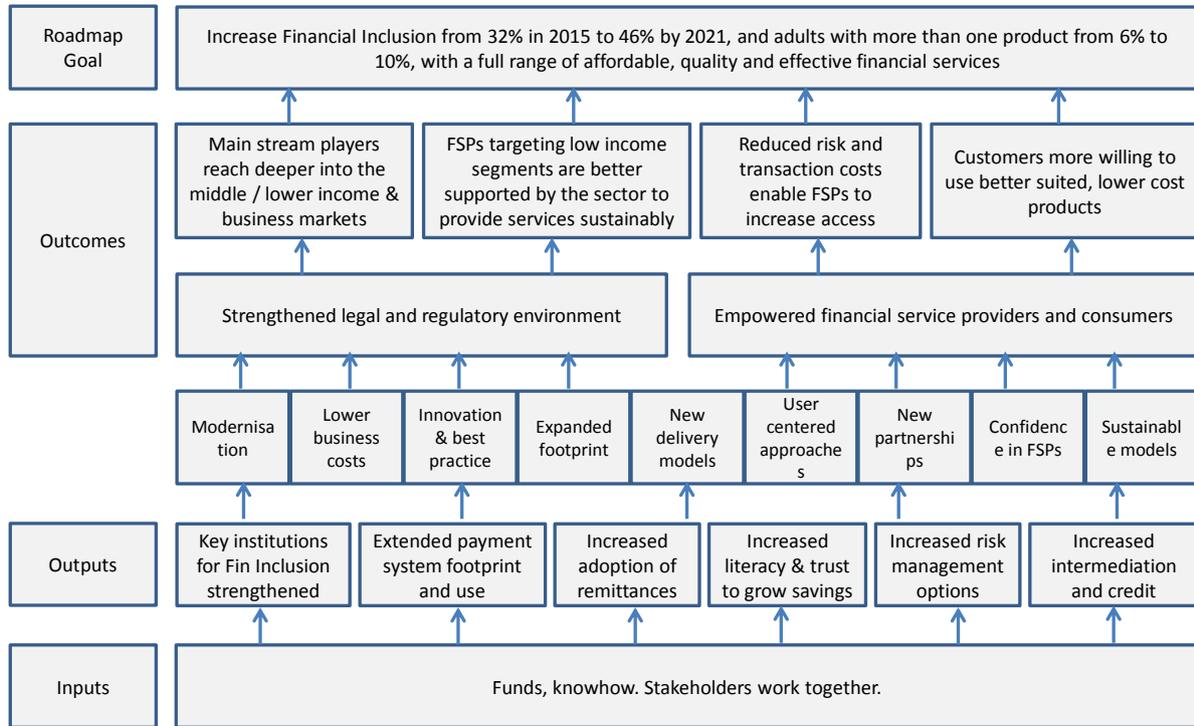


Figure 1: DRC Financial Inclusion Roadmap Theory of Change

The high level ACTIF Theory of change is further illustrated below:

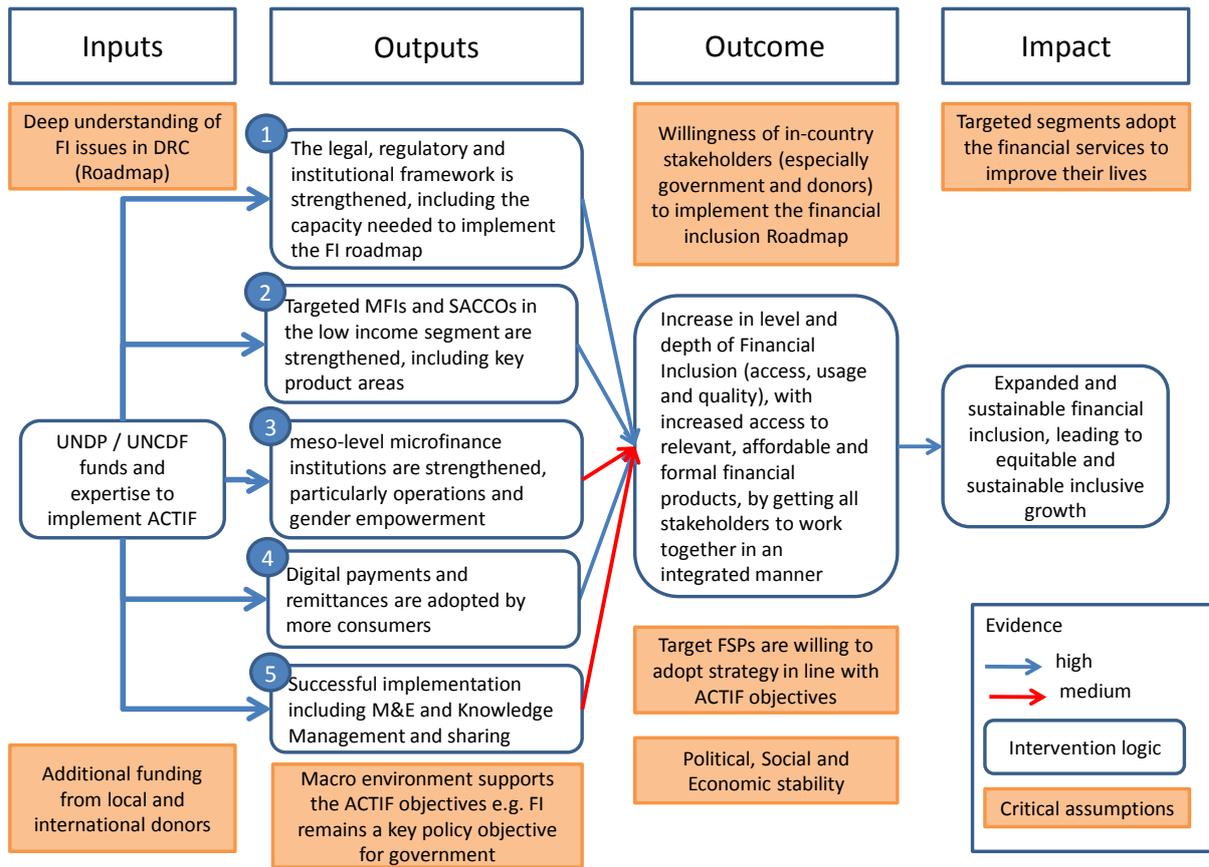


Figure 2: ACTIF High Level Theory of Change

4. Project Board Terms of Reference and TORs of key management positions
See separate word document

5. Match between Roadmap and ACTIF Activities

The table below highlights the interlinkages and how ACTIF project activities will contribute to the DRC National Financial Inclusion Roadmap.

Financial inclusion Roadmap		Potential PASMIF impact on Roadmap	ACTIF	
Roadmap aims to reduce poverty and increase growth		High	Equitable and sustainable inclusive growth, contributing to the achievement of the DRC post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and national poverty alleviation goals, by supporting the implementation of the Financial Inclusion Roadmap	
Goal	Improve household welfare, increase economic efficiency and support growth by increasing the percentage of adults with access to at least one formal financial service from 32% to 46%, and increasing those with access to more than one formal financial product from 6% to 10% by 2021	High	Outcome	By year 2021, the financial sector is strengthened and is able to better support financial inclusion, contributing to the Roadmap outcome of formal inclusion increasing from 32% to 46%, and percent of adults with more than one product increasing from 6% to 10%.
Priority 1	Extend payment system footprint and use	Low	Output 4	Implement mobile money guidelines
Priority 2	Leverage remittances to attract and share resources	Medium	Output 4	Domestic and cross border Remittances
Priority 3	Build trust to save including full implementation of the National Programme for Financial education and responsible finance	Medium (mainly in microfinance sector)	Output 2 and 3	FPM-asbl support MFI and SACCO support Agricultural product support Address gender equality Professional associations supported
Priority 4	Unlock intermediation for investment	High (mainly in microfinance sector)	Output 2 and 3	FPM-asbl support MFI support Agricultural product support Address gender equality Professional associations supported Credit information
Priority 5	Improve risk management options	High (mainly in microfinance sector)	Output 2 and 3	FPM-asbl support MFI support Agricultural product support Address gender equality Professional associations supported Credit information
Priority 6	Build the institutions and frameworks for an enabling environment for innovations and better coverage to target unserved and underserved areas	High	Output 1 and 5	Roadmap implementation support Support for Inclusive finance regulatory environment Data and publications M&E

6. Indicative Activities split between UNDP and UNCDF

See budget spreadsheet.

7. List of Acronyms

ACB	Association Congolaise des Banques
ACTIF	Action, Change and Transformation through Inclusive Finance in the DRC
ANIMF	Association Nationale des institutions de Microfinance
APROCEC	Association Professionnelle des Coopératives d'Épargne et de Crédit
ARCA	L'Autorité de Régulation et Contrôle des Assurances (Regulatory Authority and Insurance Supervision body)
ARPTC	Autorite de Regulation de la Poste et des Telecommunications du Congo (Regulatory Post and Telecommunication Authority)
Asbl	Association sans but lucratif (non profit organisation)
ATM	Automated Teller Machine
BCC	Banque Centrale du Congo (DRC Central Bank)
CDF	Congolese Franc
CFT	Combatting the Financing of Terrorism
COOPEC	Coopératives d'Épargne et de Crédit (Credit and Savings Co-operative)
DfID	The Department for International Development (DfID), UK
DRC	Democratic Republic of the Congo
EFT	Electronic Funds Transfer
FMT	FinMark Trust
FPI	Fonds de Promotion de l'Industrie (Industry Promotion Fund)
FNM	Fonds National de la Microfinance (Ministry of Finance)
FPM	Fonds pour l'inclusion financière (Multi-donor Fund)
FSP	Financial Service Provider
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
GNI	Gross National Income
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau Germany (formerly KfW Bankengruppe)
KPI	Key Performance Indicator
MAP	Making Access Possible
MFI	Micro Finance Institution
MNO	Mobile Network Operator
MINFIN	Ministry of Finance
MSME	Micro, Small and Medium Enterprise
MTO	Money Transfer Operator
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organization for the Harmonization of African Business Law)
PASMIF I, II	Programme d'Appui au Secteur de la Microfinance (Phase 1 and 2)
PNSD	Plan National Stratégique de Développement (National Development Plan) 2017-2021
POS	Point Of Sale
RTGS	Real-time Gross Clearing and Settlement System
SACCO	Credit and Savings Co-operative
SADC	Southern African Development Community
TVET	Technical Vocational Education and Training
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar