EVALUATION BRIEF

Expanding Financial Inclusion in Africa

Ex-post evaluation

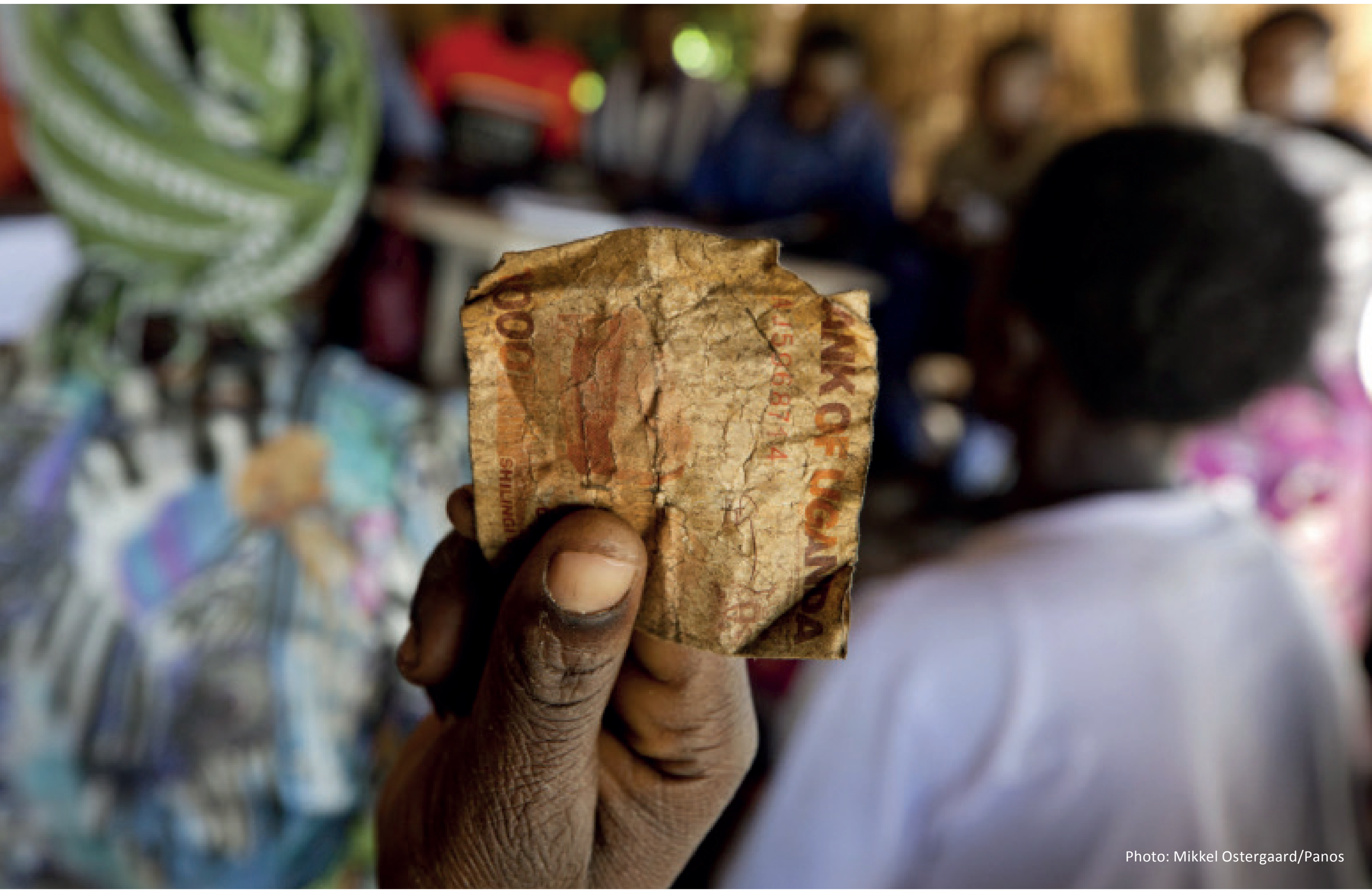

Photo: Mikkel Ostergaard/Panos

mastercard foundation

Savings Learning Lab

Itad

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The Savings Learning Lab

The Mastercard Foundation Savings Learning Lab is a six-year initiative implemented by Itad, in partnership with the SEEP Network. The Lab’s aim is to support learning among the Foundation’s savings sector portfolio programmes through increased alignment and effectiveness of monitoring and evaluation, and through the generation, synthesis, curation and dissemination of knowledge. Itad, as the Learning Partner, works across and with the Foundation’s partners, Foundation staff, and with the wider Savings Sector, to support actionable learning.

Expanding Financial Inclusion

Implemented by Catholic Relief Services, CRS tested and adapted their Saving and Internal Lending Communities (SILC) model and refined the Private Service Provider (PSP) fee-for-service model to make it pro-poor and sustainable. In total, 842 certified PSPs formed 20,273 groups, reaching 543,220 members.

Introduction

This brief describes the findings of an ex-post evaluation of the Mastercard Foundation-funded Expanding Financial Inclusion in Africa (EFI) program, delivered by Catholic Relief Services (CRS) and implementing partners in Burkina Faso, Senegal, Zambia and Uganda, from 2013 to 2017. Within EFI, Private Service Providers (PSPs) formed and supported Savings and Internal Lending Communities (SILC), providing vulnerable families with the opportunity to access easy, safe and regular opportunities to pool their savings, make loans to each other and earn dividends.[1]

The evaluation assesses the extent to which the PSPs trained and certified, and the SILC groups formed, during EFI were still functioning 19 months after the program ended; and the extent to which the PSP model has contributed to the sustainability of activities and results. Of the four former EFI countries, the program in Uganda was selected for this case study as its project sites had not received follow-on support from CRS or implementing partners after EFI, making it the most appropriate country in which to assess post-project sustainability in the absence of further intervention.

The evaluation forms part of Mastercard Foundation's commitment to programmatic learning through its Savings Learning Lab, a six-year initiative implemented by Itad in partnership with SEEP to support learning across its savings sector portfolio of programs.

1 Catholic Relief Services, "EFI Overview", 2017

Methodology

Quantitative and qualitative data was collected to generate findings against these key evaluation questions (EQs), through interviews and group discussions with: active and inactive PSPs, SILC groups, apprentices, community leaders and staff from non-governmental organizations (NGOs). Primary data were triangulated with project documentation and data to produce a fuller picture of similarities and differences between PSPs' and SILCs' project and post-project activities. We purposively sampled the districts in Uganda to maximize heterogeneity in the sample, ensuring key geographical and programmatic variations were represented within the sample. From a sampling frame of 17 districts, we chose six: Mbale, Tororo, Manafwa, Pallisa, Butaleja and Namutumba. These districts were either rural or 'extreme rural'[3] (geographical variation), and contained PSP networks that were perceived to be effective to varying degrees during the project and one district that did not have an active network at the start of the project (programmatic variations). We then interviewed individuals in each district who knew information relevant to the evaluation questions, and were willing and available to speak with us.

What is the PSP model?

In the PSP model, CRS and implementing partners train members of the community to facilitate the SILC groups, as is common among various versions of Savings and Loans Groups; however, the key difference in the PSP model is that SILC groups are responsible for paying the PSP a small fee for the services that they provide. The payment of fees in the PSP model, as tested within EFI, is meant to improve the sustainability of the program by incentivizing the groups' facilitators to form and train new groups, as well as providing continued support to existing groups, beyond the end of the project.

Under the PSP model, individuals are recruited and trained as Field Agents (FA). During their training, the FAs are paid by the project, receiving monthly stipends for the first cycle of the first six groups they form. Once FAs have been through the necessary training and have been supporting SILC groups for six to nine months, they may take an exam to become certified as a PSP. Once certified, PSPs begin to charge groups for their services, including monitoring groups' performance, supporting interest-rate and share-out calculations, helping group secretaries fill out group ledgers, and resolving group conflicts. The PSP model also proposes the development of peer networks for PSPs, to ensure that member PSPs continue to build their SILC groups' capacity and provide them with high-quality services; and to recruit and certify new PSPs using an apprenticeship approach.[2]

2 Catholic Relief Services, "Private Service Provider Implementation Manual", 2013
3 Communities situated in mountainous regions that were difficult to access.

Photo: Mikkel Ostergaard/Panos

Findings

Evaluation Question 1

To what extent is the PSP model still functioning after support has been withdrawn, and the project has closed?

The end of the project had not significantly affected levels of PSP activity, although there were other factors that affected PSP activity levels.
Many PSPs continued to form new groups despite the end of the EFI project. There were 56% more reported groups among the sampled PSPs at the time of data collection than there were at the end of the project. The rate at which PSPs were forming new groups had slightly increased to 0.98 groups/PSP/month at the time of the study, from the rate of new group formation during the project lifetime at 0.92 groups/PSP/month. The most common challenges in forming new groups were transportation (mentioned by 44% of PSPs interviewed), bringing people together in the same place at the same time (38%), and competition from other NGOs and "expectation of free things" (38%). PSP activity levels varied widely between individuals, ranging from 0 groups created in the last year, to 98 formed, and from providing existing groups with no support to providing them with a wide range of support

The end of the project had not affected group members' opportunities to access savings and borrowing services.
The total number of SILC groups had increased by 56% between the end of EFI and the evaluation field research, to 1,518 total groups – and an estimated 80 groups (5%) had dissolved. This dissolution rate compares favorably to a 2018 risk assessment study on savings groups in four African countries,[4] which found an average dissolution rate across countries of 18%. Further, 68% of SILC groups that responded to this question (n=19) reported that the amount they saved had increased over the past two years, and all of the groups said they would continue into the future.

4 Wheaton, A. (2018). "An Empirical Risk Assessment of Savings Groups," p. 7. Arlington, VA: The SEEP Network. Accessed on April 11, 2019 at: https://www.mangotree.org/files/galleries/SEEP_An-Emprical-Risk-Assessment-of-Savings-Groups_20180927.pdf

PSPs continued to receive remuneration for the work that they did, 19 months after project closure; however, there were inconsistencies in frequency and scale of remuneration, as well as variation in strategies to sensitize communities on the need to pay.
Almost all PSPs reported that their SILC income had made them better off than they were before. However, there were inconsistencies in frequency and scale of remuneration. Challenges for PSPs in getting paid by groups included: groups knowing "everything"; not being able to afford it; a decline in willingness to pay when other NGOs offered free services; feeling that the PSP was charging too much; insistence on non-payment by new members to groups with no history with the PSP; and group members who thought the PSP was getting a salary from elsewhere (from a NGO or government job, for instance) so did not see a need to pay.

PSPs and group members perceived that the poorest are encouraged and supported to participate in SILC groups; however, there were no clear differences in the approaches taken by PSPs in pro-poor and non-pro-poor project areas.
To try to bring in poorer households, EFI made adjustments to the SILC methodology, known collectively as the "Pro-Poor Package" (PPP). The PPP adjustments included, for example, training PSPs to identify and mobilize poor households, replacing a minimum savings with a "target" savings, removing fines for failure to save and reducing the pressure to take loans.

Some PSPs shared challenges in reaching the poor. Seventy-eight percent of responding PSPs thought SILC groups are important or helpful for the poor, and PSPs reported a range of techniques that they consider to be effective in engaging the poor. All SILC groups reported that the poorest participate in their own group. Tororo was the only sampled district in which PSPs were specifically taught techniques to encourage the poor to participate in SILC groups, but only one of the techniques mentioned by any of the PSPs was a specific pro-poor technique – and it was mentioned by a PSP not from Tororo. Further, none of the techniques the Tororo PSPs listed to recruit the poor into SILC were among the pro-poor techniques taught to them.

There were 56% more reported groups among the sampled PSPs at the time of data collection than there were at the end of the project.

Evaluation Question 2

To what extent are groups linked to other stakeholders, and for those that are, how do the linkages affect their sustainability?

Only four of the 24 groups were clearly linked with other stakeholders, and EFI had helped two of them to create these linkages.
Three SILC groups were linked to non-financial stakeholders without the direct support of EFI: one group is linked to the Uganda Women's Entrepreneurship Program (WEP), a second group is linked to a local program called Send a Cow, and a third is linked to Sun King solar lamp providers. Two of the four linked groups were supported by EFI to create their linkages to a financial institution, Post Bank Uganda and one of these groups is also the one linked to Send a Cow. All four linked groups are currently in higher cycles, but have many differences between them, suggesting that a SILC group does not need to have a specific set of characteristics to achieve links with other stakeholders, besides being well established.

A significant number of groups wanted to be linked to government and NGO programs, despite the low number of groups that had formed these links, suggesting there is a greater demand for these programs than there is supply of programs.
Sixty-four percent of SILC groups in the study expressed interest in being linked to other services or programs. Seventy-three percent of PSPs interviewed (n=30) stated that they had supported linking groups with other stakeholders. Some PSPs mentioned being paid by groups for registration assistance, which is required for groups to receive government programs, constituting another viable service through which PSPs can earn income from groups. The very low number of groups linked with external stakeholders means it is difficult to explain how these linkages affect sustainability of SILC groups or the PSP model. Indeed, both the few linked groups and many non-linked groups continued to function after project closure, so it is evident that linkages to government or FSPs are not a precondition for post-project group sustainability.

Evaluation Question 3

To what extent, and in which ways, have PSP networks continued to operate after the end of the project?

Half of the PSP networks established within the sample are still functioning to some extent, with many PSPs identifying peer support as the primary benefit of the network, and transportation costs as the primary barrier.
Two of the four PSP networks are still functioning. The active networks shared certain characteristics and had formed a SILC group among members. Seventy-four percent of PSPs stated that the greatest advantage of network membership is “assisting one another.” PSPs perceived that the most frequent barrier to network membership is the distance required to travel for regular meetings. This suggests that CRS and partners either did not establish the optimum geographic coverage for the networks or did not provide sufficient help to the networks to cover the costs associated with attending meetings.

All networks included core functions of collaboration, information-sharing and problem-solving; however, networks were not sufficiently supported or incentivized to fulfill complex functions, such as PSP quality assurance or consumer protection, and their coverage area and late implementation during EFI prevented some networks from continuing to function post-project.
CRS provides guidance on the mission, categories and functions of PSP networks; however, EFI provided PSPs with the flexibility to decide and prioritize their own network’s activities. The only CRS-recommended network functions common across all networks were collaboration, information-sharing and problem-solving. Some CRS-recommended network activities were not taking place across any networks, including service-quality assurance: There is no clear evidence that the networks provide consumer protection or ensure quality control of PSPs. CRS’ flexible approach to networks may be insufficient in providing the guidance, capacity-building or incentives required for PSPs to foster their networks’ capacity to protect their consumers. Further, CRS and partners set up the networks with insufficient time for these new organizations to develop fully before the end of the project, and splits in two networks indicate that the networks’ coverage areas – determined by implementing partner EADEN - were too large for the PSPs.

The most active networks comprise the most active PSPs, in terms of new group formation.
Additional analysis on active networks revealed a correlation between PSPs in active networks and the average total number of groups they created. The analysis shows that PSPs in the currently active Elgon and Namutumba-Butaleja networks created more total groups on average than PSPs in the less-active Pallisa-Kibuku and Tororo networks. The trend could suggest that motivated PSPs create motivated networks; or, conversely, it could suggest that motivated networks help keep PSPs active.

More than half of interviewed PSPs had apprentices supporting their work; however, opportunities for training, certification and remuneration varied, creating a risk of misleading some apprentices who would not have the opportunity to certify as PSPs and earn independently.
Fifty-three percent of interviewed PSPs reported that they had apprentices, and most claimed they were training their apprentices to become PSPs; although some respondents indicated that there should be more training. PSPs identified issues with PSP certification in areas with inactive networks, as certification is a network responsibility. Sixty-seven percent of PSPs with apprentices reported paying them. Although both apprentices interviewed during the field research said they were being paid, one was being paid a flat rate per month and the other had delayed payments, starting over one year after work began. Neither of these payment terms are in line with NGO guidelines , and some PSPs may mislead or exploit their apprentices due to there being no opportunity for certification in the corresponding PSP Network.

Evaluation Question 4

How has the value for money of the PSP model evolved since the end of the project lifetime, with specific analysis of cost-per-member?

The cost-per-member of the PSP model has decreased since the end of EFI, demonstrating that the value for money of the project has improved since the program end as results are sustained. Due to the absence of costs and the increase in SILC group members since the end of the project, the cost-per-member had decreased from the $13.91 during the project lifetime to $9.03 at the time of field research, demonstrating an improvement in the value for money of the project since its closure.


Photo: Crispin Hughes/Panos

Conclusions and recommendations

We conclude that the PSP model appeared to be highly sustainable, 19 months after the end of the EFI project. PSPs were forming new groups at a slightly increased rate than during the during the program. However, PSPs faced challenges in establishing continued remuneration from SILC groups in higher cycles for a fair service provided. Community members continued to access savings and loans within their own communities, due to the ongoing activities of PSPs and SILC groups. However, very few SILC groups had been linked with other programs. Only half of the networks were still functioning, which may be due to issues in the geographical coverage and timing of network set-up. Further, PSP networks have not had sufficient support to adopt some core network functions, such as consumer protection and PSP quality assurance.

Recommendation 1

Continue to implement the PSP model for supporting savings and lending groups in rural African countries, with some adaptations to improve the services for older groups and the networks.

Our analysis indicates that the PSP model has generated activities and results that have been sustained beyond the end of the project lifetime in Uganda. This is a significant achievement, which suggests that the model of savings groups paying group facilitators for their services is an effective approach to providing community members with savings and lending opportunities within their own community without ongoing NGO intervention. We have identified some opportunities to increase the support to PSPs in their services for older groups and in their network activities, as outlined in the recommendations below, which we believe would improve the PSP model.

Recommendation 2

Establish the optimum design of PSP networks through further study to ensure appropriate geographical coverage, define necessary duration of network implementation before project closure, contextualize characteristics associated with active networks and determine the causal factors in active networks supporting active PSPs.

The link between active networks and high activity levels of PSPs within our small sample of networks within the Uganda program suggests that the network component of the program has the potential to reinforce the effectiveness of the PSP model. We recommend that links between network activity and PSP performance are explored through further research. In order to support improved network results, we propose the following to strengthen the PSP networks in future programs:

- Work collaboratively with PSPs to agree appropriate travel distances to attend network activities; use these distances to inform the geographic coverage of PSP networks.
- Initiate network start-up earlier in project implementation, allowing sufficient time for networks to establish themselves and embed activities that will support them to be self-sustaining.
- Review the characteristics and activities of active networks and build the evidence base on implementation and effectiveness of these characteristics and activities within PSP networks. Doing so can help inform network members’ prioritization of their own activities.

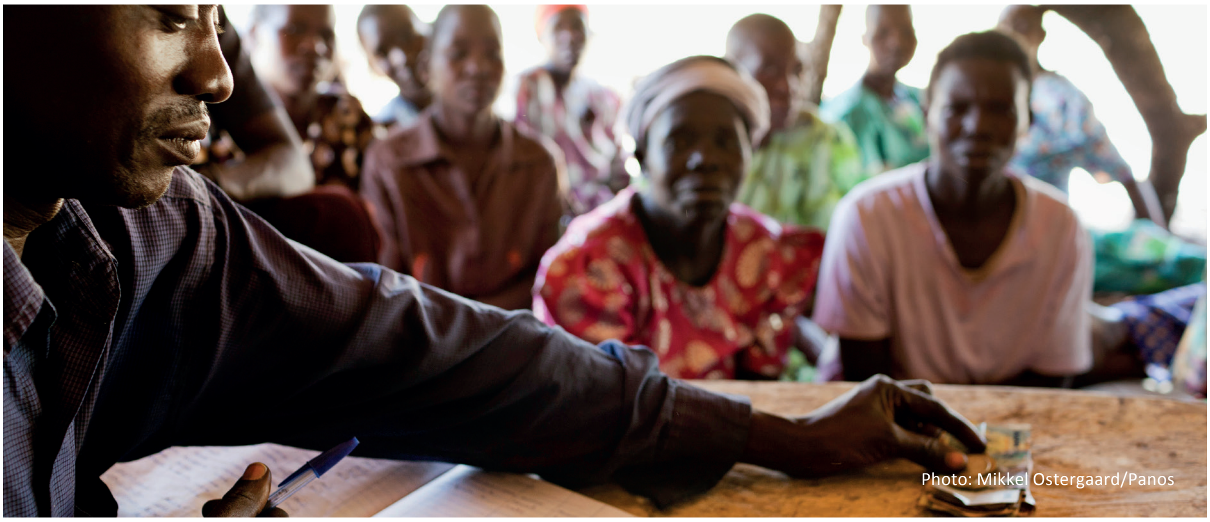

Photo: Mikkel Ostergaard/Panos

Recommendation 3

Offer more guidance for PSPs in providing paid, fair services for higher-cycle groups.

We recommend that future PSP programs provide more guidance or capacity-building to PSPs on how they can support higher-cycle groups, in particular in the kinds of activities that SILC groups may continue to demand and for which they are likely to pay. Given the high proportion of older SILC groups and PSPs that report PSPs' support with loan recovery in this study, it may be appropriate to include this in the package of services to older groups. Guidance on how to link mature SILC groups to other stakeholders may warrant inclusion in training for PSPs to support older groups – if CRS wants these linkages to be developed, as they are not being developed without specific efforts by CRS and implementing partners. More intensive and sustained support to PSPs on how to develop paid services for older groups will mitigate the risk of PSPs exploiting older groups by limiting SILC groups' knowledge (so that they cannot become self-sustaining). We propose including related questions in program needs assessments to provide further evidence on these potential needs in each program context.

Recommendation 4

Build the capacity of PSPs to deliver core functions of networks, in particular consumer protection and quality assurance of PSPs.

If consumer protection and quality assurance of PSPs are considered to be a key role of networks, then we recommend that CRS and implementing partners increase the capacity-building provided to PSPs on how to fulfill this role. In addition to capacity-building, we recommend that CRS and implementing partners consider how these tasks could be structured to incentivize PSPs to undertake the responsibilities. Consumer protection and quality assurance of PSPs are critical to ensuring that SILC groups are receiving a fair and honest service. This recommendation builds upon Recommendations 2 and 3. Further to this, we believe the delivery of all of these recommendations will promote the fair conduct of PSPs towards apprentices and helpers, providing them with opportunities for certification and independent earnings.

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