Independent Office of Evaluation

IFAD
Investing in rural people

Inclusive financial services for the rural poor

Evaluation synthesis

Approach paper

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Contents

Abbreviations and acronyms

APR	Asia and Pacific Division of IFAD
CGAP	Consultative Group to Assist the Poor
CLE	corporate-level evaluation
CSPE	country strategy and programme evaluation
ESA	East and Southern Africa Division of IFAD
FAME	Financial Assets, Markets and Enterprises
FS	financial services
FSP	financial service provider
IFS	inclusive financial services
IOE	Independent Office of Evaluation of IFAD
MFI	microfinance institution
PARM	Platform for Agricultural Risk Management
PE	project evaluation
PPA	project performance assessment
PPE	project performance evaluation
RFP	Rural Finance Policy
SDG	sustainable development goal
UNSGSA	United Nations Secretary–General's Special Advocate for Inclusive Finance for Development
WCA	West and Central Africa Division of IFAD

I. Background

A. Introduction

1. The Independent Office of Evaluation (IOE) produces evaluation syntheses on selected topics every year, in compliance with IFAD Evaluation Policy. The main aim of such syntheses is to facilitate learning and the use of evaluation findings by identifying and capturing accumulated knowledge and findings across a variety of common themes. Synthesizing existing evaluation material allows evaluation evidence to be packaged and fed into the decision-making process when neither the time nor resources are available to undertake a full-fledged evaluation.

2. The synthesis will provide learning opportunities for IFAD by identifying and capturing accumulated knowledge from existing evaluative, and other credible, evidence on how inclusive rural finance can enhance IFAD's development effectiveness. The draft report will be shared for discussion with IFAD Management and, as part of IOE's approved programme of work, will be presented to the Evaluation Committee in 2019.

3. The preparation of this synthesis is timely. **Rural finance constitutes a significant part of IFAD's investment portfolio**. Since 1981, IFAD has financed rural finance activities in 495 of 1,052 investment projects (47.1 per cent), worth US$3.3 billion out of 18.1 billion (18.2 per cent).[1] In addition, IFAD had provided grants on rural financial service activities worth US$69.1 million out of US$1.2 billion (6 per cent).

Box 1
Overview of terminology (from IFAD Rural Finance Decision Tools, 2010)

Rural finance. Financial services that focus on households and businesses in rural areas, encompassing both agricultural and non-agricultural activities, and targeting poor and non-poor women and men.

Agricultural finance. Financial services that focus on on-farm activities and agricultural businesses, without necessarily targeting poor people.

Rural microfinance. Financial services that focus on relatively small-scale producers and services targeted to poor clients in rural areas.

Value chain finance. Financial products and services that flow to or through any point in a value chain in order to increase the returns on investment, growth and competitiveness of that value chain.

4. IFAD's approach to rural finance has come a long way since IOE has conducted the **last corporate level evaluation (CLE) of the first rural finance policy 2007**. A revised rural finance policy was adopted in 2009. Since then, IFAD has been striving to expand the range of rural finance approaches and instruments in its operations. After 10 years this synthesis provides an opportunity to take stock and learn from the experiences.

5. In its current Strategic Framework (2016 – 2025) IFAD recognises the need to diversify its toolbox and introduce innovative financing instruments. The framework also envisages that rural finance is intrinsically linked with the **inclusive rural transformation agenda**. The changing environment and the global development agenda place new demands on the financial sector, to diversify services with an explicit focus on client-centricity and increase outreach to those hard to reach. Several international development agencies active in the sector are therefore currently reviewing their strategies for the sector.[2] It is expected that funding for access to finance will continue to grow since it has been increasingly recognized as

[1] As of January 2018. Data derived from GRIPS
[2] According to the 2016 CGAP survey at least eight major funders representing 30 per cent of all commitments

important enabler of other development objectives, apart from financial systems development.

6. **Conceptual clarification.** The topic for this synthesis has been set as 'rural finance' in line with the terminology used by IFAD since its inception. In this approach paper IOE proposes to use **'inclusive financial services (IFS) for the rural poor'** (sometimes also called inclusive rural finance) instead to highlight the emphasis on 'inclusion' within IFAD's forward-looking agenda.

   a. IFAD has a strong focus on inclusive development in its policies and strategies, as for example emphasised in the policies on targeting (2008), gender (2012) and indigenous peoples (2012).

   b. The current IFAD Strategic Framework (2016 – 2025) has 'inclusive financial services' as an area of thematic focus and highlights that "inadequate access to appropriate financial services is a key factor underlying rural poverty; it perpetuates rural people's economic and social exclusion and greatly curtails their ability to expand their assets and sustainably engage in productive activities" (p. 23).

   c. The 2017 high-level conference on inclusive rural transformation specifically addressed the nexus of rural investment and rural transformation, and financial inclusion.

   d. Focus on 'rural financial inclusion' also features in the IFAD11 documents.[3]

7. In the last decades, the terms used for this field have changed considerably, in line with important changes of the underlying concept (see below). More recently, there has been an increasing focus on financial inclusion globally, as will be explained further in this approach paper.

[3] For example Leaving no one behind: IFAD's role in the 2030 Agenda. December 2017.

Table 1
Evolution of terminology and concepts over time

Time	*Terminology*	*Definition*	*Difference to prior*
Ca. 1970 - 1990	Microcredit	**Small loans that are mostly privately provided**: Fostering enterprise development by providing access to small productive loans	From directed and subsidised agricultural credit as promotional instrument to cost-covering services provided by Microcredit organisations, often NGOs.
Ca. 1990	Microfinance	**Low-income**: "Microfinance is the provision of financial services to low-income people" (CGAP)[4] **Small loans, savings**, other financial services slowly emerging like remittances, payments and micro-insurance	Recognizing that poor households need access to the full range of financial services to generate income, build assets, smooth consumption, and manage risks—financial services that a more limited microcredit model cannot provide. Provided by the range of different MFIs, which could include formal MFIs, banks and even government-MFIs.
2000 onwards	Access to finance	"Access to financial services—financial inclusion" is generally used as a synonym for financial inclusion.[5] See below. The un- and underserved.	Going beyond "microfinance": new product and services, a wider range of populations (upmarket and downmarket of the populations reached by microfinance), a broader range of FSPs including FinTechs or sales platforms, facilitated by a range of polices (beyond financial sector policy) and new actors offering financial services in rural areas (e.g. the mobile money providers).[6]
2000 onwards	Financial inclusion	**Financial inclusion** efforts seek to ensure that all households and businesses, regardless of income level, have **access to *and* effectively use** the appropriate financial services they need to improve their lives.[7] (CGAP)	The more recent financial inclusion debate refers to the quality of financial inclusion. It recognises that simple access is not sufficient, as people may have access but do not use the services. Therefore, emphasis is now put on "usage".

B. Global challenges and demands on the rural finance sector

8. **Access to finance highly relevant as catalytic tool.** Access to financial services has long been seen as an important strategy to lift people out of poverty by allowing them to seize economic opportunities and increase their welfare. The United Nations Secretary–General's Special Advocate for inclusive Finance for Development (UNSGSA)[8] has highlighted financial inclusion as a catalytic tool to unlock development opportunity and improve the lives especially of the poor. Financial services are key to leveraging investment opportunities, transforming ideas into productive ventures, scaling up projects and making value chains sustainable, thereby improving the social and economic well-being of smallholders, the vulnerable and remotely living, and finally, contribute to economic growth.

9. **UN organisations working on financial inclusion.** Several UN agencies, in addition to IFAD, have a clear focus on fostering financial inclusion, specifically the Food and Agricultural Organisation, the International Labour Organization and the United Nations Capital Development Fund, whereas the latter is the dedicated vehicle of the UN to foster financial inclusion and local development finance.

10. **Financial inclusion is seen as crucial for achieving many of the 2030 Sustainable Development Goals (SDGs).**[9] Access to finance is recognized as contributing directly to goals on good health (SDG 3), quality education (SDG 4) and gender equality (SDG 5), and access to clean water (SDG 6) and energy (SDG 7), while it is said to have an indirect role in achieving broader goals such as no poverty (SDG 1), reduced inequality (SDG 10), and peaceful solutions (SDG 16). Other important references are made to no hunger (SDG 2), decent work

[4] CGAP, FAQ http://www.cgap.org/about/faq
[5] World Bank Finance for All, 2008
[6] Adapted from https://cfi-blog.org/2013/02/27/microfinance-vs-financial-inclusion-whats-the-difference/
[7] CGAP, FAQ http://www.cgap.org/about/faq
[8] https://www.unsgsa.org/
[9] Achieving the Sustainable Development Goals, The Role of Financial Inclusion, CGAP and UNSGSA (April 2016)

(SDG 8) and climate action (SDG 13), for example under the topic of remittances[10] and inclusive insurance.[11]

11. **Global investments increasing**. The sector counts on more than two decades of microfinance, access to finance or financial inclusions support, often considered as a stand-alone development agenda. According to the latest Consultative Group to Assist the Poor (CGAP) Funders Survey (2017)[12] the total funding commitment for financial inclusion has grown to $37 billion in 2016. This marks a 9 per cent increase against the previous year. Most of the 54 funders surveyed anticipate increasing commitments.

12. **Global and national commitments supportive**. The members of the Alliance for Financial Inclusion, a global network of 114 central banks and other financial regulators of 95 developing and emerging countries, have signed the Maya Declaration as of 2017, a commitment to pursue and measure national financial inclusion targets.[13] For the G20, several years after their initial commitment in 2010, financial inclusion remains a priority as it is recognized to be "*capable of bolstering sustainable, balanced, inclusive economic growth at the macro level and promoting economic and social inclusion at the household and enterprise level especially among financially excluded and underserved populations*."[14] The global visibility of the topic is helping national policymakers and regulators to pursue the goal of financial inclusion in their policies and strategies. Global guidance for both countries and donors is available for measuring financial inclusion with a variety of data sets being tracked at the supply and demand side.[15]

13. **Poverty impact.** The impact of the traditional financial services for the poor, namely credit, savings and payments services to the overarching SDG 1 on poverty has been highlighted by numerous studies, namely that access to bank accounts and payment services are having a measurable impact on poverty reduction by improving the ability of poor people to draw on wide social networks in times of trouble, significantly improving their resilience to shocks, and reducing the chances that they fall deeper into poverty. Regarding newer financial services and financial support strategies such as insurance, agricultural leasing and digital finance, evidence needs to be built about the impact these new solutions have on poor people and businesses.

14. **Access gap**. Despite the efforts of funders and policymakers, and the progress of 700 million people having access to formal financial services, still more than 2 billion adults in the poorest households are unbanked. According to the World Bank's Universal Financial Access by 2020 goal (UFA2020), between 2011 and 2014, the percentage of people across the globe that own a transaction account with a bank, another financial institution or a mobile money provider has increased from 42 per cent to 54 per cent, whereas this figure varies a lot between world regions (e.g. sub-Saharan Africa has increased from 24 per cent to 34 per cent).[16] However, the GSMA confirms that many of the accounts people have opened with mobile money providers are dormant. The situation is worse for the poorest, of which 3 billion are living in rural areas.[17] Among those living below US$2 per day, 77 per cent lack a formal account.[18] Access for agricultural investments and value-chain stakeholders also remains a huge challenge.

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[10] Remittances, investments and the Sustainable Development Goals, IFAD 2017
[11] Inclusive Insurance and the Sustainable Development Goals, GIZ 2017
[12] http://www.cgap.org/publications/international-funding-financial-inclusion
[13] AFI, Maya Declaration quick guide to formulating measurable targets (August 2017)
[14] Global Partnership for Financial Inclusion (GPFI), 2017 progress report to the G20 Leaders
[15] How to measure financial Inclusion. http://documents.worldbank.org/curated/en/350551468130200423/pdf/953850BRI0Box30Inclusion0Strategies.pdf
[16] http://ufa.worldbank.org/global-progress
[17] IFAD Scaling-up note 2015
[18] http://www.cgap.org/blog/measuring-financial-exclusion-how-many-people-are-unbanked

15. **Rural situation.** In four of six main regions of the word, living in "rural" areas is a synonym with the least financially served group among the financially excluded: in rural areas, between 56 per cent and 72 per cent are still financially excluded, a figure which is only topped by being female in some regions.[19] There is a large finance gap in many rural markets, with a focus on the lower-developed countries and remoter rural regions. Access to finance in rural areas is much weaker compared to financial services available in urban areas, especially in the lesser-developed and less densely populated regions. Challenges are lying at the different levels of the financial system (see box 2), while other overall factors hindering development in rural areas are negatively impacting access to finance, such as weak infrastructure and education levels. A recent World Bank evaluation highlights that by 2020, one billion may still lack access to finance, whereas the financially excluded can be expected to live predominantly in rural areas.[20] According to the GPFI, there is a heavy demand for investment capital and sustainable financial services for rural areas and agricultural activities necessary for global growth and food security: The FAO estimates that many of the 500 million family farms, of which most less than 2 hectares, are not obtaining the financing needed.[21] The situation is not much better for value-chain financing in rural areas, which includes larger enterprises and farms, also important for rural livelihood development.

16. **Beyond basic accounts and the potential of access.** The significant global and national commitments, and many years of lessons learned and continuously improving approaches in promoting financial inclusion, much remains to be done to make universal access a reality. UFA2020 envisions that women and men alike worldwide will be able to have access to a transaction account or an electronic instrument to store money, send payments and receive deposits as a basic building block to manage their financial lives.[22] Notably, CGAP emphasises that enabling access for the poor does not mean they are using this service, and hence the more recent focus on customer centricity to foster usage.

17. **What lies ahead, what is required?** The funder's trend that financial inclusion may not be supported anymore as a stand-alone objective but rather serves as input to other developmental efforts should not imply that the holistic financial systems approach is left behind.[23] Only support at all levels simultaneously can bring lasting impacts in financial service provision and usage. Both traditional and digitally supported financial service providers (FSPs) likewise are necessary, to avoid that the risk of a digital divide may strike, and engagements directed at sector level, to clients and also involving policymakers and regulators.[24] However, in a rapidly changing environment with scenarios like digital technologies spreading, climate change striking, globalisation impacting capital and information, more domestic and international migration, and the changing nature of work, financial inclusion supports needs to anticipate opportunities and threats ahead, to serve poor people universally and ensure they are using financial services to their benefit.

[19] McKinsey Global Institute. 2016. Digital finance for all. Powering inclusive growth in emerging economies.
[20] IEG, Financial Inclusion—A Foothold on the Ladder toward Prosperity? 2015
[21] New Tends in Agricultural Finance, GPFI 2015
[22] http://www.worldbank.org/en/topic/financialinclusion/brief/achieving-universal-financial-access-by-2020
[23] Inclusive Insurance and the Sustainable Development Goals, GIZ 2017
[24] http://www.cgap.org/publications/vision-future-financial-inclusion-2025

II. Overview of IFAD policies and operational approaches in rural finance

A. IFAD's mandate and strategic focus

18. **Mandate**. IFAD is the only international financial institution with a specific mandate to reduce rural poverty through investments in agriculture and rural development. It was established as a specialized UN agency and an international financial institution in 1977 to mobilize resources to invest in development opportunities for poor rural people. The fund works in close collaboration with borrowing country governments, private stakeholders and local communities to design, supervise and assess country-led programmes and projects that support smallholders and poor rural producers.

19. Since its establishment in 1978, IFAD pursued the goal of self-sustainability of poor rural people in order to eradicate rural poverty, investing in agriculture and foster rural transformation through different approaches and channels. In these efforts, easing the access to financial services for the productive rural poor and their undertakings has always been a key element of IFADs policy and strategies.

20. **IFAD Strategic Framework 2007–2010.** This Strategic Framework recognizes that poor access to financial services is a continuing factor in rural poverty. "A broad range of financial services" is one among six strategic objectives. The financial services (FS) referred to are savings, investment and working capital, remittances, money transfer, and collateral. Apart from microfinance institutions (MFIs) and banks, community-based financial service provision is emphasised.

21. **IFAD Strategic Framework 2011-2015** establishes that IFAD will step up efforts on increasing the capacity of FSPs to provide a broad range of inclusive services to poor rural people for both farm and non-farm activities. IFS is not a strategic goal anymore as in the former framework, but one of eight areas of thematic focus and recognised to be instrumental for several other thematic areas.[25] In addition to the above FS, insurance and transfer services are now mentioned as FS poor people need. It also suggests paying greater attention on programmes that foresee the involvement of both public and private sector actors, greater engagement at policy formulation level in member states and more effective implementation of its knowledge and advocacy role. The systemic approach at all levels of the financial system is confirmed.

22. **2016 IFAD Rural Development Report**. The shift toward a more client-oriented approach is one of the pillars of the 2016 IFAD Rural Development Report. Indeed, this kind of approach is considered of greater impact in remote areas because it favours the promotion of innovations both at the supply side (financial institutions) and the demand side (clients). Besides, it suggests the accompaniment and development of external funders and agencies, considered as entities able to foster inclusive rural finance systems. Client orientation is demanded in particular for macro level interventions, where the Report urges the establishment of client protection-oriented legislation and implementation guidelines.

23. **The IFAD Strategic Framework 2016-2025 includes a comprehensive reference to IFS, their relevance and presents an increasingly varied approach.** [26] It emphasises the fact that inclusive financial systems are critical in inclusive rural transformation because they offer the capital needed to generate diversified rural enterprises and employment opportunities, contributing to widely based and equitable growth. Reference is made to "a range of approaches and products and contractual arrangements within agricultural value chains". It also reaffirms the engagement of IFAD at all three levels of the financial sector (micro,

[25] Executive Summary of IFAD's Strategic Framework, 2011 - 2015
[26] IFAD Strategic Framework 2016 - 2025

meso, and macro) for the overall goal of strengthening financial inclusion for rural populations. Notably, a wider range of FSPs is referenced including insurers and mobile payment platforms. IFAD has also been hosting two thematic multi-donor engagements such as the Platform for Agricultural Risk Management (PARM)[27] and the IFAD Financing Facility for Remittances.[28]

Box 2
IFS intervention levels (from IFAD Strategic Framework 2016 - 2025)

Macro level: improving the policy environment governing rural finance systems by supporting the strengthening of legal, regulatory and supervisory frameworks

Meso level: developing efficient support infrastructure for the rural financial sector by building both human and institutional capacity, such as through credit reference bureaux, collateral registries, mobile payment platforms and training and certification institutes for rural financial service providers, remittance payments systems and postal networks

Micro level: expanding outreach and development of new products and services offered by banks, microfinance institutions, insurance companies, money transfer operators, cellular phone companies, and leasing and equity companies

24. The Framework also highlights **insights generated** in the recent past: that evidence is available that risks and shocks need to be addressed in a comprehensive manner, that emphasis need to be put also on innovations in agricultural finance such as value-chain financing or linking formal and informal channels to expand outreach, and that national policies that set concrete financial inclusion targets are instrumental in increasing rural financial inclusion. Finally, key principles are mentioned mainly to provide broader and more holistic policy advice to manage inclusive rural finance within rural transformation, strengthen the financial capability of rural women and men to support their long-term productive capacity and ensure that financing is delivered in a timely and strategic manner. The present strategic framework is dealing with IFS in a much comprehensive way, from the type of financial product or service, to a broad range of bank and non-bank provider types, and newer arrangements (like value chain financing) but also including member-owned organisations.

25. **Evolution of strategic frameworks over time**. The three consecutive strategic frameworks and especially this latest one, reflect how IFAD’s strategic thinking regarding access to finance - its rationale, its partners and approaches and outcomes has – evolved (or developed) over time in the last decade since 2007.

[27] Where are we? Our Results. PARM Factsheet May 2015
[28] Financing Facility for Remittances: a migration and development programme, IFAD et al (flyer)

Table 2
Integration of RF/IFS in IFAD's Strategic Frameworks

2007 – 2010[29]	2011- 2015	2016 – 2025[30]
IRFS mentioned as one of six IFAD strategic objectives: *'A broad range of financial services, which the poor have better and sustainable access to for productive and household needs'.* The **broader range of financial services** should be made up of a diversity of sustainable financial institutions (MFIs, banks and member-owned institutions) to provide a range of services to poor rural people. Reference is given to savings, investment and working capital, remittances, money transfer, and collateral. A **systemic approach** is recommended with engagements at the three levels: micro, meso and macro.	**Five IFAD strategic objectives, however, IRFS not part anymore:** **However, IRFS are clearly positioned: "**At the programme and project level, and as one thematic area, IFAD will step up efforts on: increasing the **capacity of financial institutions** to provide a broad range of inclusive services to poor rural people." **Engagement at three levels of FS important.**	**IFAD strategic objectives:** 1. Increasing poor rural people's productive capacities in a sustainable and resilient manner; (under which **"inclusive financial services" is one area of thematic focus)** 2. Increasing and improving their engagement in markets, while enabling them to better manage related risks; and 3. Strengthening the environmental sustainability and climate resilience of their economic activities. **Dedicated section on Inclusive Financial Services.** Reference to **IFAD Rural Finance Policy** and supported by mechanisms such as the IFAD Financing Facility for Remittances. Support to **innovative financial instruments**, such as weather index-based insurance, to increase the ability to cope with risk at the household level, continue to work through the multi-donor Platform for Agricultural Risk Management PARM initiative, hosted by IFAD, to promote risk management capacity for the agricultural sector in developing countries. **Other important themes:** o National Strategies and financial inclusion targets o Broader and more holistic policy advice o Value-chain financing and linkages between formal and informal channels o Informal financing arrangements are insufficient

B. IFAD policies on inclusive financial services

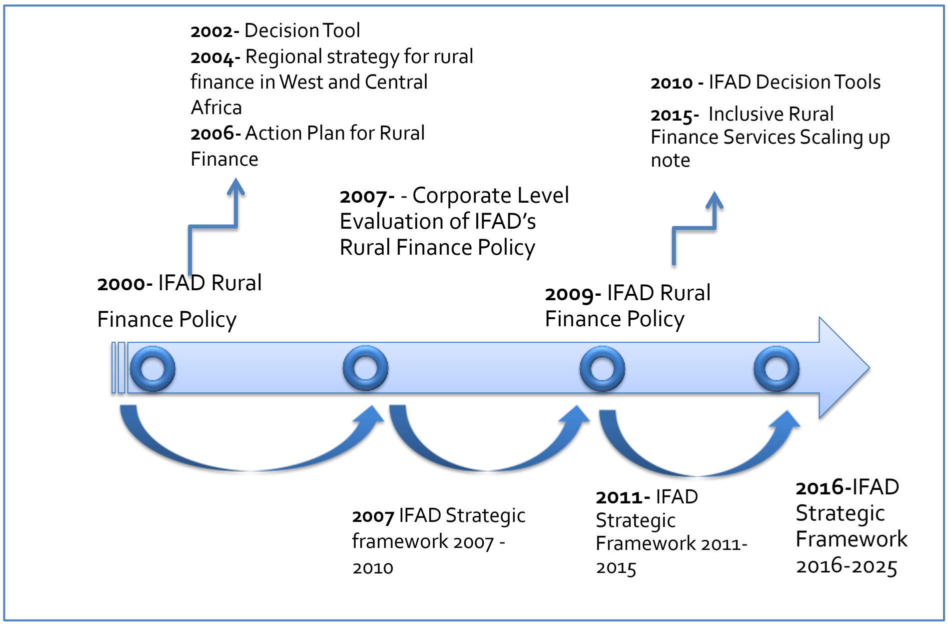
26. **First Rural Finance Policy (2000).** The centrality of rural finance in achieving sustainable poverty alleviation led to the first Rural Finance Policy (RFP) in May 2000. The Policy was designed to provide an overall framework for IFAD's work in rural finance, which represented a huge change for IFAD interventions, acknowledging the inefficiency of the rural finance tools that had been used during the previous years. In particular, the Policy stated the unsustainability and inefficiency of projects based on subsidized credit covered by government guarantees and credit channelling through agricultural development banks that distorted rural financial markets and resulted in poor outreach. Rural finance being one the essential tools to be used in combating rural poverty, the purpose of the RFP was set as "*to increase the productivity, income and food security of the rural poor by promoting access to sustainable financial services… strengthen the capacity of rural financial institutions to mobilize savings, have their costs covered and loans repaid, and make a profit to increase their saver and borrower outreach… bridging gaps in equity or loanable funds until institutions are fully self-sustained*".[31] The RFP called for a focus on strengthening sustainable rural financial

[29] IFAD Strategic Framework 2007-2010, Summary; and full document
[30] IFAD Strategic Framework 2016 - 2025
[31] IFAD Rural Finance for the poor, from unsustainable projects to sustainable institutions (April 2001)

institutions, and in IFAD engagements, addressing four main challenges: 1) encouraging stakeholder participation, 2) building a differentiated rural financial infrastructure, 3) enhancing institutional sustainability with outreach to the rural poor, 4) promoting a conducive policy and regulatory environment.[32]

27. **Reference to the Rural Finance Policy in other strategies and tools.** In order to improve rural finance project quality as on-going effort, IFAD also developed a first set of Decision Tools (focused on the effectiveness of Rural Finance projects), Learning Notes, organised a donor peer review in 2003, and developed an action plan for rural finance (aimed at guiding rural finance project design, implementation and monitoring).[33] The new approach in rural finance projects is reflected in the Regional Strategy for Rural Finance in Western and Central Africa (2004). The Strategy emphasises the need to give up on credit provision within a project, favouring the new approaches of the RFP, and focusing on the strategic objectives 1) *to increase outreach and viability of rural finance, 2) To strengthen implementation capacity at all levels (IFAD staff, project staff, regional collaborators, target group/clients) for more effective rural finance interventions; and 3) to improve microfinance institution monitoring and reporting and impact assessment of rural finance interventions.* Notably, the overall IFAD Strategic Framework 2002-2006 had defined rural finance as one of three strategic objectives, given the significant size of portfolio in this area.

Figure 1
Timeline for IFAD policies and strategies on IFS



28. **Second, updated Rural Finance Policy (2009)[34] with new guidance.** The 2009 RFP was deeply influenced by the results of the 2007 CLE, and responding to global challenges such as such as a widening financial crisis, volatile food and agricultural commodity prices, and the perils of climate change. Another important reference was the IFAD Strategic Framework 2007- 2010 as major corporate policy, emphasising "*the importance of developing inclusive financial systems and fostering innovations to increase rural poor people's access to a wide variety of financial services, including savings, investment and working capital loans, insurance and remittances*." Finally, the independent appraisal of IFAD's aid effectiveness in rural finance (2009) was used as external source. Notably, apart

[32] Note that the RF Policy 2009 refers here to only three „major area of work, page 13
[33] For Details, see para 55. CLE 2007
[34] In 2009, approximately 20% of IFAD's investment were focused on rural finance

from the stand-alone goal of improving access to finance for unbanked rural populations, rural finance was now being conceived as a tool to achieve multiple other development goals. IFAD's approach in rural finance was also recognised to tackle cross-cutting themes such as women's empowerment and natural resource management.

29. **The new RFP structures interventions according to three-levels.** A novelty was the holistic approach followed, targeting three levels of the financial system: The micro level (focus on individuals and sustainability of financial service providers, FSPs), meso level (focus on the building of effective financial markets, second-tier institutions and apexes) and macro level (dealing with governments, support policy and sector strategy formulation, and regulation and supervision of FSPs). It also emphasized a market orientation and business approach in supporting the expansion of rural financial services. The new Guiding Principles (see Annex 3) were also seen as a key element. Finally, results monitoring and strengthening and documenting IFAD's rural finance capacities and knowledge were addressing improvements of its internal capacity, as well as the call for experimenting with innovative finance instruments. Complementary Decision Tools for rural finance were announced, which were issued starting in 2010 (see the following chapter).

C. Operational guidance and approaches

Operational guidance related to IFS by the Unit in charge of providing technical advice related to IFS/rural finance (under the Financial Assets, Markets and Enterprises team)**.** Earlier guidance comprise the Decision Tools of 2002 under the first RFP, accompanied by learning notes, both of which had the objective of guiding rural finance project design, implementation and monitoring.[35]

The later generation of guidance was developed after the revised RFP. Table 2 sets out the documents produced in an on-going manner after the adoption of the revised RFP, starting in 2010.

Table 3
Key tools specifically addressing IFS: IFAD manual, guides and toolkits

Document title	*Year*	*Type of document and purpose*
IFAD Decision Tools for Rural Finance	2010	**Manual:** Knowledge-management tool for decision-making support for project development and implementation
1. Community-based financial organizations 2. Key performance indicators and performance-based agreements in rural finance 3. Lines of credit 4. Loan guarantee funds	2014	**Toolkits:** Inclusive rural financial services toolkits on key issues faced in addressing rural finance in rural development programmes Each theme comes with **three documents**: "teaser", "how to", "lessons"
5. Youth access to rural finance	2015	Toolkit: Three documents as above
Scaling-up note: Inclusive Rural Financial Services	2015	Single note
6. Digital financial services for smallholder households	2016	Toolkit: Three documents as above
7. Formalising community-based MFIs	2016	Toolkit: Three documents as above

30. The revised **Decision Tools for Rural Finance** (2010) provides guidance by a set of good practices to financial service providers but mainly for country strategic opportunities programme/project design teams. It is a comprehensive manual for

[35] CLE 2007

decision making during project development and implementation, detailing four major themes: (i) assessing the market; (ii) designing a project; (iii) assessing and selecting project implementation partners; (iv) and conducting performance monitoring and evaluation.

31. The **RFS toolkit series** was initiated in 2014. Several toolkits are available on key issues faced in addressing rural finance in rural development programmes. The purpose of the toolkits is to build the capacity of project design and implementation teams in various thematic areas, support the scaling up agenda, and to support policy dialogue. Each of the seven IFS toolkits is composed of a *Teaser* that sets out the scope, a *How to Do* note that conceptualizes key issues and provides guidance for design and implementation, and a *Lessons Learned* note that analyses past experiences with recommendations for the future.

Box 3
The joint "Improving Capacity Building in Rural Finance" (CABFIN) Project

The "**Improving Capacity Building in Rural Finance**" (CABFIN) project is a collaboration effort among its partners IFAD, FAO, GIZ/BMZ, UNCDF and the World Bank. This project aims to jointly facilitate knowledge dissemination and capacity development for relevant public and private stakeholders working to increase the availability of a wide range of financial services adapted to the needs of rural livelihoods, thus, contributing to rural development and poverty reduction. This led to the creation of the **Rural Finance and Investment Learning Centre** (RFILC) website in April 2004. The RFILC is a knowledge platform managed by The Rural Infrastructure and Agro industries (AGS) division in FAO and funded the CABFIN partners. Through the RFILC, the CABFIN project gathers a user network that disseminates the most relevant resource documents and capacity development material from around the world. This joint initiative supports the development of new training manuals, policy guides, multimedia and on-line training material in English, Spanish and French.

32. The **Scaling-up note on IFS** (2015) is the newest guidance that goes beyond a specific theme (such as the toolkits of 2016), and importantly, includes insights from a 2010 external evaluation of IFAD's rural finance approach.[36] The note recognises the limitations of IFAD engagements in providing support at all three levels of intervention, resulting in the recommendations to "(i) understand the level of government commitment to driving the financial inclusion agenda; (ii) define IFAD's comparative advantage in developing inclusive RF systems, the comparative advantages of other donors and their objectives and activities in promoting financial inclusion; and (iii) assess the ability and willingness of the private sector to engage in the development of an inclusive financial market." The note highlights IFAD rural finance principle 5 (of the RFP), namely to "develop and support long-term strategies focusing on sustainability and poverty outreach, given that RF institutions need to be competitive and cost-effective to reach scale and responsibly serve their clients". It sets out IFAD's three main pathways to scaling up, which are policy engagement, project financing, and knowledge generation. For example, regarding the latter, the note identifies the lack of clear exit strategies in project design as a limitation for further replication of successful interventions, and also, a factor undermining the sustainability of development programmes. In that sense, the note goes somewhat beyond the technical guidance of all other notes, but instead, provides guidance for project strategies and project management issues.

33. The following **additional documents** are supporting design and implementation of IFS interventions.

[36] Scaling Up the Fight Against Rural Poverty: An Institutional Review of IFAD's Approach, Global Working Paper 39 Linn, et al (Brookings 2010)

Table 4
Additional documents referring to IFS or rural finance (after 2009)

Document title	*Year*	*Type of document and purpose*
Agricultural value chain finance strategy and design	2012	Technical Note
A field practitioners Guide - Institutional and organizational analysis and capacity strengthening	2014	Reference to "how to do notes" in rural finance
IFAD Rural Development Report: Chapter 7 on rural finance – link between rural finance and inclusive rural transformation	2016	Technical document on rural transformation

D. IOE evaluations of rural finance

34. The **Corporate Level Evaluation 2007** aimed at assessing the quality and effectiveness of projects put in place following the RFP. The CLE noted that IOE ratings of rural finance projects and project components had been less than satisfactory in some aspects, e.g. regarding sustainability of FSPs, diversification of financial services or work on policy and regulatory change as well as stakeholder participation regarding access to finance.

35. The CLE confirmed that generally, the RFP was in line with international best practice standards in a number of important areas such as sustainability of FIs, and contribution to the diversification of the financial sector. In other areas, challenges were identified for example the strong poverty-focus with a concentration on the very poor, which in some cases has resulted in limited outreach of FSPs, if higher income segments would have been included. The RFP was confirmed to be a guiding framework for operations, however, leaving too much room for interpretation, resulting in shortfalls of performance and leaving a gap concerning the analytical framework[37] (see box 4).

36. In summary, the CLE highlights the strengthening of financial systems development in most project engagements, however, it also references limited benefits for the rural poor. Among the reasons provided is the lack of clarity of the prescriptive side of the RFP. The CLE recommends clarification of the RFP-related norms and standards, the matching of rural finance operations with RFP norms and standards, a more systematic and earlier provision of technical expertise in the design process and the building of greater internal technical capacity.

Box 4
Lessons from the CLE (2007)

The CLE cited as reasons for weak performance - systemic or related to project implementation:

- Design process of rural finance component is long and comes late in the process.
- Implementation managed by units and partner institutions that do not have the adequate technical expertise.
- Reporting lines allow that political interests rather than technical considerations are decisive, which threatens sustainability.
- Lack of sector analysis, rather supply-led directed credit with over-defined targeting.
- Improvements in designed to work with professional FIs, this comes with technical challenges for RF projects.

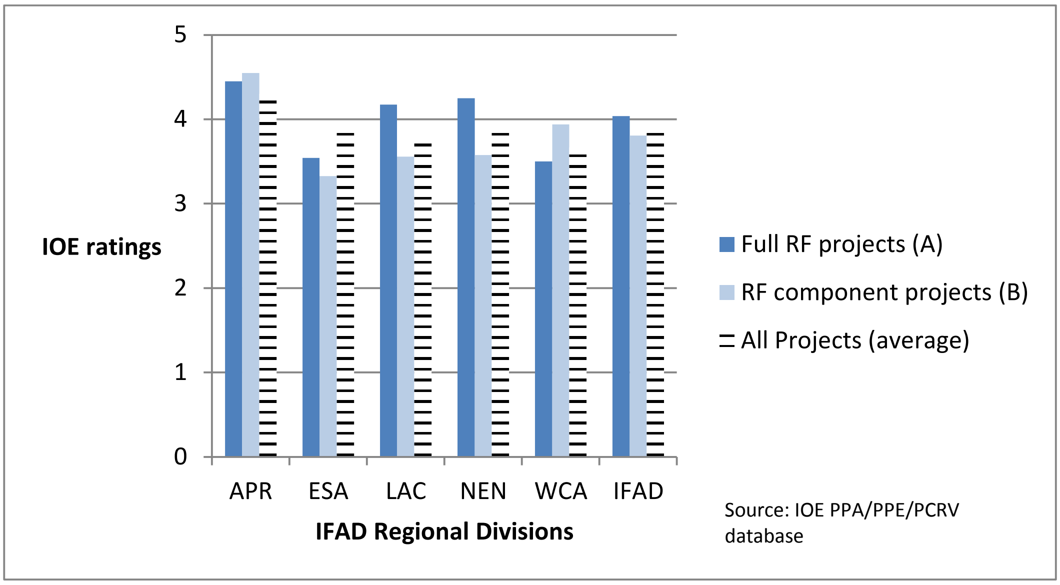
Source: CLE 2007 on RFP (Executive Summary page 8.ff)

37. IOE project evaluations conducted since 2008 show that the performance of IFS projects varies widely between regions. Rural finance projects performed best in

[37] IFAD CLE 2007 (paras 63 and 64)

APR.[38] Projects with dedicated IFS components performed better than other projects in APR and in the West and Central Africa Division (WCA). Projects with mainly rural finance funding performed better than other projects in LAC and NEN. In ESA rural finance project performed worse than other projects.

Figure 2
Average project performance ratings for rural finance projects (2008 – 2017)



38. The difference in ratings triggers some interesting question, for example with regard to the contextual factors influencing the performance of rural finance projects and the circumstances under which IFAD's investments into rural finance would lead to better development results.

[38] For the purpose of this synthesis rural finance focus projects are defined as those with more than 60 per cent funding for rural finance services (Type A) or with a dedicated rural finance component (Type B).

III. Synthesis objectives, scope and methodology

A. Objectives and scope

39. The synthesis focuses on learning more than on accountability. It derives its lessons primarily from existing evaluative evidence.

40. The objectives of this evaluation synthesis are to

- Review the relevance of IFAD's policies, guidance and knowledge on IFS and the extent to which this has contributed to innovative IFS practices in the projects and portfolio's evaluated by IOE;
- Review the relevance, effectiveness, sustainability and impact of the IFS models evaluated by IOE; and
- Identify good practices and lessons on IFS that should inform the development of IFAD's IFS portfolio under the Agenda 2030.

41. The time frame covered by this ESR goes from 2008, the year after the CLE had been concluded, until 2017. The ESR will cover the country portfolios, loan projects and grants evaluated by IOE since 2008 that had an RF/IFS focus, as defined by the relative share of funding for RF/IFS at design (see sampling strategy).

B. Review questions

42. The synthesis will seek to answer the following main review questions (see Annex 2):

- **IFAD policy coherence**: How relevant and coherent is IFAD strategic and policy framework? Do IFAD rural finance approaches reflect current good practices and lessons learned? Were the issues raised by the CLE (2007) followed up and did the performance of rural finance projects improve since then? Were the IFS interventions promoted by IFAD particularly suited to the agricultural sector?
- **IFAD knowledge management**: To what extent did the revised RFP (2009) and the knowledge generated at HQ level enable innovative IFS practices within the projects and portfolios evaluated by IOE?
- **Policy relevance**: How well were projects aligned with the IFAD RFP and the respective national country policy/policies or strategies and regulatory frameworks?
- **Strategic relevance**. Were strategic approaches chosen appropriate and in line with the needs of the country and the target groups? How relevant and appropriate was the choice of implementing partners?
- **Effectiveness**: What were the results achieved? How effective were the intervention models chosen? What were the factors explaining high or low effectiveness?
- **Impact**: Which project types and intervention models had been most inclusive and successful in addressing rural poverty issues? To what extent did IFAD supported interventions contribute to changes at institutional / sector/ policy levels?
- **Sustainability:** How sustainable were the institutions supported by IFAD (macro, micro and meso level)? What are the factors enabling or hindering sustainability at the different levels?
- **Good practices and lessons learned**: What are the lessons learned from this synthesis backwards looking, but also for the way forward? What are the lessons that could be learned from other international organisations? Which IFS practices worked well and which didn't? Which subset of IFS is performing well, where are the flaws?
- **Opportunities and limitations** of IFS for rural transformation and poverty eradication. Under which circumstances were IFS beneficial for the rural poor and small enterprises and which financial services had made a tangible contribution to

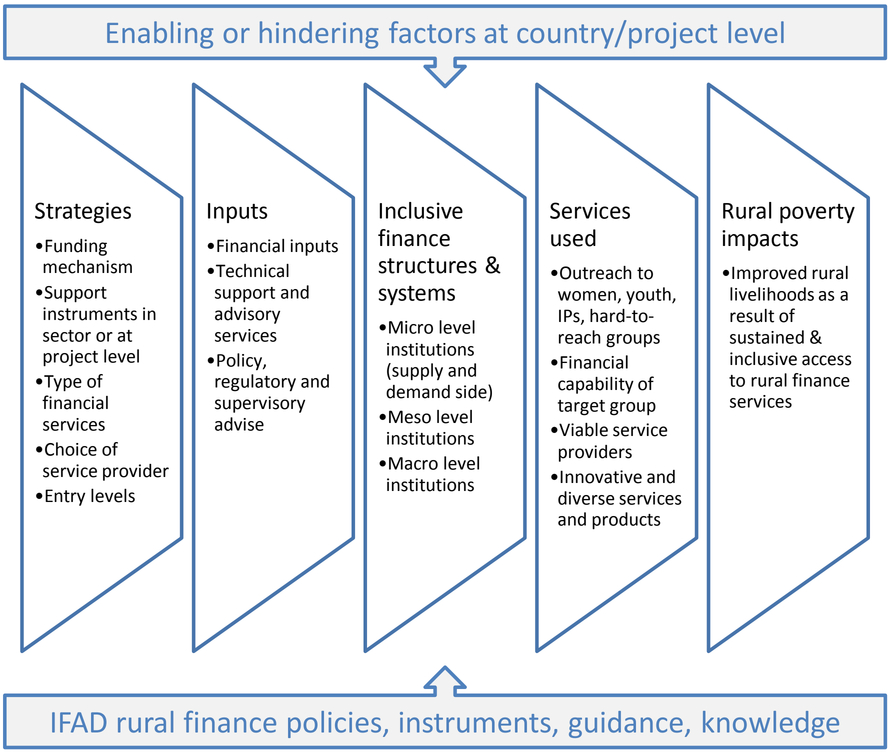
poverty reduction? Did IFS make a contribution to the transformation of the agricultural sector?

C. Analytical Framework

43. The analytical framework for this synthesis includes a theory of change and a typology of IFS interventions.

44. The **Theory of Change** will be used to track pathways from financial service provision towards inclusive development outcomes. It will provide the analytical framework for systematising the evidence from the evaluation reports. A simplified model of the theory of change for this synthesis is included below. A detailed theory of change will be developed as part of the review.

Figure 3
Conceptual framework – towards a theory of change on IFS



45. **Typology of IFS interventions**. The synthesis aims to identify major intervention models based on a classification of the strategic elements, and the combinations in which they are applied. Generally, rural finance projects combine six different strategic key elements(see figure 4):

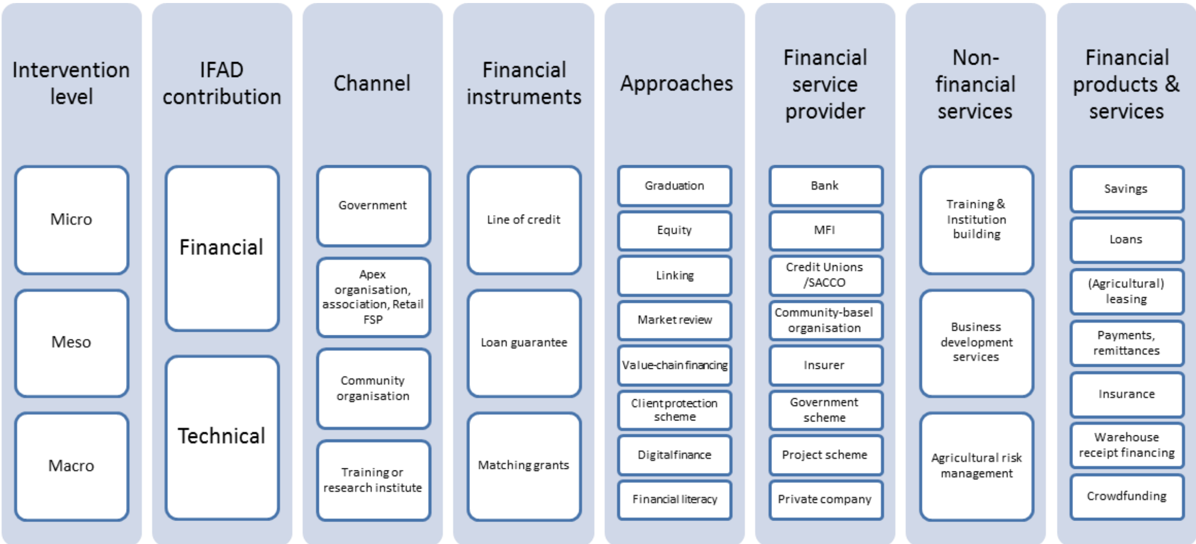
- **Intervention level,** which explains the level of the financial system to which interventions are directed at: micro, meso or macro
- **Input,** which differentiates two main types: financial (e.g. funding a line of credit, seed funding for a guarantee mechanisms, equity contribution or grant) or technical assistance (e.g. advisory services, coaching, market review)
- **Channel**, which can be a public or private institution and which is derived from the intervention levels: a retail FSP, or a community organization; an

apex organization,[39] association or training institute; or a government organization (or project)

- **Thematic focus,** which means the approach taken, i.e. lending or guarantee schemes, digital finance, financial literacy, linking, , graduation, matching grant, market review**,** or value chain financing
- **Service provider type,** which is the organization that finally provides the financial services to clients: Bank, Microfinance organization, Credit Union/Savings and Credit Cooperative (SACCO), Community-based organization, government scheme, project scheme, or private company (like FinTech)
- **The financial product or service** that is delivered to the rural client (farmer, household, or other value-chain stakeholder) such as savings, loan, leasing, insurance, payments and remittances, equity, or (agricultural) value-chain finance instruments (product financing,[40] receivable financing, physical-asset collateralization, risk mitigation products, and financial enhancements).
- **Additional (non-financial) services** are often provided in a complementary way, usually by another component. On the other hand, full rural finance projects often have an institution building component for the financial service providers, meso-level or macro-level institution they support.

46. The six strategic elements are combined in different strategies, depending on the project objective, structure, opportunities and priority of the rural finance project or component. The combination and final choice of several instruments depend on the size (share of project funds) of the RF focus. Stand-alone rural finance projects, of which three are included in this ESR, generally work on all three intervention levels.

Figure 4
IFS strategic elements in IFAD interventions



D. Methodology

Review structure

47. The review will contain the following building blocks:

[39] An **apex institution** is a second-tier or wholesale organization that channels funding (grants, loans, guarantees) to multiple MFIs in single country or region. Funding may be provided with or without supporting technical service (CGAP, 2002)

[40] Miller and Jones (2010) classified the value chain financing instruments for the IFAD Note "Agricultural value chain finance strategy and design (2012)". Some are provided by a formal FSP (like insurance), however, most of the 16 instruments are value-chain internal products, or approaches (like financial enhancements)

48. **Review of IFAD policy, guidance and knowledge documents** with regard to IFS. The ESR will review the relevance and coherence of the corporate IFS policy and guidance and the extent to which this has informed operations designed after 2009 within the IOE evaluation portfolio. IFAD has generated a substantial number of knowledge products on IFS. One aspect of the ESR would be to examine the extent to which the knowledge available at headquarters level has informed the design and implementation of IFS interventions since 2009, as evaluated by IOE. The final leg of this review will be to explore the extent to which IOE evaluations of IFS interventions have contributed to portfolio quality and learning on IFS. The main methods for this building block will the review of corporate-level documents, selected interviews and/or focus groups with inclusive rural finance specialists. The feasibility of conducting a survey among CPMs will be considered.

49. **Systematic review of IOE evaluations** (CSPEs, PPEs) will be used to assess the relevance, effectiveness, sustainability and impact of the different intervention models used through a systematic review of a purposive CSPE and project evaluation sample. The review will collect data on indicators and hypotheses developed on the basis of the review questions. Data (qualitative and quantitative) analysis will be conducted through NVIVO.

50. **Case studies** will be used for an in-depth review of selected IFS models. The case studies will aim to cover the prevalent IFS models supported by IFAD in closed and ongoing operations. The case studies will explore in further depth the factors enabling or hindering effective IFS, such as the country policy and institutional framework, through review of a wider range of project documents and/or country analysis that can shed a light on relevant contextual issues. Furthermore interviews with concerned CPMs will help to understand why certain interventions have been effective or not. The selection of case studies, approximately 12, will aim at regional balance and cover both successes and failures. They will try to cover the different IFS models, however, perhaps not complete.

51. **Review of good practices and lessons** from IFAD and other international organisations. Recent evaluations from IFIs (World Bank, AfDB) provide an opportunity to examine good and bad practices and lessons learned in IFS from both a partner and regional perspective. In addition, findings from some bilateral (e.g. GIZ, ADA) and multilateral agencies (FAO) will also provide valuable insights on latest knowledge and practices from other agencies. In addition, the synthesis will use focus group discussions with specialists from IFAD and other organisations for deepening the analysis and probing emerging findings.

Evaluative evidence and databases

52. **Evidence from IOE.** To the degree of their appearance and relevance in the projects examined by IOE, inclusive financial services are covered as sectoral themes in programmatic validations (PCRVs) and evaluations (PPEs, IEs, CSPEs), and in synthesis evaluations (ESRs, CLEs, ARRIs). Each type of validation and evaluation brings with it different sorts and depths of evidence.

53. **Corporate level evaluations (CLE).** Rural finance was thematically explored in the 2000s. IOE prepared a working paper on rural finance in China in 2001. The 2007 CLE systematically assessed IFAD’s first Rural Finance Policy (2007). In the following years IOE conducted thematic evaluations of IFAD's regional rural finance strategies for Near East and North Africa, Central and Eastern European and Newly Independent States and Asia and the Pacific. In addition the 2011 CLE of IFAD's Private-Sector Development and Partnership Strategy and the 2016 Evaluation Synthesis on Smallholders' Access to Markets may also be relevant.

54. **Country strategy and programme evaluations (CSPE).** 36 CSPEs have been conducted from 2008 onwards. CSPEs contain some of the deepest analysis conducted on a portfolio, covering breadth by looking at a number of projects over a time period, and depth by looking at a) the loan portfolio as well as b) non-

lending activities and grants. IFS findings are reported across core evaluation criteria and potentially in cross-cutting evaluation criteria (i.e. gender equality and women's empowerment). For CSPEs with a large presence of IFS, there may also be relevant working papers and a dedicated IFS specialist in the evaluation team. CSPEs will be used as a basis for the review process in the ESR. Since they also cover the ongoing projects and the grants the CSPEs are expected to provide complementary findings on ongoing operations.

55. **Project performance evaluations (PPEs).** These are the most important sources of evidence for this ESR. As with CSPEs, IFS findings are reported across both core and cross-cutting evaluation criteria. PPEs and older iterations of the product[41] will provide triangulated and verified data with first-person observations. Impact evaluations (IEs) supplement project performance evaluations (PPEs) methodology by providing in-depth impact-level analysis of IFS interventions. These products will be the basis of review and of ratings analysis for this ESR. Project Completion Report Validations (PCRVs) are desk-based validations of Project Completion Reports. PCRVs do not have the scope to deeply analyse the causal factors and results chain of project interventions will therefore not be included in the systematic review, although they may be reviewed on a case-to-case basis to complement the findings from the systematic review, for example where they report additional IFS practices. The following table provides a breakdown of the number of evaluation products and those with IFS funding.

Table 5
Number of evaluations conducted by product and year, and by the presence of IFS funding in the evaluated project or portfolio

Type of evaluation product		*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*Total*
IE	Total							1	1		1	1	4
	IFS funded							1	1		1	1	4
PPE*	Total	3	1	3	4	5	6	8	5	7	6	7	59
	IFS funded	3	1	3	3	4	4	7	4	5	4	4	45
PCRV	Total				10	8	11	8	20	19	26	13	116
	IFS funded				8	4	9	7	16	13	15	8	81

* This series includes PPAs and PEs
Source: IOE ratings database; IFAD GRIPS

56. **Other IOE evaluations.** ESRs may include IFS analysis under different thematic areas. For example, the ESRs on Gender Equality and Women's Empowerment (GEWE) and Smallholder access to markets include relevant and IFS. The **Annual Report on Results and Impact (ARRI)** may contain information relevant to IFS in so far as it is explored in the annual learning themes (e.g. on targeting).

57. **PRISMA reports.** Recommendations from IOE evaluations are documented and followed up in the annual PRISMA reports. Review of these reports will enable the synthesis to track how IOE recommendations on inclusive rural finance were used and implemented.

58. **SmartAid framework and reports.** SmartAid of CGAP[42] measures whether funders are set up to support financial inclusion effectively. Launched in 2007, SmartAid builds on a framework of five elements of effectiveness—strategic clarity,

[41] Previously IOE project evaluations were conducted as project performance assessments (PPAs) and project evaluations (PEs).
[42] Improving Effectiveness from Within: SmartAid for Microfinance Index, CGAP Brief December 2009

staff capacity, accountability for results, knowledge management, and appropriate instruments. Within these five categories, the SmartAid Index measures how funders work based on nine indicators. IFAD participated in the 2009 and 2013 SmartAid surveys. Where possible, the CGAP SmartAid framework will also serve as reference for the evaluation synthesis.

59. **Rural finance dashboard.** The Financial Assets, Markets and Enterprises team (FAME) is mapping IFS project components for ongoing and (to some extent) closed projects. The data can be used to identify changes in IFS intervention models, in particular since the adoption of the revised Rural Finance Policy (2009) and the following guidance, and to identify recent projects with innovative IFS practices.

60. **QUESAR database:** The IFAD QA database can be used to access the review the QA comments on newly designed rural finance projects. This will help to track, for example, how IOE recommendations were addressed in follow-up projects within the same country or region.

Sampling strategy

61. Three sets of samples will be used in the ESR, based on the evidence expected to be found in the different documents and how they will be mapped against the typology and the theory of change. The principal selection criteria used is the presence of IFS financing in projects.[43] The samples are derived from the CSPEs, PPEs, IEs and PCRVs, with potential to be complemented with other sources if need be. The samples will be taken from 2008 to 2017, considering that the last thematic evaluation on rural finance, the 2007 CLE, will have covered evaluations up until then.

62. **PPE-IE projects review sample.** This sample includes 49 evaluations (45 PPEs and 4 IEs). To establish the degree of IFS activities found, the sample has been broken down into 4 typologies based on the proportion of IFS financing out of the total project financing and the presence of a dedicated IFS component:

63. **Projects with an IFS focus** include 'Type A' projects with more than 60 per cent IFS financing (11 projects). 'Type B' are projects with a dedicated IFS component (14 projects). Both types will be included in systematic review.

64. **Projects without an IFS focus** include 'Type C' that are neither A or B, but with IFS financing between 20 and 60 per cent (4 projects). They will also be included in the systematic review. 'Type D' have less than 20 per cent IFS financing (20 projects) will therefore not be included in the systematic review, although they may be reviewed on a selective basis to complement findings from the systematic review.

65. **CSPE ratings and review sample.** The CSPE sample is broken down in a similar manner. There are 36 CSPEs conducted since 2008 which can be divided into three types based on the proportion of IFS financing. Group A includes portfolios with more than 50 per cent IFS financing (3 countries): Moldova, Ethiopia, and Egypt. Group B includes portfolios with 10 to 50 per cent IFS financing (22 countries).[44] Both groups will be included in systematic review. Group C are portfolios with less than 10 per cent IFS financing (9 countries)[45] that will not be included in the systematic review.

Data analysis

66. **Qualitative data analysis**. The ESR will use a qualitative research software to review the sample, and to analyse and record observations and findings.

[43] Based on data derived from GRIPS and clarified by PTA-FAME
[44] Georgia, India 2009 & 2015, Ghana, Kenya, Mozambique 2008 & 2016, Cameroon, Vietnam, Indonesia, Zambia, Argentina, Cambodia, Niger, Yemen, Tanzania, Mali, Ecuador, Brazil, China, Turkey, Bangladesh, Bolivia, Nepal
[45] Uganda, Madagascar, Nicaragua, Rwanda, Philippines, Nigeria, Jordan, Gambia, Senegal

67. The samples for review will be classified and coded using structure derived from the typology, the theory of change, and from the evaluation research questions. Each code will have a working definition to ensure a consistent interpretation of qualitative evidence across the samples.

68. At the same time, interpretative analysis will be applied to each source following a matrix approach derived from the evaluation research questions. This will be conducted within the software, where the separation of description (coding) and interpretation (analysis) will enable a clearer examination of a large body of data to arrive at higher level findings. Interpretation will aim to qualify the importance of individual elements and pathways of the models and the theory of change.

69. In addition to the sample that will be coded and analysed with the help of the software, a limited manual screening of a series of projects (below 20 per cent in RF) will be implemented. We will rely on a catch-word-based search of the project documents. The objective of this additional step is to complement findings to help interpret certain topics.

70. **Quantitative data and measurements.** The review of the CSPE and PPE/IE sample will identify the presence and frequency of IFS implementation models, their focus and strategy applied, and the outreach, outcome and impact they have been achieved or not achieved against the objectives and indicators.

71. Following the review analysis, the strength of performance on the various levels of the theory of change will be assessed against each model and quantified. Cross-tabulation of relevant project or CSPE ratings found within models' strength of performance will be used to reinforce the analysis.

Limitations

72. The most important limitation for this as well as for any IOE synthesis is the limited depth of the analysis included in IOE evaluations on how and why certain IFS models succeeded or not. The relative importance of IFS interventions and the presence of an IFS specialist in the evaluation team are likely to be key factors determining the scope and quality of the analysis of IFS interventions in IOE evaluations. For those reasons the PCRVs were excluded from the review because they are primarily desk-based reviews conducted by generalists rather than IFS specialists.

73. Related to this is another major limitation linked to the time lag between implementation and evaluation. Because IOE only evaluates closed projects, the number of evaluations that had been designed after the revised RF Policy (2009) was introduced, will be small. Evidence will primarily come from the evaluation of ongoing projects as part of the CSPEs and recent initiatives promoted at headquarter level (e.g. PARM and index-based insurance). Furthermore many of the recent instruments promoted will not have been implemented yet in the close operations evaluated by IOE.

IV. Implementation arrangements

74. The synthesis will be led by IOE Lead Evaluation Officer Johanna Pennarz. IOE Evaluation Consultant Nick Bourguignon and IOE intern Antonio Cesare will conduct the systematic review of IFS interventions and provide inputs into the final report. The Evaluation Assistant will be Shaun Ryan.

75. **Inclusive finance specialist**. IOE will contract a senior expert on inclusive financial services to ensure the technical soundness of the approach paper and the synthesis. The Senior Consultant for this synthesis will be Martina Wiedmaier-Pfister. She is a consultant with over 20 years of experience in access to finance, regulation, supervision and policy, financial infrastructure, and rural and microfinance. She contributed to a number of publications on those subjects, such as: Women in Inclusive Insurance (2017); Analysis of GIZ Approaches to Improve Access to Agricultural Finance (2017); Proportionate Regulatory Frameworks in Inclusive Insurance (2016); and Micro-insurance in Africa (2009). The Senior Consultant will be responsible for reviewing IFAD policy and guidance documents as well as relevant evaluations and studies from other international organisations.

76. **External reviewer**. As required by the IOE Evaluation Manual (2006), the external review of the approach paper and draft report will add rigor and credibility to this synthesis. The External Reviewer for this synthesis will be Calvin Miller, former Senior Officer and Group Leader of the Agribusiness and Finance Group, former AGS Division, Food and Agriculture Organization of FAO. He is an Agricultural Economist and finance specialist with significant field and global experience in agricultural finance, microfinance and investment as well as agricultural economic development. It includes work as Country Manager of MEDA in Bolivia, Director of Economic Development in CARE, and consulting with numerous development agencies. He is the author of numerous publications, including a book on Agricultural Value Chain Finance: Tools and Lessons, and publications on Agricultural Investment Funds for Developing Countries and Agricultural Guarantee Schemes.

77. **Engagement with IFAD programme management**. The synthesis process will involve interaction with resource persons in IFAD. IOE will work closely with the FAME Team throughout the process, to benefit from the wealth of experiences and data available in the team and to validate observations and emerging findings. Periodic meetings have been set up for this purpose. In addition, IOE will consult with concerned CPMs on the case studies that are part of this synthesis. The Strategy and Knowledge Department and the Programme Management Department will be invited to nominate focal points for this synthesis.

78. **Focus group discussions**. The ESR will hold focus group discussions to explore selected questions in further depth and to probe emerging findings. One focus group could be with CABFIN members. A second one could be with IFAD grant recipients, e.g. the Micro-Insurance Centre. A third focus group could be with CPMs for a discussion on issues related to country framework conditions, such as balancing government interests with inclusive rural finance best practices, or on IFAD tools and design and implementation support.

Table 6
Overview of ESR process

Time	*Activity*
January	Initial documents review; methodology development and testing
February	Approach paper for comments; systematic review of evaluation products
March	Systematic review of evaluation products
April	Interviews/focus group discussions (9 – 13 April) Review of findings; data cleaning; quantitative analysis; case studies
May	Synthesis of findings
June	Draft sections
July	Finalisation of draft report
August	Peer review
September	Draft report for comments
October	Learning event – sharing findings and lessons
November	Final report

Outline of synthesis report

Report chapter	Responsibility
Executive summary	IOE
IFAD Management's response	IFAD Management
I Introduction, objectives and methodology	IOE
II IFAD IFS framework relevance and coherence • Policy relevance • Policy coherence • IFS knowledge management • IOE evaluations of IFS projects	Senior Consultant
III Main findings from systematic review • Relevance of IFS interventions • Effectiveness of IFS interventions • Impact on rural poverty • Impact on institutions and policies • Sustainability of financial institutions	IOE
IV Good practices and lessons	Senior Consultant
V Conclusions and recommendations	IOE
Annexes	IOE

Draft review framework

Review Questions	Review method
A. IFAD IFS framework documents review	
1. Policy relevance: 1.1. Are the new RF policy (2009) and the RF Instruments relevant within all the different contexts/ different country types reviewed (MICs/LICS/FS), and in what ways are they relevant or not? What country contexts fit best for IFAD's work on IFS? 1.2. Is the RF policy - and the related strategic documents - still relevant under the Agenda 2030 and given the existing global challenges? 1.3. Did the approaches, products and services (e.g. microfinance) promoted contribute to the achievements of IFAD's goals on poverty reduction?	Documents review
2. Policy coherence: 2.1. How coherent is IFAD strategic and policy framework? 2.2. Do IFAD IFS instruments and the IFS products promoted reflect current good practices and lessons learned? 2.3. Were the IFS products promoted by IFAD particularly suited for the agricultural sector?	Documents review
3. IOE Performance Ratings: 3.1. How did RF projects perform in comparison with the rest of the IOE evaluated portfolio? 3.2. Have ratings for IFS focus projects improved over the years?	Documents review
4. IFS knowledge management 4.1. To what extent did the revised RF policy (2009) and the knowledge generated at HQ level lead to a greater diversity of IFS services and products and/or innovative IFS services and products in RF focus projects and portfolios evaluated by IOE? 4.2. To what extent did the knowledge generated through IFS grants or global platforms (e.g. PARM, CABFIN) enable innovative IFS practices within IFAD supported operations?	Documents review Interviews RF dashboard SmartAid reports
5. IOE evaluations 5.1. To what extent were findings and recommendations used to improve the quality of the IFS portfolio? 5.2. To what extent and how were IOE findings and recommendations used to improve the quality of new operations? 5.3. What other effects (e.g. learning) did IOE evaluations generate?	Documents review IOE database QESAR database PRISMA reports Focus group discussions / CPM survey
B. Questions for systematic review	
1. Relevance	
1.1. Policy relevance: How well were projects aligned with the IFAD RF policy and the respective national country policy/policies or strategies and regulatory frameworks?	NVIVO
1.2. Strategic relevance. Were the models (or: strategic approaches) chosen appropriate and in line with the needs of the country and the target groups?	NVIVO
1.3. How relevant and appropriate was the choice of implementing partners?	NVIVO
1.4. Relevance of intervention areas and the services and products provided	NVIVO
2. Effectiveness	
2.1. What were the results achieved?	NVIVO
2.2. How effective were the intervention models chosen?	Case studies
2.3. Effectiveness of IFS grants	

3. Efficiency	
3.1. Cost efficiency/cost-benefits/value for money	Case studies
4. Impact	
4.1. Which project types (A-D) and intervention models had been most inclusive and successful in addressing rural poverty issues?	NVIVO
4.2. How important were RF interventions for achieving rural poverty impact?	NVIVO
4.3. Impact on institutions and policies. To what extent did IFAD supported interventions contribute to changes at institutional / sector/ policy levels?	NVIVO
5. Sustainability	
5.1. How sustainable were the institutions supported by IFAD (macro, micro and meso level)? 5.2. How sustainable was support at macro level (policies, legislation)? Within the countries reviewed, were there policies enacted? Were they implemented and are they continuing in force (even after some time)? 5.3. What are the factors enabling or hindering sustainability at the different levels?	NVIVO
C. Good practices and lessons review	
6. Good practices	
6.1. What worked well and what didn't? Under which circumstances?	Case studies
6.2. What are good practices on IFS?	
6.3. Where are good practices not applied or lacking?	
7. Lessons learned	
7.1. What are the lessons learned from this synthesis?	
7.2. What are the lessons that could be learned from other international organisations?	Extracting lessons from other organisations (IFIs, UN, bilateral)
8. Opportunities of IFS for rural transformation and poverty eradication.	Relevant studies on IFS/microfinance etc.
9. Limitations of IFS for rural transformation and poverty eradication.	Relevant studies on IFS/microfinance etc

List of project evaluations for review period

Project ID	*Country*	*Project name*	*Region Code*	*Approval date at design*	*Completion date at design*	*Year included in ARRI*	*Evaluation Product (PE, PPE, PPA, IE)*	*Proportion of rural financial activities in total project funding**
1100001121	India	National Microfinance Support Programme	APR	04/05/2000	30/06/2009	2013	PPA	97.6%
1100001402	Bangladesh	Finance for Enterprise Development and Employment Creation Project (FEDEC)	APR	11/09/2007	31/03/2014	2017	PPE	93.3%
1100001134	Ghana	Rural Finance Services Project	WCA	03/05/2000	30/06/2008	2011	PPA	92.9%
1100001253	Philippines	Rural Microenterprise Promotion Programme (RuMEPP)	APR	19/04/2005	31/12/2013	2017	PPE	89.1%
1100001362	Cameroon	Rural Microfinance Development Support Project	WCA	11/09/2008	30/06/2016	2018	PPE	80.2%
1100001335	Brazil	Rural Communities Development Project in the Poorest Areas of the State of Bahia	LAC	20/04/2006	31/12/2012	2015	PPE	76.3%
1100001325	Georgia	Rural Development Project	NEN	19/04/2005	31/12/2011	2014	PPA	74.2%
1100001340	Moldova	Rural Business Development Programme	NEN	13/12/2005	30/09/2011	2012	PPA	73.0%
1100001371	Lesotho	Rural Financial Intermediation Programme	ESA	12/09/2007	31/03/2015	2018	PPE	69.5%
1100001227	China	Rural Finance Sector Programme	APR	21/04/2004	31/03/2010	2013	PPA	68.7%
1100001458	Ethiopia	Pastoral Community Development Project - Phase II (PCDP II)	ESA	15/09/2009	30/09/2015	2016	PPA	61.3%
1100001226	India	Livelihood Improvement Project for the Himalayas	APR	18/12/2003	31/12/2012	2015	PPA	58.4%
1100001068	Dominican Republic	South Western Region Small Farmers Project - Phase II	LAC	03/12/1998	31/12/2007	2011	PE	58.4%
1100001204	Egypt	West Noubaria Rural Development Project	NEN	23/04/2002	30/06/2014	2017	PPE	54.5%
1100001245	Pakistan	Community Development Programme	APR	18/12/2003	30/09/2012	2015	PPA	54.2%
1100001127	Benin	Roots and Tubers Development Programme	WCA	03/05/2000	30/09/2008	2010	PE	51.5%
1100001307	Armenia	Rural Areas Economic Development Programme	NEN	02/12/2004	30/09/2009	2012	PPA	50.4%

Project ID	*Country*	*Project name*	*Region Code*	*Approval date at design*	*Completion date at design*	*Year included in ARRI*	*Evaluation Product (PE, PPE, PPA, IE)*	*Proportion of rural financial activities in total project funding**
1100001164	Malawi	Rural Livelihoods Support Programme (RLSP)	ESA	12/09/2001	30/09/2013	2017	PPE	38.0%
1100000506	Argentina	Rural Development Project for the North-Eastern Provinces (PRODERNEA)	LAC	18/04/1996	30/06/2007	2009	PE	37.7%
1100001147	Georgia	Rural Development Programme for Mountainous and Highland Areas	NEN	13/09/2000	30/09/2011	2014	PPA	34.4%
1100001507	Georgia	Agricultural Support Project	NEN	17/12/2009	30/09/2015	2018	IE	28.0%
1100001184	Mozambique	Sofala Bank Artisanal Fisheries Project	ESA	12/09/2001	31/03/2011	2017	IE	26.8%
1100001205	Mongolia	Rural Poverty Reduction Programme	APR	05/09/2002	31/03/2011	2013	PPA	25.9%
1100001039	Zambia	Forestry Management Project	ESA	09/12/1999	30/06/2007	2012	PPA	24.6%
1100001263	Sudan	Gash Sustainable Livelihoods Regeneration Project	NEN	18/12/2003	30/09/2012	2014	PPA	23.7%
1100001161	Uruguay	Uruguay Rural	LAC	07/12/2000	31/03/2011	2014	PPA	23.5%
1100001153	China	West Guangxi Poverty Alleviation Project	APR	07/12/2000	31/03/2008	2010	PE	22.0%
1100001339	Albania	Programme for Sustainable Development in Rural Mountain Areas	NEN	13/12/2005	31/03/2013	2015	PPA	22.0%
1100001067	Belize	Community-Initiated Agriculture and Resource Management Project (CARD)	LAC	23/04/1998	31/12/2005	2008	PE	21.3%
1100001346	Sri Lanka	Post-Tsunami Coastal Rehabilitation and Resource Management Programme (PT-CRReMP)	APR	19/04/2005	30/09/2013	2018	PPE	19.5%
1100001289	Azerbaijan	North East Rural Development Project	NEN	09/09/2004	30/09/2011	2013	PPA	19%
1100001075	Yemen	Raymah Area Development Project	NEN	04/12/1997	31/12/2007	2010	PE	18%
1100001092	Jordan	Yarmouk Agricultural Resources Development Project	NEN	29/04/1999	30/06/2008	2011	PPA	16%
1100001129	Albania	Mountain Areas Development Programme (MADP)	NEN	09/12/1999	30/09/2007	2008	PE	15%

Project ID	*Country*	*Project name*	*Region Code*	*Approval date at design*	*Completion date at design*	*Year included in ARRI*	*Evaluation Product (PE, PPE, PPA, IE)*	*Proportion of rural financial activities in total project funding**
1100001296	Bhutan	Agriculture, Marketing and Enterprise Promotion Programme	APR	19/04/2005	30/06/2012	2014	PPA	15%
1100001093	Mauritius	Rural Diversification Programme	ESA	29/04/1999	31/12/2010	2014	PPA	14%
1100001105	Burundi	Rural Recovery Programme	ESA	28/04/1999	30/06/2010	2012	PPA	13%
1100001207	Lao	Oudomxai Community Initiatives Support Project	APR	23/04/2002	31/03/2010	2011	PE	11%
1100001254	Sri Lanka	Dry Zone Livelihood Support and Partnership Programme	APR	09/09/2004	31/03/2013	2014	IE	11%
1100001063	India	Jharkhand – Chhattisgarh Tribal Development Programme	APR	29/04/1999	30/06/2012	2015	IE	11%
1100000524	Pakistan	Dir Area Support Project (DASP)	APR	11/09/1996	30/06/2008	2008	PE	10%
1100001202	Vietnam	Rural Income Diversification Project in Tuyen Quang Province	APR	06/12/2001	30/09/2009	2011	PPA	8%
1100001223	China	Environmental Conservation and Poverty-Reduction Programme in Ningxia and Shanxi	APR	11/12/2002	31/12/2011	2016	PPA	7%
1100001255	Mauritania	Oasis Sustainable Development Programme	WCA	17/12/2003	30/04/2014	2016	PPA	6%
1100001236	Djibouti	Microfinance and Microenterprise Development Project (MMDP)	NEN	11/12/2002	31/12/2012	2016	PPA	6%
1100001301	Laos	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	APR	19/04/2005	31/03/2014	2016	PPA	3%
1100001178	Morocco	Al-Haouz Province: Rural Development Project in the Mountain Zones of Al-Haouz	NEN	07/12/2000	30/09/2010	2014	PPA	2%
1100001122	Uganda	Area-based Agricultural Modernization Programme	ESA	08/12/1999	30/06/2008	2012	PPA	2%
1100001274	Guatemala	National Rural Development Programme Phase I: the Western Region	LAC	23/02/2006	31/12/2012	2018	PPE	1%

Source: IOE ratings database; IFAD GRIPS
* Rural finance activities are considered the Credit; Insurance/risk transfer; rural financial services sub-component types in GRIPS

List of C(S)PEs for review period

Country	*Region Code*	*CSPE Evaluation year*	*Country classification at time of evaluation**	*CSPE year coverage*	*Projects in portfolio evaluated*	*Portfolio total (US$)*	*Portfolio sum of rural finance activities (US$)***	*Proportion of rural financial activities in total project funding*
Moldova	NEN	2013	LM	1992-2012	5	111 774 220	89 890 719	80.4%
Ethiopia	ESA	2015	L	2008-2015	8	878 967 534	463 266 013	52.7%
Egypt	NEN	2016	LM	2005-2016	9	594 056 606	295 333 023	49.7%
Georgia	NEN	2017	LM*	2004-2017	5	123 240 803	54 514 635	44.2%
India	APR	2009	L	1987-2009	18	1 263 469 771	551 657 037	43.7%
Ghana	WCA	2010	LM	1998-2010	6	284 915 963	101 251 288	35.5%
Kenya	ESA	2010	L	2000-2011	7	242 036 865	85 499 898	35.3%
Mozambique	ESA	2008	L	1993-2009	7	201 435 257	64 090 583	31.8%
Cameroon	WCA	2017	LM*	2007-2017	6	187 905 531	58 670 728	31.2%
Vietnam	APR	2010	LM	2000-2010	11	351 799 426	106 373 749	30.2%
Indonesia	APR	2012	LM	2004-2012	7	351 420 000	102 984 001	29.3%
India	APR	2015	LM	2010-2015	13	1 528 597 357	433 888 250	28.4%
Zambia	ESA	2013	LM	2003-2013	7	157 635 862	37 738 309	23.9%
Mozambique	ESA	2016	L	2010-2016	6	271 831 621	61 218 374	22.5%
Argentina	LAC	2009	UM	1988-2008	5	135 208 816	27 894 700	20.6%
Cambodia	APR	2017	LM*	2007-2016	7	316 064 048	62 987 722	19.9%
Niger	WCA	2009	L	1997-2009	7	198 117 954	38 312 516	19.3%
Yemen	NEN	2010	LM	2000-2010	10	259 376 674	49 468 469	19.1%
Tanzania	ESA	2014	L	2004-2014	7	443 846 368	83 319 959	18.8%
Mali	WCA	2012	L	2007-2012	5	318 835 856	57 988 773	18.2%
Ecuador	LAC	2012	UM	1997-2012	4	157 230 056	27 596 566	17.6%
Brazil	LAC	2015	UM	2008-2015	8	606 668 620	102 888 542	17.0%

Country	*Region Code*	*CSPE Evaluation year*	*Country classification at time of evaluation**	*CSPE year coverage*	*Projects in portfolio evaluated*	*Portfolio total (US$)*	*Portfolio sum of rural finance activities (US$)***	*Proportion of rural financial activities in total project funding*
China	APR	2013	UM	1999-2013	13	1 080 566 096	151 931 186	14.1%
Turkey	NEN	2015	UM	2003-2015	4	131 855 460	18 140 041	13.8%
Bangladesh	APR	2014	LM	2004-2014	10	782 267 319	99 998 493	12.8%
Bolivia	LAC	2013	LM	2005-2012	5	128 519 724	13 898 296	10.8%
Nepal	APR	2012	L	1992-2012	6	215 052 770	21 143 619	9.8%
Senegal	WCA	2013	LM	2004-2013	6	235 445 218	21 553 532	9.2%
Gambia	WCA	2015	L	2004-2014	5	137 114 816	11 415 674	8.3%
Jordan	NEN	2011	UM	1996-2011	4	97 654 918	7 685 271	7.9%
Nigeria	WCA	2015	LM	2008-2016	7	473 172 988	29 442 644	6.2%
Philippines	APR	2016	LM	2003-2015	7	411 761 593	24 481 738	5.9%
Rwanda	ESA	2010	L	2000-2010	5	197 961 062	11 529 437	5.8%
Nicaragua	LAC	2016	LM	1999-2016	5	135 541 609	7 852 988	5.8%
Madagascar	ESA	2012	L	2000-2012	6	293 410 556	14 606 384	5.0%
Uganda	ESA	2011	L	1997-2011	9	1 173 594 972	33 147 479	2.8%
DR Congo	WCA	2016	L	2003-2015	5	265 568 534	-	0.0%

Source: IOE ratings database; IFAD GRIPS; World Bank Classifications 2017
* refers to countries whose classification as of 2016 was known (L: Low income; LM: Lower middle income; UM: Upper middle income)
** Rural finance activities are considered the Credit; Insurance/risk transfer; rural financial services sub-component types in GRIPS

Glossary

Name	Description
Strategic elements	
1. Intervention level	explains the level of the financial system to which interventions are directed at
Macro	improving the enabling environment of the financial systems by supporting the strengthening of legal, regulatory and supervisory frameworks
Meso	locally available market infrastructure and service providers for the financial sector (second-tier institutions and technical service providers), such as whole-sale lending institutions, credit guarantee institutions, credit reference bureaux, collateral registries, mobile payment platforms, training institutes, certification institutes for financial service providers, remittance and transfer payments systems, and technical service providers.
Micro	Financial service providers (retail service providers): banks, microfinance institutions, insurance companies, money transfer operators, cellular phone companies, and leasing and equity companies. FSPs are the supply side, clients are demand side
2.IFAD input	differentiates two main types: financial (e.g. funding a line of credit, seed funding for a guarantee mechanisms, equity contribution or grant) or technical assistance (e.g. advisory services, coaching, market review)
Financial	
Technical	
3. Channel	can be a public or private institution and which is derived from the intervention levels, can channel retail or whole-sale financing, or even non-financial services
Apex	'Top institution'. An apex institution is a second-tier organization that channels funding (grants, loans) or services (credit guarantees) to multiple MFIs in single country or region. Funding may be provided with or without supporting technical service. Can also be a head-institute of FSPs (credit unions, SACCOs, VSLAs)
Community-based financial organization	The term 'community-based financial organization' (CBFO) covers a wide variety of entities that provide a range of financial products and services. CBFOs typically operate in remote areas that lack access to formal financial services, and often without government regulation and oversight. Most CBFOs are self-governing, often relying on volunteers. Range from formal to informal
Government	Providing financial services or second-tier functions by a government organisation or programme. Government scheme: programme or project for supporting and/or financing (e.g. rural transformation, poverty alleviation)
Retail FSP	Directly serving clients; as opposed to whole-sale FSP which is on-lending funds to finance lending business of retail FSPs

Name	Description
4. Financial instrument	
Line of credit	a loan to a FSP for on-lending to their customers. Repaid funds can be revolved until the LOC becomes due for repayment to the funder. Since the FSP assumes the credit risk, the LOC is a liability for the FSP. LOC funds obtained by a government through an IFAD programme are usually managed by wholesales the funders that lend to retail-level institutions or FSPs.
Loan guarantee	A non-bank financial instrument aimed at facilitating the access of micro, small and medium-sized enterprises (MSMEs) to formal lending through the provision of credit guarantees that mitigate the risk of no repayment. Essentially, a loan guarantee is a commitment by a third party to cover all or some of the risks associated with a loan to its client, who does not have sufficient bank worthy collateral. The LGF removes barriers to financing for the borrower and permits financing on more favourable terms.
Matching grant	A matching grant is a form of smart subsidy for beneficiaries tied to certain conditions. It provides a lump sum to a beneficiary or an applicant to a credit (an individual, a household, MSME or a community) in order to implement a specific development initiative (e.g. digging a well, building a health clinic, establishing a tree nursery) under the expectation that the applicant will also contribute in money or in kind. grants can come in the form of cash/transfer, or in kind (as seeds, or an asset)
5. Approach or thematic focus	Thematic focus, which means the approach taken
Consumer protection scheme	The aim of this intervention is to protect microfinance clients from predatory financial service provision (of any kind of service). Can include interventions such as ensuring the transparency of financial disclosure (show true costs of product/service) by way of regulation, or standards providing, guidance on lending practices, mechanisms for handling complaints and disputes, and consumer education/financial literacy
Digital finance	Financial services provided with the support of technology in the form of digital devices, platforms, data generation or storage etc. This includes mobile money services, mobile or weather-index, insurance products, mobile weather services, or credit scoring
Equity	equity is the value of an asset less the amount of all liabilities on that asset (=own capital). Equity can refer to any kind of equity-holder: Whole-sale organisations, FSPs (Banks, SACCOs, MFIs or CBFO), or the final beneficiaries/clients such as small-holders, MSMEs, households
Financial literacy	Financial literacy is the set of skills and knowledge that allows an individual to make informed and effective decisions with regards to their financial resources, financial concepts, as well as products and providers. Sometimes it goes farther, by mentioning "financial capacity" i.e. the ability to use financial services
Graduation	The graduation approach focuses on developing sustainable livelihoods for the poorest, increase incomes, and move out of extreme poverty. It is a carefully sequenced, multisectoral intervention comprising social assistance to ensure basic consumption, skills training, seed capital, and employment opportunities to jump-start an economic activity, financial education and access to savings, and mentoring. impact=increased income and asset building. Have to distinguish between financial and economic graduation.
Linking	Linking is a methodology used in various ways to create synergies between stakeholders, programmes and approaches. It aims to increase outreach and offer a broad product mix to clients. Examples include encouraging linkages between formal and informal financial institutions; between financial institutions and nonfinancial providers, such as retailers and agricultural input suppliers; microfinance and safety net

Name	Description
	programmes; electronic payments and social cash transfers; FSPS to commercial capital
Market review	Diagnostic exercise that explores the demand and supply side of a market, as well as the enabling environment. It looks at both barriers and opportunities in a given market, e.g. how poor people use financial services; identifying the factors that constrain their uptake of financial services; understanding why FSPs are not meeting the demand of low-income clients; and identifies what are the drivers of change; the leverage points for catalysing change; and which incentives could be efficient
Value chain financing	Financial products and services that flow to or through any point in a value chain in order to increase the returns on investment, growth and competitiveness of that value chain. can be formally provided by a formal financial institution, or by a Value chain stakeholder
6. Financial service provider	the organization that finally provides the financial services to clients
Bank	Generally a private entity (can also be a state bank), legally registered
Community-based financial organisation	Covers a wide variety of entities that provide a range of financial products and services. CBFOs typically operate in remote areas that lack access to the formal financial services, and often without government regulation and oversight. Most CBFOs are self-governing. Includes time bound and accumulating savings groups as distinct types
Credit unions or SACCOs	Membership owned financial institution. Often regulated by a supervisory government agency. Provide savings and loan services to members, and sometimes loans to non-members.
Government scheme	Publicly funded and managed organization or programme. Can provide retail or whole-sale financial services.
7. Non-financial services	often provided in a complementary way, usually by another component.
Agricultural risk management	assessment and identification of risks and risk management gaps. Includes analysis of risk exposure and its economic, social and financial implications. Risk studies then include assessment of the main risks and policy gaps identified, and the prioritization of risks and tools that should be the focus of the country's ARM initiatives
Business development services	Provision of technical and managerial skills, information and market access for MSMEs
Institution building	For formal and informal FSPs (MFIs, banks, or CBFO), or for meso-level organisations or government organisations
Training	Can be directed at beneficiaries, or at organisations.
8. Financial product or service	financial product or service that is delivered to the rural client (farmer, household, or other value-chain stakeholder)

Name	Description
Crowdfunding	Innovative way of mobilising funding. A small amount of funds are raised from large numbers of individuals or legal entities to fund businesses, specific projects, individual consumption, or other needs. It involves bypassing traditional financial service providers and using online web-based platforms to connect users of funds with retail funders. Crowdfunding typically means (i) raising funds in small amounts, (ii) from many to many, (iii) using digital technology
Insurance	
Leasing	
Loans	
Payments and transfers, national payments, digital payments, remittances	
Savings and deposits	
Warehouse receipt financing	institutional credit extended by banks to farmers and traders against physical commodities stored in licensed warehouses as loan security

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