



**PACIFIC FINANCIAL INCLUSION PROGRAMME  
ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT  
REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2016**

<p><b>Programme Title &amp; Project Number</b></p> <ul style="list-style-type: none"> <li>• Programme Title: Pacific Financial Inclusion Programme</li> <li>• Programme Number (if applicable)</li> <li>• MPTF Office Project Reference Number: 00092020</li> </ul>	<p><b>Country, Locality(s), Priority Area(s) / Strategic Results</b></p> <p>Fiji, Papua New Guinea (PNG), Vanuatu, Tonga, Solomon Islands (SOI), Samoa</p>
<p><b>Participating Organization(s)</b></p> <ul style="list-style-type: none"> <li>• UNCDF</li> <li>• UNDP</li> </ul>	<p><i>Priority area/ strategic results:</i> <i>Financial Inclusion: To reach 500,000 individuals with financial services by end of programme.</i></p> <p><b>Implementing Partners</b></p> <p>Regional financial service providers, Central Banks and/or Government Agencies in Fiji, SOI, PNG, Samoa, Vanuatu, and Tonga.</p>
<p><b>Programme/Project Cost (US\$)</b></p> <p>Total approved budget as per project document: US\$33,776,719</p> <p>MPTF /JP Contribution:</p> <p><i>By Agency</i></p> <ul style="list-style-type: none"> <li>• UNDP US\$ 3,388,052</li> <li>• UNCDF US\$ 7,851,627</li> </ul> <p>Agency Contribution: n/a</p> <p>Government Contribution n/a</p> <p>Other Contributions (donors) <i>Australia US\$11,388,577</i> <i>New Zealand US\$2,647,440</i></p> <p><b>TOTAL</b> <span style="float:right">US\$14,036,017</span></p>	<p><b>Programme Duration</b></p> <p>Overall Duration (months): 60 months</p> <p>Start Date 01/07/2014</p> <p>Original End Date 30/06/2019</p> <p>Current End date 30/06/2019</p>
<p><b>Programme Assessment/Review/Mid-Term Eval.</b></p> <p>Assessment/Review - if applicable <i>please attach</i>  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date: <i>dd.mm.yyyy</i>          Mid-Term Evaluation Report – if applicable <i>attach</i>  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date: <i>01.02.2017</i></p>	<p><b>Report Submitted By</b></p> <ul style="list-style-type: none"> <li>○ Name: Liz Larson and Esther Bates</li> <li>○ Title: Results Measurement Advisor</li> <li>○ Participating Organization (Lead): UNCDF</li> <li>○ Email address: <a href="mailto:Elizabeth.larson@uncdf.org">Elizabeth.larson@uncdf.org</a></li> </ul>

## LIST OF ABBREVIATIONS

AFI	Alliance for Financial Inclusion
BB	Branchless Banking
CCA	Consumer Credit Act
CSR	Corporate Social Responsibility
DFAT	Australian Government's Department of Foreign Affairs and Trade
DFS	Digital Financial Services
DSS	Demand Side Survey
EU	European Union
FEMM	Forum Economic Ministers Meeting
FinEd	Financial Education
FIS	Financial Inclusion Specialist
FSP	Financial Service Providers
HR	Human Resources
KM	Knowledge Management
M & E	Monitoring & Evaluation
MFAT	New Zealand Government's Ministry of Foreign Affairs and Trade
MITT	Fijian Ministry of Industry, Trade and Tourism
MM	Mobile Money
MoE	Ministry of Education
NFIS	National Financial Inclusion Strategy
NFIT	National Financial Inclusion Task Force
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
PNG	Papua New Guinea
RBF	Reserve Bank of Fiji
RED2	EU Rural Economic Development Programme Phase 2
RIA	Regulatory Impact Assessment
SAM	Samoa
SOI	Solomon Islands
SPBD	South Pacific Business Development
TON	Tonga
TVETC	Technical and Vocational Education and Training Centre
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar
VN	Vanuatu

This Consolidated Annual Progress Report under the Pacific Financial Inclusion Programme covers the period from 1 January to 31 December 2016. This report is in fulfilment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donor. In line with the Memorandum of Understanding (MOU) signed by Participating UN Organizations, the Annual Progress Report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provides the Steering Committee with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions and take corrective measures, where applicable.

## **EXECUTIVE SUMMARY**

The Pacific Financial Inclusion Programme (PFIP) is a joint programme of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP). PFIP receives funding support from the Australian Government, the European Union (EU), and the New Zealand Government. PFIP's goal is to increase the number of low-income customers in the South Pacific who adopt formal financial services. PFIP supports the development of entire financial ecosystems, from the customer level to the policy space, leading to the achievement of this objective. PFIP's primary mode of operation is working directly with financial service providers (FSPs) to develop innovative products and channels to foster the inclusion of those Pacific Islanders who are currently un- or underserved by the formal financial system. PFIP 1 and 2 has enrolled more than 1.5 million people with financial services since 2008, with almost 480,000 reached in the reporting period of 2016. PFIP also works at the policy level to facilitate in-country decision making bodies and written strategies to bring about a favorable environment for financial inclusion, including five countries which have government-sanctioned National Financial Inclusion Strategies at the end of 2016. In addition, PFIP has integrated a culturally-appropriate unique curriculum on Financial Education into the schools in all districts of Fiji, now reaching all school children in Fiji – almost 200,000.

### **I. Purpose**

The overall objective of PFIP is to increase the number of low-income customers who adopt formal financial services. PFIP does this by making performance-based grants to financial service providers, conducting market research and providing technical assistance to policy makers. The primary countries of focus of the PFIP are Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu. PFIP is jointly administered by UNCDF and UNDP and funded by the Australian Government's Department of Foreign Affairs and Trade (DFAT), the EU, and the New Zealand Government's Ministry of Foreign Affairs and Trade (MFAT).

The first phase of PFIP ended in June 2014. PFIP 1 surpassed the programme objective, reaching 687,620 underserved clients and engaging policy makers across the region in a campaign to formalize financial inclusion policy. PFIP has embarked on its second phase from July 2014 to 2019 with the goal to deepen financial access to an additional 500,000 previously underserved, low-income people in the region. As of December 2016, PFIP 1 and 2 initiatives have already reached over 1.5 million clients cumulatively. PFIP has three principal work streams: Regulation & Policy, Financial Innovation, and Consumer Empowerment.

### **II. Results**

#### **i) Narrative**

As mentioned above, PFIP's overall programme objective is to improve access to financial services in the Pacific region. From the inception of PFIP in 2008 until December 2016, PFIP partner financial service providers (FSPs) have enrolled a cumulative total of 1,505,917 clients - over 50% more than the 2019 programme target of 1 million clients. Now into the third year of PFIP 2, 818,297 clients have been enrolled across a wide range of financial services, again significantly surpassing the 500,000 end of programme target. Closing the gender gap in access to financial services is important to the programme, with women currently making up approximately 42% of the PFIP 2 portfolio overall and 52% of PFIP supported savings accounts opened by women.

Access to finance, however, is only one piece of the puzzle, with customer adoption being key to sustained financial inclusion. PFIP usage indicators also reveal a promising trend of customer adoption, with high activity rates and an upward trend across the portfolio with 59% of current clients active in 90 days and 46%

active in the last month as of December 2016. Current clients have an average savings balance of USD 154, an amount that far exceeds the programme target of USD 10.

PFIP's robust pipeline of financial innovation initiatives for the remainder of the second phase have the potential to dramatically impact both access to finance and customer adoption across the region, should sufficient funding be secured to execute them.

PFIP uses **Workstream 2: Financial Innovation** to support the development of financial channels and services for underbanked mass market customers in the Pacific Island countries. The goal of PFIP engagement with providers is to develop a service or product that inspires low income customers to use financial services, particularly digital financial services (DFS), out of the belief that success will come from solutions that remove a pain point or substantially improve some the daily financial life of mass market customers. Through this workstream, PFIP supports financial service providers who launch initiatives to better serve un- or underbanked populations with new channels and financial products. The main output indicators within this outcome area are the same as the programme objective indicators, reflecting the central importance of this workstream. In addition, PFIP also monitors an array of indicators by partner, product type, gender, and geography.

PFIP 2's 818,297 clients enrolled are largely insurance policy holders, who constitute almost two-thirds (65%) of the PFIP portfolio. This is followed by mobile wallet holders at 15%, branchless banking customers with 9%, remittances with 11%, microfinance customers at 1%, and savings club members at 0.1%. PFIP believes this diversity in products is important, as customer financial needs differ, while low infrastructure remains a challenge across the region. The largest outreach is to urban clients (63%), followed by rural clients (37%).

An inclusive financial system is only possible in an enabling policy and regulatory environment. Under **Workstream 1**, PFIP works directly with policy makers and regulators to create an enabling space for the innovation that leads to financial inclusion. The primary outcome measure of this area is *whether service providers are able to innovate with digital financial service channels and products*

A core activity (and output measure) has been supporting NFITs and NFISs in each country in collaboration with the respective Central Banks. As of 2016, five Pacific Island Countries (PICs) had an NFIS, with three of these being finalised in 2016 (Fiji, SOI and PNG). Central Banks have also taken the lead in driving NFIS and establishing multi-sector NFITs. PFIP has worked closely with the region's regulators as they have crafted regulatory frameworks to enable financial service innovation, particularly in the area of DFS and microinsurance. In 2016, PFIP also supported the Reserve Bank of Fiji to conduct a groundbreaking Regulatory Impact Assessment (RIA) to assess the implementation of Fiji's financial inclusion policies and review of its first NFIS, in pursuit of evidence-based financial inclusion policymaking. This methodology is a first for the Pacific and provides a framework for assessing whether policies are actionable, measurable, and ultimately effective.

PFIP's market information work (**Workstream 3**) supports the other workstreams with in-depth market research useful to stakeholders in advancing the financial inclusion agenda, with 7 knowledge products created in 2016, for a total of 16 under PFIP 2. PFIP's market research has been a foundation for the formulation of the NFIS and key regulations in the DFS sector, as well as for service provider business models. Following the launch of demand-side surveys (DSS) in the Solomon Islands, Fiji and Samoa in 2015, similar nationally-representative, large scale surveys were conducted in Tonga and Vanuatu in 2016. The purpose of these nationally representative surveys was to ascertain the current footprint of financial services in each country and to outline the barriers to access and usage. As with previous DSS reports, the DSS findings are expected to provide the evidence base from which to construct the country's first national strategy on financial inclusion. Additionally, PFIP launched a comparative benchmarking report in 2016 on the three demand-side survey reports produced in 2015. The report revealed common challenges include the distance and cost to access financial services is prohibitive to financial inclusion, as well as lack of knowledge. PFIP has also ramped up

communication efforts to more effectively deliver its key messages through a revamped website and active social media presence, and supports capacity building of partners through the Reuben James Summerlin Scholarships to the world-renowned Boulder Microfinance training programme.

Finally, PFIP believes in strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve livelihoods (**Workstream 4**). In this space, PFIP supports financial education initiatives and also engages in consumer protection activities focusing on regulatory change.

The flagship output achievement has been the implementation of the Financial Education (FinEd) Programme with the Fiji Ministry of Education, now fully implemented nationwide with almost 200,000 students benefitting annually. In 2016, as one of the final activities in PFIP's exit strategy, PFIP collaborated with the Reserve Bank of Fiji (RBF) to develop a set of awareness-raising FinEd knowledge products (including success stories, infographics, flyers, posters and videos) for use on a variety of media, including the AFI Global Policy Forum. PFIP also finalised FinEd curriculum development with the Solomon Islands in 2016 and launched a new model FinEd pilot for PNG technical institutes with curriculum development for Kamaliki Technical and Vocational Education and Training Centre (TVETC) commencing in early 2017. In Fiji, PFIP also worked closely with RBF and the insurance industry to develop a national Insurance Awareness campaign in 2016 to address lack of public awareness and understanding. Independent research found that the campaign was very successful, with 65% of respondents aware of the campaign, of whom 81% were more positive and had a greater understanding about insurance as a result.

PFIP chooses to engage at the regulator/legislative level for consumer protection, as appropriate legislation and policies have the potential to create significant impact. PFIP's engagement with the central banks has helped to ensure client protection is firmly on the agenda for the National Financial Inclusion Strategic Plans. The new NFIS for Fiji, Solomon Islands, PNG and Samoa all include consumer protection in their priority areas or strategic objectives. In 2016, PFIP worked closely with the Fijian Ministry of Industry, Trade and Tourism (MITT) to conduct a review of the Consumer Credit Act (CCA), with a strong consumer protection focus. The review is expected to result in a modernized, context-appropriate piece of legislation providing global best practice protection for consumers. A draft Bill was submitted to MITT in late 2016, with the final Bill expected to be tabled to Cabinet in 2017.

### **Challenges:**

The major challenge PFIP faced (and continues to face) in 2016 is the lack of programme funds. A combination of factors has reduced the planned \$32 million resource envelope to the \$23 million in hand. As a result, PFIP will close the 2016-17 fiscal year with approximately \$4.0 million for the remainder of the PFIP programme. At current activity rates, that will provision a 2017-2018 workplan with limited funding for projects. PFIP has a robust project pipeline and is well positioned to support financial inclusion initiatives through to 2019 if additional resources are forthcoming, with an additional \$13.6 million needed to fund a programme equivalent to the 2016-17 budget through to the end of PFIP 2. Failing this, PFIP will be forced into a 'caretaker' mode from 2017-2019, limiting the potential for the take-off of digital and other innovative financial inclusion services in the region.

Other notable challenges include the continued lack of a fully staffed team in PNG in 2016. After two unsuccessful rounds of recruitment for the position of PNG Financial Inclusion Specialist (FIS), a candidate was recruited in late 2016, commencing in January 2017. While the PFIP team was able to provide a degree of back-stopping during the 18 months without an FIS in country, partner relationships (internal UNDP, funders and RED 2 coordinators) in-country suffered as a result. In the second half of 2016, PFIP made a concerted effort to improve these relationships, providing extra progress reports to UNDP, EU and coordinators of the EU Rural Economic Development (Phase 2, RED2) programme to increase transparency.

Feedback has thus far been positive, and coupled with the commencement of the PNG FIS, this issue is expected to improve in 2017.

### **Lessons learned and Best Practices:**

PFIP is continually learning and refining its approach in order to deliver the best results. A number of key lessons learned are detailed below, particularly the programme's refined approach to financial innovation through 'innovation labs'

Customer-centric focus: PFIP is in the process of setting up regional Innovation Labs as our core instrument to drive the second-generation deployments in digital financial channels and services for underbanked customers at scale. PFIP has now refined its approach to selecting partnerships and projects with substantial commitment from partners to enable long-term sustainability being paramount. PFIP believes that to be an agent of change, three key challenges of client demand, market feasibility and business viability must be solved.

Close partner relationships and convening power: PFIP has had strong relationships with the major players in the financial inclusion space across the Pacific, particularly within senior levels of Central Banks, as well as with FSP partners. Particularly in the realm of enabling policies, these relationships have enabled PFIP to exert a significant influence over national strategies, bringing robust diagnostics to the table that had a clear use for a wide range of stakeholders, such as the demand-side surveys, as well as exercising our convening power. This has enabled PFIP to push gender as a national financial inclusion focus, as well as consumer protection, digitization of government payments and insurance across the PICs. This would not have been possible if PFIP did not already have existing strong relationships with key players. PFIP needs to continue to be a "hands-on" programme and this is the best way to continue the partnerships that are essential to PFIP's work.

Pipeline development in regional countries: Innovative, meaningful project ideas require a deep engagement with existing partners, and a specific effort to engage new partners. PFIP has thus far yet to finalise any projects in Samoa, Tonga or Vanuatu. In Samoa, interest amongst service providers is present but has not progressed to a firm commitment stage, while in Tonga and Vanuatu, lack of in-country presence (as well as PFIP resources) has not been conducive to robust pipeline development. In 2017, PFIP expects to sign grant agreements with SPBD Samoa for an agricredit program and with the Samoa Business Enterprise Centre on small business insurance, showing that patience and a long-lead time is required for commitment in Samoa in particular.

### **Qualitative Assessment:**

#### **Effectiveness**

As mentioned above, PFIP has been highly effective with regard to the programme objective, enrolling a cumulative total of 1,505,917 clients - over 50% more than the 2019 programme target of 1 million clients, of whom 818,297 clients (of whom 339,809 are women) were enrolled under PFIP 2. Women make up approximately 42% of the PFIP 2 portfolio overall and 52% of PFIP supported savings accounts opened. The recently finalised Mid-term Review corroborated these results, finding that all objective indicators were on track or overachieving end of programme targets, with the only room for improvement relating to the percentage of women clients in the overall portfolio.

The Mid-term review (MTR) found that Workstream 2 has made good progress on outreach and usage targets, however further efforts are needed to ensure commercially viable business models that will be sustainable in the long-term. Workstreams 1, 3 and 4 were also on track to meeting outcome targets. Central Banks praised PFIP as having championed financial inclusion, and more importantly the MTR found that Central Banks are open to innovation and support new financial product initiatives.

## Efficiency

In the 2016 calendar year, PFIP's total expenditure and commitments amounted to just over USD9million, almost 90% of the annual budget. This strong delivery reflects the number of significant grant agreements signed during the year, including support for BIMA microinsurance's Pacific expansion project, HFC agent network banking project in Fiji, ANZ's coconut value chain project in the Solomon Islands and MiBank solar energy loans project in PNG. The underspend of \$1 million can be largely attributed to the programme's slower pipeline development in PNG due to a continued lack of Financial Inclusion Specialist (FIS) in 2016.

PFIP has also been efficient at leveraging partner funding, particularly with the private sector. Under PFIP 2, for every dollar PFIP spends on supporting private sector FSPs, the FSP spends \$1.18. With PFIP's new Innovation lab approach, co-funding is expected to be scaled depending on the phase of the project (learn, test or scale) such that at the earlier phases, when project success is still uncertain – PFIP might contribute a larger funding level, whereas during scaling phases when hypothesis have been validated, partners would contribute a large portion of funding.

## Relevance

Regionally, PFIP is highly relevant, with the programme aligned with the 2020 Money Pacific Goals endorsed by the Forum Economic Ministers Meeting (FEMM) in 2009. At the national level, the Central Banks that PFIP works with have made Maya Declaration commitments on Financial Inclusion. The programme continues to align its interventions with the overall financial inclusion strategy/priorities of the central banks and the national governments via National Financial Inclusion Taskforces or other coordinating units.

At the individual country level, the relevance of financial inclusion has been confirmed by the countries' policy makers developing or renewing their National Financial Inclusion Strategies, which PFIP has been instrumental in driving. SME (an alternative means of driving private sector development) is a focus area of these NFIS in addition to individual's access to financial services, financial education and consumer protection. On-going relevance of the program is also ensured through strong engagement of public and private stakeholders (Central Banks, governments, financial service providers and other private sector partners).

## Sustainability

PFIP was designed with sustainability embedded deeply in its programme philosophy, with all PFIP projects and initiatives designed to eventually be fully mainstreamed within partner organisations.

The philosophy behind PFIP's new innovation lab approach is that for a project to be successful, it needs to meet three criteria: customer demand, logistical feasibility and business viability. The combination of these three elements indicates likely product success, which leads to long-term sustainability. In this way, PFIP identifies new, often nascent initiatives, and acts as a catalyst, sharing risk in the early phases of a business case so that the institution can take the product or services to scale, earn revenue from it, and eventually operate the product sustainably at levels meaningful to the entire market. PFIP's due diligence ensures that grants given do not include any funding of corporate social responsibility (CSR) or other short-term projects which could collapse after funding ends. Additionally, PFIP has been very successful in leveraging funds from partners, indicating their commitment. Partners have the understanding that the project is to launch something sustainable, that is intended to go beyond the life of the funding partnerships.

PFIP progressively hands off some types of initiatives to partners over time, building capacity within partners and grantees. A great example of this is the FinED Fiji programme, which started in 2011 with the aim of integrating and strengthening personal money management and investment into the curriculum for Fiji's primary and secondary schools. Managed in partnership between PFIP and the Ministry of Education (MoE), since national implementation the project has seen MoE taking on gradually increasing responsibilities of both managing the initiative and including FinEd within annual work plans and budgets. By 2016, FinEd was fully subsumed within all components of MoE architecture, with minimal PFIP involvement. Similar initiatives are planned for other programme areas.

## Impact

PFIP was resourced and structured to increase access to finance, based on the widely documented fact that access enhances livelihoods of poor people. Since that research requires extensive resources and timeframes, PFIP, like most financial inclusion programmes, did not aspire to measure impact with industry-standard methods. PFIP uses usage indicators to measure customer adoption as a proxy for the kind of impact that has been validated through the aforementioned methods internationally. If clients frequently use financial services, it can be assumed that these services are useful to them and contribute positively to their lives. As mentioned above, PFIP usage rates are very high, with 59% of clients using products at least once a quarter, and 46% using them once a month. The MTR found anecdotal evidence from PFIP-supported initiatives showing positive impact in this manner. One example is that members of savings groups in rural Solomon Islands are reported to have increased school attendance in their villages, with more parents being able to pay school fees due to the savings groups.

In late 2016 PFIP began developing a toolkit to assess where customers are in their journey towards impactful access to finance. This tool, to be finalised in 2017 will draw from international research to identify the use cases that mark a typical customer journey towards adoption of financial services, and use assessment methods to measure the role of PFIP funded programmes on moving customers towards more impactful use cases.

## Gender

Gender has been mainstreamed throughout the programme, including all PFIP's partner agreements. While the majority of PFIP grants do not involve products specifically tailored for women, to ensure commercial viability, the Innovation Lab experiments which will commence in 2017 will include detailed iterative testing with low income women and other vulnerable groups. However, PFIP's engagements with SPBD in the Solomon Islands, for the rural expansion of microfinance services and solar loans are focused exclusively on women. Additionally, voluntary micropension pilots in Solomon Islands and Fiji will focus heavily on women, through SPBD's distribution network.

Through PFIP's advocacy, the economic empowerment of women is now a key outcome in Fiji, Papua New Guinea, Samoa, and Solomon Islands NFIS. As the NFIS are the vehicles that drive financial inclusion at a national level for the subsequent four or five years, this is crucial to promoting equity in access to finance for women. PFIP has been instrumental in assisting the central banks to develop, consult on, and finalize these strategies, and through this, promote greater gender equality in each of the countries. PFIP also ensures all knowledge products are gender-disaggregated, to build comprehensive pictures of gender differences in financial inclusion.

## Partnerships

PFIP has a close relationship with all central banks in PFIP portfolio countries, and at a network level with PIRI and AFI. These relationships were established, in some cases, long ago and continue to be maintained and grow. At the Global Policy Forum in 2016 hosted by RBF, PIRI and AFI, RBF and PIRI made sure to acknowledge the value of their partnership with PFIP over the years. PFIP has slowly developed a deeper relationship with the National Reserve Bank of Tonga (NRBT), largely borne out of PFIP's involvement with PIRI. This is significant as Tonga is the last of the 6 countries PFIP covers without a national financial inclusion strategy. The NRBT is now working on its first NFIS with PFIP support, to be launched in 2017.

**ii) Indicator Based Performance Assessment:**

<b>Impact Level</b>	<b>Output Target Indicator</b>	<b>Current Status (Dec-16)</b>
<b>Programme Objective: To increase the number of low-income Pacific Islanders with access to formal financial services</b>	500,000 low income Pacific Islanders gain access to formal financial services	818,297
	250,000 low-income women (40%) get access to financial services	339,809 (42%)
	150,000 customers get access to a savings account	201,520
	At least additional 60,000 (40%) women get access to formal savings account	105,612 (52%)
	Average savings of USD 10 in active savings account	USD 154
	15% of MM/BB clients are active	Overall Activity30: 46% Overall Activity90: 59% MM/BB Activity30: 12% MM/BB Activity90: 19%
<b>Workstream 1: Policy &amp; Regulation</b>	# of PICs with NFITs	5 (FJ, PNG, SOI, SAM, VN)
	4 additional PICs with FI Strategies	5 (SOI, VN, PNG, SAM & FJ)
	3 additional PICs with FL Strategies	5 (SOI, VN, PNG, SAM & FJ)
	# of PICs reporting on Money Pacific Goals	6 (Fiji, SAM, PNG, SOI, VN & TON)
	# of PICs signatory to Maya Commitments	6 (Fiji, SAM, PNG, SOI, VN & TON)
<b>Workstream 2: Financial Innovation</b>	Points of Service	1,243
	Number of clients - rural	304,638 (37%)
	Number of savings club members	1,068
	Total number of products	11
<b>Workstream 3: Market Information</b>	Number of workshop participants	4,366
	Number of workshop participants - women	2,691
	Number of scholarships	56
	Number of KM Products	16
<b>Workstream 4: Consumer Empowerment</b>	3 additional PICs have Fin Ed curriculum	2 (FJ, SOI)
	# of students involved in financial education	Approx. 197,000 annually

### **iii) A Specific Story (Optional)**

### **III. Other Assessments or Evaluations (if applicable)**

#### **PFIP Mid-term Programme Review:**

PFIP has recently finalised the Mid-term Programme Review of PFIP 2, following extensive in-country stakeholder interviews conducted by an independent consultant in late 2016 in Fiji, Samoa, Solomon Islands and Papua New Guinea, the four countries that currently represent PFIP’s support facility grants. In-depth consultations were held with central banks, NFITs, implementing partners, grantees, donors and Investment Committee members amongst others. The final report was circulated to the relevant stakeholders in early February 2017. The purpose of the mid-term review is to provide programme management and funders with an external assessment of programme performance against objectives and the underlying theory of change.

The review has provided critical evidence-based analysis that will be used to hone strategic priorities for the remainder of PFIP 2, considerations around additional funding for the programme as well as an early assessment of the need for continuation of the programme beyond its current phase.

Key findings of the review include that PFIP is on track to achieve, or has already achieved end of programme targets, with the programme remaining highly relevant to its funders’ visions and strategies. Policy makers in partner countries commend PFIP’s support in placing financial inclusion firmly on their national and regional development agendas. PFIP is mostly aligned with financial service provider partners strategies, although sustainability of financial services is still an on-going issue, with PFIP’s grant facility necessary to ensure product and channel innovation continues to reach low income and vulnerable segments. The review also recommends revising the programme’s Theory of Change and results management framework in line with the programme’s refined direction. This exercise is currently underway.

#### **IV. Programmatic Revisions (if applicable)**

As mentioned in the *Lessons Learned* section above, PFIP introduced a project model in its 2016-2017 workplan that focus on customer-centered service design – the “innovation lab” model.

Most importantly, the innovation lab is an instrument for accelerating the service design work that will drive customer adoption and eventually sustainable revenue models for providers. The labs focus on improving the customer experience, value proposition and ultimately, adoption of financial services. The first phase of the innovation labs is already underway in Fiji and Solomon Islands on micropensions, ANZ coconut value chain mobile banking, Westpac PNG in-store banking, and Vodafone Fiji M-PAISA. The new approach focuses on developing services that customers adopt, using design experiments learn, test and scale appropriate products with a human-centered design approach. These projects will both drive usage in general and generate services specific to priority target groups, women in particular.

### **V. Resources (Optional)**