

# Pacific Financial Inclusion Programme Document

## Joint Programme

Programme Duration: 5 Years

Anticipated start/end dates: 2014 -2018

Fund Management Option(s): combination of parallel and pass-through

Managing or Administrative Agent: UNDP

Total estimated budget\*: US\$33,776,719

Out of which:

1. Funded Budget: US\$ 21,770,937

2. Unfunded budget: US\$ 12,005,782

Sources of funded budget: US\$21,770,937

- UNCDF US\$ 400,000
- UNDP US\$ 260,000
- DFAT AUD\$14,150,000
- EU EUR 6,000,000
- Unfunded budget US\$ 12,005,782

### UN organizations

*Marc Bichler, Executive Secretary*

*Signature*

*UNCDF*

*Date & Seal*

*Nicholas Rosellini, Deputy Assistant Administrator and Deputy Regional Director*

*Regional Bureau for Asia and the Pacific*

*Signature*

*UNDP*

*Date & Seal*

## List of Abbreviation

A2F	Access to Finance
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
ANZ	Australia and New Zealand Bank
AusAID	Australian Aid <sup>1</sup>
BB	Branchless Banking
BMGF	Bill and Melinda Gates Foundation
BPNG	Bank of Papua New Guinea
BSP	Bank of South Pacific
BTCA	Better than Cash Alliance
CEB	Chief Executives Board
CEFI	Centre of Excellence for Financial Inclusion
CGAP	Consultative Group to Assist Poor
CO	Country Offices
DBS	Development Bank of Samoa
DCED	Donor Coordination for Enterprise Development
DFAT	Department of Foreign Affairs and Trade
EU/ACP	European Union/African, Caribbean and Pacific Group of States
FEMM	Forum Economic Ministers Meeting
FI	Financial Inclusion
FinED	Financial Education
FIPA	Financial Inclusion Practice Area
FSP	Financial Service Provider
FSSA	Financial Services Sector Assessment
G2P	Government to Person
GDP	Gross Domestic Product
GEEW	Gender Equality and Empowerment of Women
GS	Gender Specialist
GoSamoa	Government of Samoa
GoT	Government of Tonga
GSMA	GSM Association
IC	Investment Committee
IFC	International Finance Corporation
Intl	International
KYC	Know Your Customer
LDCs	Least Development Countries

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<sup>1</sup> The Australian Agency for International Development (AusAID) was responsible for managing Australia's overseas aid program until 31 October 2013, when it ceased to be an executive agency and was integrated into the Department of Foreign Affairs and Trade (DFAT). In this document, for activities in which the AusAID programme was involved historically, that acronym has been used. For all activities after, DFAT has been used.

M&E	Monitoring and Evaluation
M&ES	Monitoring and Evaluation Specialist
MFI	Microfinance Institution
MM	Mobile Money
MM4P	Mobile Money for Poor
MNO	Mobile Network Operator
MPN	Microfinance Pasifika Network
MSME	Micro, Small and Medium Enterprises
MTO	Money Transfer Operators
NBV	National Bank of Vanuatu
NFIT	National Financial Inclusion Taskforce
NFIU	National Financial Inclusion Unit
NFLTF	National Financial Literacy Task Force
OCL	Oceanic Communications Limited
P2P	Person to Person
PFA	Pacific Financial Inclusion Advisor
PFIP	Pacific Financial Inclusion Programme
PICs	Pacific Island Countries
PIWG	Pacific Island Working Group
PML	PNG Microfinance Limited
PMW	Pacific Microfinance Week
PNG	Papua New Guinea
RA	Research Analyst
RBF	Reserve Bank of Fiji
RBV	Reserve Bank of Vanuatu
SOI	Solomon Islands
Sida	Swedish International Development Cooperation Agency
SLS	Savings and Loan Society
TA	Technical Assistance
TDB	Tonga Development Bank
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
VANWODS	Vanuatu Women's Development Scheme
WBG	World Bank Group
WWB	Women's World Banking

## **Executive Summary**

This document outlines the project plan for the second phase of the Pacific Financial Inclusion Programme (PFIP). The second phase is planned for a period of five years from 2014 - 2018 to build on the momentum and achievements of phase one.

PFIP was developed to achieve greater financial inclusion among one of the least banked regions in the world. The United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), and EU Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP) developed the project document in 2007 and PFIP became active in August 2008.

The outcome of PFIP was: *500,000 additional individuals and/or small and microenterprises in the PICs gain access to one or more appropriate financial services by the end of 2013.* The programme achieved its simply-stated outcome for the first phase; however, PFIP acknowledges that the quality and range of financial products and services introduced need to be further increased to drive up active usage, and more importantly to achieve the benefits envisioned for low-income users.

### **Situation analysis**

Much has been accomplished by PFIP in terms of laying the foundation for an enabling policy environment across the Pacific region while at the same time strengthening institutional capacities and incubating a payments infrastructure.

The Financial Inclusion landscape in the Pacific region has undergone significant development as a range of initiatives have looked to address the challenges of geography, low population density, low levels of technical expertise and a vulnerability to natural disasters. A key driver of the increased focus has been the establishment of the Money Pacific Goals endorsed by the Forum Economic Ministers Meeting (FEMM) in 2009. The regional goals to be achieved by 2020 include:

- i. All children to receive financial education through core curricula
- ii. All adults to have access to financial education
- iii. Simple and transparent consumer protection to be put in place
- iv. Halve the number of Pacific Islanders without access to basic financial services

There is still a long way to go to achieve the Money Pacific Goals by 2020. Additionally to add complexity, each Pacific Island Country (PIC) has its own set of issues given the institutional base, the regulatory environment and the varying pace of financial inclusion interventions.

Continued affirmative action by broad range of public and private stakeholders including central banks, financial service providers, donors and other development partners with support from PFIP is needed.

Whilst the delivery of outcomes to date by PFIP has been significant, lessons have been learnt and several areas of improvement have been identified. There remains the need for PFIP to strengthen internal systems/capacities to adopt a more holistic approach to monitoring results and measuring the development impact of projects. Significant investment of time and resources into the MM/BB channel has resulted in high subscriptions but low activity/usage levels, further efforts are required ensure products and services have a deeper impact. Lastly a continued effort to nurture and build capacities of central banks, National Financial Inclusion Task Forces (NFITs) and other coordinating network organizations in the region is required to avoid excessive dependence of stakeholders on PFIP.

## Gaps and Opportunities

Based on analysis of the developments and the current financial inclusion landscape in the Pacific the following gaps and opportunities have been identified,<sup>2</sup> they include the need to:

1. Formulate additional national financial inclusion and literacy strategies and support in their implementation
2. Strengthen supervisory capacities of regulators in areas such as ODTIs, MM/BB, and microinsurance
3. Deepen usage of the newly developed financial products and channels
4. Strengthen consumer protection and support measures which enable market conduct
5. Support robust financial inclusion data measurement systems for evidence based policy/business decision
6. Strengthen agent networks for last mile delivery of financial services
7. Support cost effective international remittance channels
8. Support stakeholder coordination, learning exchanges, knowledge generation and dissemination
9. Adopt a responsible finance framework suited to the Pacific
10. Institute a monitoring and evaluation framework and periodic impact evaluations of financial inclusion initiatives
11. Strengthen analysis of the gender impacts at family and community level of the introduction of new products and services

## Program outputs and framework

The aim of the second phase of PFIP is to respond to the current and emerging challenges that have been identified. Broadly, the following are the programme targets for PFIP II:

- Additional 500,000 low-income people, with at least 50% women, gain access to appropriate/affordable financial services
- Additional 150,000 previously unbanked people, with at least 50% women, gain access to a formal savings account
- An average savings balance of USD 10 in active savings accounts/mobile wallets
- 15% of clients of PFIP-supported branchless/mobile banking solutions are active<sup>3</sup>
- Four additional PICs have national financial inclusion strategies that reflect gender differences and which are based on sound and comprehensive diagnostics. Countries with strategies that are three or more years old review and update their strategies
- Three additional PICs offer financial education through core curricula
- Three additional PICs have national financial literacy strategies in place

## Resource framework

To achieve its mission and targets, PFIP will continue to work in the same four core output areas during its second phase while modifying outcomes and outputs under each.

<b>Outputs/Line Item</b>	<b>Budget</b>
Output 1: Better Policies, Regulations and Coordinated Actions	\$3,866,931
Output 2: Deepening Financial Access	\$12,666,763
Output 3: Better Market Information and Access to Knowledge	\$7,158,250
Output 4: Informed and Competent Consumers	\$7,080,831
Mid Term and/or End Term Evaluations	\$317,725
Indirect Support Costs (7% plus 1% administrative agent)	\$2,686,219
<b>Programme Total</b>	<b>\$33,776,719</b>

<sup>2</sup> For country-specific gaps and opportunities identified in PNG, Fiji, SOI, Vanuatu, Tonga and Samoa, please see Annex 8.

<sup>3</sup> Global average for active users of mobile money deployments is around 10%. PFIP's average is currently 7.5%, the goal is to double active use in the coming phase

## Part 1: Situation Analysis

The Pacific Small Island Developing States (SIDS) have significant variations in size, population, cultural backgrounds, and resource bases. Factors such as physical isolation, small populations, market access and economies of scale, limited governance structures, varied natural resources endowment, inadequate infrastructure and costly transportation, the impact and variability of climate change, natural hazard risks, and economic shocks all constitute key development challenges to the countries in the Pacific. The total population of the Pacific Island Countries is 9.3 million, of which 7.01 million live in Papua New Guinea (PNG). Of the remaining 2.3 million, 73% live in Fiji, Solomon Islands (SOI) and Vanuatu.

Some of the Pacific SIDS are amongst the poorest and most vulnerable segments of the international community. Kiribati, Samoa, SOI, Tuvalu and Vanuatu, are currently classified as Least Developed Countries (LDC's). Pacific Island Countries have varied levels of human development, as measured by the 2012 Human Development Index (HDI). Nine of the countries are ranked in the 2012 human development report. Palau, ranked 52, is part of the group of "high human development" countries. Most of the Pacific Island Countries appear in the "Medium Human Development" category. These include by rank Tonga (95), Fiji (96), Samoa (96), Federated States of Micronesia (117), Kiribati (121) and Vanuatu (124). SOI, with a rank of 143, and PNG, with a rank of 156 are in the "low human development" HDI category.

### Scope and scale of financial exclusion:

Despite promising development in financial inclusion over the past five years, the Pacific continues to be one of the least-banked regions in the world. In some Pacific countries it is estimated that less than 10% of the population have access to basic financial services.

UNDP estimates that around 6.5 million people or 80% of people living in the Pacific islands lack access to financial services (i.e. savings, credit, insurance, remittances, transfers, pensions and investments) from either regulated or non-regulated financial institutions. The majority of those excluded from the financial sector are not able to achieve their full economic potential and continue to be denied opportunities to attain a productive and dignified living. Excluded groups are:

<b>Excluded Groups</b>	<b>Estimated Scale</b>	<b>Impact of Exclusion</b>
Women & men living in rural villages & remote islands engaged in intermittent income earning activities	60 % – 80 % of population	No safe savings to manage what little is earned, leading to high consumption spending. No access to credit to smooth consumption or take advantage of income earning opportunities. Face difficulties paying for education & health services (if available).
Women, men, youth & children everywhere with low levels of financial knowledge & competencies	80 % - 90% of population	Financial competency surveys in Samoa, SOI and Fiji show that low income households have low competencies in managing cash flow, planning and budgeting, managing credit, understanding the cost of money and struggle to meet current and future financial needs. Without immediate intervention at community & school level, the problem will continue to be inter-generational.
Public employees out-posted to rural areas	Significant – as one wage worker, on average, supports up to 20 persons.	This group can spend 30- 50% of their wage packet to receive it. Erosion of income affects quality of life. As most are teachers and health workers, the need to travel to nearest bank branch results in missed work & lapse of service to community
Rural and urban households that receives money from relatives	Significant – annual overseas remittances to	They can spend 30-50% of the amount remitted to travel to nearest bank branch or agent. Similarly, the transaction cost to persons sending money (usually in

working in towns and overseas	Pacific estimated at \$470 m in 2010 <sup>4</sup>	cash) is very high, often finding someone reliable who is traveling. Overseas workers spend between 15% - 50% in fees to send money home in the Pacific.
Women and men engaged regularly in running a micro-enterprise in peri-urban and urban areas. They commonly earn below the poverty line or are most vulnerable to poverty	Significant – with urbanization growing at 20% annually in Pacific & growth of urban poverty	While living in proximity to banks, they don't qualify for access or are intimidated by formality. No safe savings to build lump sums to meet higher costs of urban living & to build assets. No credit to smooth consumption, to expand micro-enterprises & to enter formal economy. Household are very vulnerable to sickness & death of income earner with absence of savings or micro-insurance.

Women are particularly excluded from participation in the financial sector in the Pacific. Recent research in Fiji, PNG, and SOI shows that women own fewer financial products and are less financially competent than men<sup>5</sup>. Despite this, quantitative impact research also showed that women assume greater responsibility for household money management and just having one person with a bank account and financial literacy training has significant impact of household wellbeing and the impact is multiplied when that person is a woman<sup>6</sup>.

With weakening of traditional social safety nets, the inadequacy of public and private sector pension schemes and very low capacity to save for old age, social protection for the vulnerable and poverty in old age are significant concerns. Unexpected financial expenditures related to deaths, health emergencies, floods and crop failures from seasonal natural disasters significantly threaten households across the Pacific. At such times, an inability to manage budgets effectively reduces household resilience, resulting in increased vulnerability to poverty. Moreover, cultural and social obligations—in particular funerals—can cost Pacific Island households thousands of dollars. Insurance demand assessments of low-income markets in Fiji and PNG show that insurance penetration is only 3.6% and 1.4% respectively.

Root causes: An expansive and fragmented geography, low population densities, poor infrastructure, political instability, low levels of technical expertise, low levels of financial competency and vulnerability to natural disasters make delivery of sustainable financial services a challenging task in PICs in a region that spans a third of the earth's surface.

Conventional financial service providers (banks, insurance companies, etc.) lack sufficient market information for making sound business cases for serving the relatively small markets of Pacific countries. This is true even though previously inaccessible populations are increasingly reachable through new technology, improving infrastructure and new business models. While regulators have been pro-active in enabling experimentation in new technology driven and branchless banking models, regulatory regimes to provide adequate protection to clients of new products are needed for scaling up of services.

Country and Regional Perspectives: Cognizant of the high levels of financial exclusion and its impact on financial stability and equitable growth, the 2009 Forum Economic Ministers' Meeting (FEMM) and South Pacific Central Bank Governors, , endorsed the 2020 MoneyPacific Goals. This came as the result of high level advocacy by PFIP and PIFS and through the Goals there was a call for joint public and private sector actions to ensure that: (i) all children receive financial education through core curricula; (ii) all adults have access to financial education; (iii) simple and transparent consumer protection be put in place; and (iv) to halve the number of Pacific Islanders without access to basic financial services.

<sup>4</sup> World Bank (2010) WDI Database

<sup>5</sup> Sibley, Jonathan (2012) The Financial Competence of Low Income Households in Fiji; Sibley, Jonathan (2013) The Financial Competence of Low Income Households in Solomon Islands; Sibley, Jonathan (2013) The Financial Competence of Low Income Households in PNG

<sup>6</sup> Sibley, Jonathan (2009) Financial Capability, Financial Competence and Wellbeing in Rural Fijian Households.

While measurable progress has been made in those countries where central banks have supported expansion of financial inclusion, the continuing demand for responsive technical advice and smart financing to catalyse public and private investments is clearly articulated in the 3 national financial inclusion strategies; 2 national financial competency strategies and the 6 national microinsurance action plans prepared by PICs to date. The regional priorities identified by the Pacific Islands Central Bank Financial Inclusion Working Group (PIWG) include strengthening of financial inclusion data collection; supervision of microfinance institutions; expanding mobile and branchless banking; consumer protection and microinsurance.

Summary of PFIP’s regional FI achievements 2008 – 2013:

PFIP was developed to achieve greater financial inclusion among one of the least banked regions in the world. The programme was housed in UNDP’s Pacific Centre, building on earlier, successive and successful UNDP projects aimed at expanding financial inclusion and financial competency in the region. As a result of those efforts, commercial banks introduced financial service pilots in Fiji, Samoa, Solomon Islands, Tonga and Vanuatu. Further, financial education and financial literacy programmes were introduced in Fiji, Solomon Islands and Samoa.

The first PFIP phase focused on the following four key output areas:

- i. Support and empower policy makers, donors and other stakeholders to make decisions, take coordinated action and allocate resources to promote financial inclusion
- ii. Support scalable, replicable and sustainable projects that deliver appropriate financial services to low-income people, small and microenterprises, including women and those in rural and remote areas
- iii. Create and share knowledge so that industry has access to local market intelligence and information on global best practices
- iv. Build financial competencies and embed financial literacy in regional and national development strategies with replicable approaches that enable households to improve financial security and build economic opportunities

A summary of programme achievements to date are presented in the following table:

<b>2008:</b>	<b>2013:</b>
Most PICs lacked regulations and policies focussing on financial inclusion	<ul style="list-style-type: none"> <li>• National Financial Inclusion Taskforces or Units across 4 PICs (PNG, Fiji, SOI, Vanuatu) &amp; 3 countries (Fiji, SOI, Vanuatu) have financial inclusion strategies coordinating FI efforts in country</li> <li>• Samoa &amp; SOI has amended banking laws to include FI and financial literacy as a core mandate</li> <li>• 6 PICs (PNG, Fiji, SOI, Vanuatu, Samoa, Tonga) have gone ahead with branchless banking/mobile money pilots</li> <li>• Microinsurance action plans are in place for 5 PICs (PNG, Fiji, SOI, Vanuatu, Samoa)</li> <li>• 5 PICs have relaxed KYC protocols to facilitate access to mainstream financial services by low-income households</li> </ul>
Lack of stakeholder coordination & little knowledge generation, exchange and dissemination within the region	<ul style="list-style-type: none"> <li>• National, regional, international level stakeholder coordination through NFITs, A2F Pacific donor group, Pacific Island Working Group (of the Alliance for Financial Inclusion—AFI)</li> <li>• Financial services sector assessments (FSSA) across 4 PICs (PNG, Fiji, SOI, Vanuatu)</li> <li>• Microinsurance demand assessments in Fiji and PNG</li> <li>• Regional learning events organised on microinsurance, financial</li> </ul>



	<p>performance monitoring, remittances, G2P, agent banking and financial literacy</p> <ul style="list-style-type: none"> <li>• 38 partners supported to attend regional and international learning events</li> <li>• 20 knowledge products developed, widely disseminated</li> <li>• 16 events sponsored with over 800 attendees</li> </ul>
No PICs had service providers offering low cost, technology-enabled banking solutions	<ul style="list-style-type: none"> <li>• 11 mobile/branchless banking deployments/pilots implemented across 6 PICs (PNG, Fiji, SOI, Vanuatu, Samoa, Tonga) Some in collaboration with IFC &amp; ADB</li> <li>• More than 500,000 clients across the Pacific access to new financial services through PFIP-sponsored projects</li> <li>• More than 173,000 people have accessed new savings accounts</li> <li>• Microinsurance products piloted in 3 PICs (PNG, Timor-Leste, Fiji)</li> <li>• Low-cost international remittances to mobile wallets introduced 3 PICs (Fiji, Samoa, Tonga)</li> <li>• First G2P banking pilot in the region (Fiji)</li> </ul>
Little focus of governments and service providers on building financial competencies of low-income households in the region	<ul style="list-style-type: none"> <li>• Developed low-income adult financial competency framework for the Pacific Region</li> <li>• Adult financial competency baseline prepared for 4 PICs (PNG, Fiji, SOI, Samoa); replicable methodology to measure adult financial competency introduced</li> <li>• 2 PICs (Fiji &amp; Samoa) have national financial literacy strategy in place; 2 more planned for 2013 (PNG &amp; SOI)</li> <li>• Fiji has included financial education in school curriculum, outreach of 197,000 students 48% are female</li> <li>• Over 12,000 target clients trained under Westpac financial literacy program across 3 PICs (PNG, Vanuatu, Tonga)</li> </ul>

## Summary of Financial Inclusion Gaps and Opportunities in the Pacific

Each PIC has a specific set of challenges to increasing financial inclusion given the varied population sizes, geographic characteristics, infrastructure and institutional base, the regulatory environment and the pace of financial inclusion interventions to date. However, the table below highlights general gaps and opportunities in the region.

Levels	Gaps	Opportunities
Macro	<ul style="list-style-type: none"> <li>• Lack of involvement of government ministries in furthering financial inclusion and its alignment with the country’s overall development agenda; corresponding lack of support through budget allocations for financial inclusion activities</li> <li>• Lack of appropriate and standardised indicators for regulators to monitor progress of financial inclusion and measure impact</li> <li>• Little analysis of financially excluded groups, i.e. women, youth, etc. for guiding policy decision</li> <li>• Consumer protection remains nascent in all PICs</li> <li>• Limited capacities within central banks on regulations/supervision of inclusive financial services</li> <li>• Little or no oversight of other deposit taking institutions like MFIs, credit unions, SLS, saving clubs etc. (light oversight of SLS in PNG and of MFIs in Fiji)</li> <li>• No clear definition or specific guidelines on prudential norms, market conduct, product and institutional norms for microinsurance</li> <li>• 6 central banks have issued “no objection” for mobile/branchless banking initiatives. However, as the space matures, regulations will need further strengthening. Aspects such as trust arrangement for non-bank MM providers, principal-agent guidelines, threshold requirements for e-money license, supervision &amp; audit framework and guidelines etc. will have to evolve.</li> </ul>	<ul style="list-style-type: none"> <li>• AFI &amp; its PIWG is driving the dual agenda on standardizing FI data and strengthening consumer protection. Strengthening the coordination and implementation capacities of NFITs/CEFI as sustainable in-country networks for planning and implementing financial inclusion initiatives</li> <li>• Identifying barriers to inclusive insurance through detailed regulatory diagnostic studies and exploring opportunities for possibility of a regional microinsurance initiative</li> <li>• IFC and WB work on improvements in payments laws and regulations provide opportunities to improve efficiency, security, accessibility of payments. Opportunities for greater interoperability and seeding of cost-effective international remittance channels</li> <li>• CGAP, BMGF, GSMA, WB are all working on standardising financial inclusion indicators; opportunities to link PIWG work on FI data to the global working group</li> <li>• University of New South Wales is reviewing best practices in MM/BB space and creating a regulatory template. Opportunities to link PIC regulators and strengthen regulatory/supervisory capacities especially in the area of MM/BB</li> </ul>

Meso	<ul style="list-style-type: none"> <li>• Lack of robust agent networks for distributing financial services</li> <li>• Dearth of strong, locally based technical assistance providers that can support financial inclusion through capacity building, research/knowledge dissemination and ratings/assessments</li> <li>• Weak network organizations in case of MFIs and member based financial institutions</li> <li>• Lack of demand side research studies and supply side feasibility on savings, credit, microinsurance, payments in the region</li> <li>• Lack of available research on exclusion of marginalized groups including women, youth, etc.</li> <li>• Weak MNO infrastructure in certain geographies – constrains delivery of financial services</li> </ul>	<ul style="list-style-type: none"> <li>• IFC work on setting up of credit bureaus across 5 PICs ; opportunities to extend it to other countries in the Pacific (Samoa) and also broad basing the utility of credit bureaus to MFIs and to member based institutions</li> <li>• ADBs private sector development initiative around secured transactions registry implemented in most PICs; need to deepen impact and encourage banks and financial institutions develop innovative products for MSMEs and leverage this infrastructure</li> <li>• Demand research on microinsurance in Fiji and PNG provides significant learning for the region. The research can be extended to other PICs and the possibility of a regional microinsurance initiative can be explored</li> <li>• Financial Diaries project in PNG can be replicated in other PICs providing relevant data for both FSPs and policymakers</li> </ul>
Micro	<ul style="list-style-type: none"> <li>• Most MFIs have low capacities especially around governance, product development and reporting</li> <li>• General product and services gap in the region (credit, savings, insurance, remittances) in part due information gaps on the financial needs of clients and the business case for the provider</li> <li>• Lack of institutions for meeting the financing needs of MSMEs and absence of tailored products amongst the ones that exist</li> <li>• Uptake of mobile/branchless banking services is low amongst the existing clientele; 95-99% dormancy</li> <li>• Lack of sustainable models that can reach the significant populations of Pacific Islanders that will remain outside of the reach of formal FSPs in the medium to long term (i.e. savings clubs)</li> <li>• Absence of a social performance measurement framework at the level of service providers</li> <li>• Few product offerings specifically targeting women, youth and other excluded populations</li> </ul>	<ul style="list-style-type: none"> <li>• Major commercial banks in the region have launched or will soon launch mobile/branchless banking services, combined with savings products designed for low-income users. The space will become more competitive (MNOs, banks, MFIs and others) resulting in possible consolidation and improved quality of products and services and greater emphasis on client usage</li> <li>• Remittance (international) costs in the Pacific are high, averaging 15-26% across remittance corridors. However, PFIP partnerships have shown promise in bringing down remittance costs under 10% in Tonga, Samoa and Fiji. Opportunities exist to replicate across other remittance corridors and to deepen impact of KlickEx / Digicel through increased subscriptions, active usage and robust agent networks</li> <li>• Micro insurance pilots in PNG and Fiji have significant learning for the region in terms of suitable products, delivery channels/processes, customer uptake, and awareness/education campaigns</li> <li>• Experience in Fiji on G2P (government to person) payments being routed through MM/BB channels has potential across</li> </ul>

		<p>other PICs</p> <ul style="list-style-type: none"> <li>• Strategic initiatives using mobile/branchless banking rails like G2P/BSPs rural banking initiative around agri-value chains have potential to be replicated across the region for deepening access</li> <li>• Linkages between governments, MNOs, commercial banks, member based institutions, MFIs can be explored for greater synergies in financial services delivery across the region</li> <li>• Linkages between FSPs and UN Women’s Safe Cities for Women and Girls Programme, like pilot in PNG may be expanded to other markets and countries, making markets safer for women and girls</li> </ul>
Client	<ul style="list-style-type: none"> <li>• Low population density, small markets, geographic isolation, poor infrastructure, etc. present challenges for clients to reach FSPs and FSPs to reach clients</li> <li>• Low levels of financial competency within the region as highlighted in financial competency surveys done by PFIP in 4 PICs</li> <li>• Women have lower financial competencies and less access to financial services as compared to their male counterparts</li> <li>• Governments and central bank lack financial literacy baseline data and a strategy going forward</li> <li>• Lack of appropriate financial services designed for youth (i.e. savings accounts for minors.)</li> <li>• School dropouts will not be reached by financial literacy efforts in countries such as Fiji, Samoa.</li> </ul>	<ul style="list-style-type: none"> <li>• Fiji has rolled out financial education in schools (FinED). There are opportunities to introduce FinEd in other PICs national development plans and create a Centre of Excellence within the region based on the Fiji FinED experience</li> <li>• PFIP in negotiation with Fiji National University (FNU) to train teachers on FinED. Leveraging this relationship and forging similar linkages with University of South Pacific gives potential to regionally train educators (directly or through other teacher training institutes) to broaden outreach</li> <li>• PFIP working with central banks and key stakeholders to formulate national financial literacy strategy as part of the overall financial inclusion strategy; presents opportunities for greater coordination and enhanced focus in financial literacy efforts</li> <li>• MEP (Microfinance Expansion Project) PNG has significant funding for financial literacy – provision to target 120,000 adults through a range of institutions. The financial literacy modules and delivery methodology developed can be adopted by FSPs and network organizations in other PICs</li> <li>• Opportunities for linkages with community and faith-based institutions to deliver sustainable financial literacy campaigns for deeper outreach</li> <li>• Opportunity to increase linkages between financial</li> </ul>

		inclusion/literacy initiatives with other UNDP and Pacific Centre's core programmes in Democratic Governance, Crisis Prevention and Recovery and Poverty Reduction and MDGs
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## Part 2: Strategy

### Regional Dimension

The programme outputs are well aligned with global, regional and national priorities of the stakeholders. The overall drive is towards achieving the global Financial Inclusion Vision 2020. Regionally, the programme is aligned with the Money Pacific Goals endorsed by FEMM. The implementation strategy of the programme at a national level will be developed alongside the PIWG. At the national level, the programme will continue to align its interventions with the overall financial inclusion strategy/priorities of the central banks and the national governments via NFITs or other coordinating units.

Each PIC is at a different stage of market development when it comes to financial inclusion, which necessitates a tailored approach for each country. While the programme appreciates the need to tailor interventions that suit the individual country context, there are certain cross-cutting gaps/opportunities that will call for a regional approach, including:

- building supervisory capacities of the central bank for new products/delivery channels (e.g. microinsurance, MM/BB)
- strengthening consumer protection framework and supervision of market conduct
- setting up appropriate financial inclusion data measurement systems
- introducing products and services that target low-income and rural people and enable them reduce their expenses and securely build assets
- supporting development of robust agent networks
- building cost effective international remittance channels
- strengthening financial competencies of low-income people especially women/youth.

A regional programme support facility can provide performance-based grants and technical assistance to eligible financial service providers, central banks and government to address the regional priorities stated above. The aim of the programme is to develop regional public goods on best practices/models on financial inclusion which can be accessed and put to effective use by all stakeholders in the region. These successful models of pro-poor financial innovations, collectively, will act as center(s) of excellence for facilitating learning and regional replication. Learning exchanges and knowledge products will be integral to the strategy of promoting regional public goods and ensuring that the stakeholders are able to apply them in their operational context.

In its current phase, PFIP has primarily supported development of financial inclusion in six countries in the South Pacific that account for 90% of the region's population: PNG, Fiji, SOI, Vanuatu, Samoa and Tonga. Three of those (Samoa<sup>7</sup>, SOI and Vanuatu) are LDCs. PFIP will continue to work in the largest six countries in its subsequent phase, while exploring the possibility of adding the other regional LDCs (Tuvalu and Kiribati) to its portfolio, as appropriate. The work done and lessons gathered by PFIP in earlier phases will have significant implication for strategizing and implementing financial inclusion initiatives in new countries. Scoping missions will have to be undertaken in new the partner country to strategize interventions. Through the partnership with UNDP, the programme also has the potential to provide advice and support initiatives in the non-LDCs.

Given the gestation period of proposed programme interventions and the desired impact on the Pacific financial inclusion landscape, the second phase is planned for a period of five years i.e. 2014-2018, , which is aligned with the timeframe for the next UNDP regional programme currently under development.

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<sup>7</sup> Samoa is scheduled to graduate from LDC status in 2014

## Lessons Learned

The on-going phase of PFIP (2008-13) focused on the following four key output areas:

1. Support and empower policy makers, donors and other stakeholders to make decisions, take coordinated action and allocate resources to promote financial inclusion
2. Support scalable, replicable and sustainable projects that deliver appropriate financial services to low-income people, small and microenterprises, including women and those in rural and remote areas
3. Create and share knowledge so that industry has access to local market intelligence and information on global best practices
4. Build financial competencies and embed financial literacy in regional and national development strategies with replicable approaches that enable households to improve financial security and build economic opportunities

Multiple programme evaluations<sup>8</sup> and stakeholder consultations confirm the validity and relevance of the previous cycle, finding that *the programme has made substantial advances towards meeting the terms of all four PFIP outputs and related indicators support the conclusion that programme is meeting the terms of its underlying development hypothesis* with some adjustments required to fine tune the future programme. These include the need to:

- Strengthen its internal systems/capacities to adopt a more holistic approach to results measurement, utilizing practices in line with the DCED (Donor Coordination for Enterprise Development) Standards and measuring the development impact of projects.
- Deepen the impact of product/services with emphasis on building robust agent networks, broadening the range of financial products, catalysing strategic partnerships, developing risk management frameworks and client protection guidelines to create a relevant and secure mobile financial services eco-system
- Broadening government partners beyond central banks to bring greater government resources (human and financial) to bear on larger obstacles to inclusive finance (i.e. Ministries of Education, National Planning, etc.)

## Programme Outputs

The overall aim of the programme is to respond to current and emerging challenges in the inclusive finance space in the Pacific in order to play a catalytic role in expanding access to financial services for rural and low-income women, men, youth and microentrepreneurs.

## Programme Targets

Broadly, the following are the programme targets that PFIP's aim to achieve:

- Additional 500,000 low-income people, with at least 50% women, gain access to appropriate/affordable financial services
- Additional 150,000 previously unbanked people, with at least 50% women, gain access to a formal savings account
- An average savings balance of USD 10 in active savings accounts/mobile wallets
- 15% of clients of PFIP-supported branchless/mobile banking solutions are active<sup>9</sup>
- Four additional PICs have national financial inclusion strategies that reflect gender differences and which are based on sound and comprehensive diagnostics. Countries with strategies that are three or more years old review and update their strategies

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<sup>8</sup> UNCDF Special Projects Implementation Review Exercise (SPIRE) for PFIP in February, 2011; PFIP mid-term review for European Union in March 2011; Evaluation of UNDP's Regional Programme (RP) for Asia and Pacific in 2012.

<sup>9</sup> Global average for active users of mobile money deployments is around 10%. PFIP's average is currently 7.5%, the goal is to double active use in the coming phase

- Three additional PICs offer financial education through core curricula
- Three additional PICs have national financial literacy strategies in place

For all programme targets, data will be disaggregated by gender and age to monitor the gender and age implications of programme activities. PFIP, in collaboration with its partners (AFI, the PIWG, central banks, etc.) will support development of financial inclusion measurement systems based on global best practices as well as regulator capacity to gather, monitor and analyse the data, in order to drive evidence-based policy decisions.

Given the relevance of the programme, PFIP will build on the work done in the current phase and continue to work in the same general framework during its second phase while modifying outcomes and outputs under each. The following are the associated output areas and corresponding strategies through which PFIP aims to achieve the targets mentioned above and also achieve the overall vision of inclusive economic growth within the region.

### **Outcome 1: Better Policies, Regulations and Coordinated Actions**

*Enabling policy and regulatory environment backed by a robust financial inclusion strategy that facilitates expansion of appropriate, innovative and secure financial products and delivery channels for low-income Pacific islanders, particularly women and youth*

- PFIP will continue its pioneering role in assisting central banks in the formulation of national strategy on financial inclusion/literacy and its implementation through NFITs/CEFI
- In conjunction with IFC/ADB/AFI, PFIP will build regulatory and supervisory capacities of central banks and support the creation of an enabling environment for financial services delivery
- Increased involvement with government ministries to prioritizing financial inclusion needs of the country and to leverage the G2P experience obtained in Fiji
- Continue its work with AFI and develop while working alongside PIWG, financial inclusion data measurement systems at the regulatory/service provider level. PFIP will assist central banks to define, collect and analyze financial inclusion data, and will play an active role in forging partnerships with international development organizations working in this area
- Advocacy towards interoperable payment systems will be an important component of the work of PFIP and go a long way in making MM/BB channels more relevant for the customers and feasible for the service providers

### **Outcome 2: Deepened Financial Access**

*Deepening financial access through product/ channel innovations that meet the financial service needs of low-income Pacific islander, including women and youth, and at the same time result in sustainability of financial services delivery*

- Continue support in the incubation of innovative models for financial services delivery and MM/BB with a shifting focus on markets / geographies where such services are still evolving
- Strengthen/deepen mobile banking services with emphasis on building robust agent networks, driving usage and broaden the range of financial inclusion products. Besides MM/BB, PFIP will closely monitor progress of microinsurance pilots in the PNG and Fiji and explore opportunities for roll-out through diversified delivery channels
- Focus on adoption of best practices by community based savings institutions and build their capacities to better service rural households.
- A greater emphasis to ensure equitable delivery of quality financial services for those that are marginalized, especially women and youth (i.e. invest in developing savings and microinsurance products that help women achieve goals and weather emergencies;



moving beyond financial literacy to design and delivery of financial products targeting youth)

- There will be an ongoing focus on facilitating the delivery of financial services such as savings through branchless banking channels. Phase two will also explore interventions/pilots with focus on microcredit and other services, e.g remittances, planned savings, etc.
- Financial education—both in schools and for adults—has been a focus area for PFIP and this focus will continue going forward. Where appropriate, this will be linked to entrepreneurship training and development and employment/skills programmes offered by governments and development partners

### **Output 3: Better Market Information and Access to Knowledge**

*Enhance sector understanding on products, channels, business models suited to the needs of low-income Pacific islanders through demand, supply and impact evaluation studies*

- Knowledge products will be integral to all PFIP interventions cutting across output areas. Key focuses of phase II will include:
  - Demand side research backed by supply side feasibility studies including studies potentially on payments landscape, household cash flows (including replication of the financial diaries project), agent network management, microinsurance and micropension.
  - Greater emphasis will be laid on impact assessments of financial inclusion initiatives of PFIP supported initiatives.
- As the Pacific presents many challenges to financial inclusion (geography, population size, distribution, low levels of infrastructure and financial literacy) lessons learned can be of value beyond the region. As such, PFIP will increase efforts to share regional experience on a global level.
- PFIP will continue playing an active role in the region in stakeholder coordination through NFITs/CEFI/PIWG and promote a culture of working collaboratively.

### **Outcome 4: Informed and Competent Consumers**

*Strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve their livelihoods*

- There is significant stakeholder demand for replicating FinED in other PICs. PFIP II will promote Fiji's FinED as a centre of excellence and work to broker public-private partnerships for introducing financial education in school curriculum in other PICs. PFIP will play an advocacy role and provide technical assistance in the prioritization, design and implementation.
- Phase two will explore the opportunity to address financial literacy through innovative channels such as; faith based/community based institutions, financial literacy campaigns and experiential learning.
- Studies will be conducted in each of the partner PICs to learn about sources /channels through which poor people most often learn about financial products and services alongside working with PIWG/AFI in strengthening consumer protection environment in the Pacific.
- PFIP will work to establish additional financial competency baselines and develop of national financial education strategies in additional countries in phase 2.

## Gender Mainstreaming

To ensure gender is mainstreamed into the design of specific interventions, implementation, monitoring and evaluation, PFIP will align its strategy with both the UNDP Gender Equality Strategy, as well as the UNCDF strategy on Gender Equality and the Empowerment of Women (GEEW). To begin with, at the programme level, PFIP will adopt and institutionalise UNCDF minimum standards in gender mainstreaming. (Please refer to annex 2 for details on UNCDF minimum standards on gender mainstreaming.)

PFIP's larger objective in gender mainstreaming is to hire a full-time Gender Specialist (GS) to assist PFIP and its partners with project and product design, delivery, monitoring and evaluation in order to facilitate gender mainstreaming in all PFIP-supported activities. The GS will liaise closely both with the Pacific Centre's Knowledge Management & Gender Specialist to implement the Centre's gender strategy, and will also coordinate efforts with UN Women. The GS will interact with regional stakeholders in order to leverage global learning in the sector through partnerships with international development partners like Women's World Banking (WWB). The GS's work will contribute to the achievements of results under the outcome areas of the UNDAF for Pacific sub region (2013-2017), especially on output area 2 (gender equality) and output area 3 (poverty reduction and inclusive economic growth), as well as the PNG UNDAF for 2012-2015, especially Cluster 2: Social Justice, Protection and Gender Equality.

### Alignment with UNDAF (2013-17) for Pacific Sub Region

The PFIP 2014-2018 strategy is well aligned with that of UNDAF (2013-17) for the Pacific sub region. The potential areas of mutual complementarity are shown in the accompanying matrix.

UNDAF Outcome Areas	Goal	PFIP Strategy
1. Environmental management, climate change and disaster risk management	By 2017, the most vulnerable communities across the PICTs are more resilient and select government agencies, civil society organizations and communities have enhanced capacity to apply integrated approaches to environmental management, climate change adaptation/mitigation, and disaster risk management	PFIP's focus on promoting agent-based electronic channels for financial services delivery hold significant potential for efficiently disbursing aid relief payments in the event of a disaster. PFIP has done research on the potential (Fiji) and will look to leverage global experience in this space to scope opportunities for it in the Pacific.
2. Gender Equality	By 2017, all women and girls, men and boys will contribute to national development and citizenship through opening channels to decision making, improved access to social service, strengthened livelihoods and greater economic security; and, together with children and other vulnerable groups, benefit from strengthened protection systems that respond to and prevent violence against them, in line with national standards	PFIP's Gender Specialist will assist in identifying opportunities and support institutions to provide women and girls focused financial services aimed at empowering these vulnerable sections through greater access to business opportunities, ensuring livelihood resilience and greater participation in household decision making

<p>3. Poverty reduction and inclusive economic growth</p>	<p>By 2017, inclusive economic growth is enhanced, poverty is reduced, sustainable employment is improved and increased, livelihood opportunities and food security are expanded for women, youth and vulnerable groups and social safety nets are enhanced for all citizens</p>	<p>There is a significant body of evidence that greater, more affordable access to financial services can reduce poverty and promote more equitable over-all economic growth in a country. Further, financial sector development helps enterprises, especially smaller firms, overcome financing constraints. Intensive research to understand client needs, especially that of women entrepreneurs, will be integral to the design of tailored financial services delivered through a variety of institutions. Particular attention will be made to assist financial service providers to develop products and services that help vulnerable populations to build resiliency, weather economic shock and escape poverty. PFIP will coordinate with core development programmes of UNDP, DFAT and other international development partners especially those focused on poverty reduction and inclusive economic growth. Periodic evaluations of PFIP's FI initiatives will inform policy makers and larger stakeholder community on social impact of development initiatives targeted at marginalized communities</p>
<p>4. Basic services (Health and Education)</p>	<p>Increased access to quality health, education and protective services in particular for women, children, youth and vulnerable populations</p>	<p>PFIP has played a lead role in assisting Government of Fiji in implementing delivery of financial literacy through schools. Financial competency surveys done by PFIP have highlighted low levels of financial competencies especially for women and rural low-income clients. PFIP strategy going forward is to assist governments in replicating the Fiji model for providing financial literacy while exploring opportunities to expand it to include the broader youth community through universities and vocational training institutions and also to pilot other innovative / sustainable financial literacy models through community and faith based institutions with special focus on rural women.</p>

5. Governance and Human Rights	Regional, national, local and traditional governance systems are strengthened and exercise the principles of good governance, respecting and upholding human rights, especially women rights, in line with international standards	One of the core components of PFIP strategy will be to work with governments to streamline governance especially by providing efficient, low-cost, transparent and technology-enabled mechanisms for G2P payments including social security, royalty and payments to government employees in education, health, police and other such departments. PFIP's work on strengthening mobile money and branchless banking infrastructure will enable such a transition. While such initiatives will make government payments transparent, it will also ensure significant convenience for beneficiaries/employees ensuring more productive use of their time at workplaces. With efforts on strengthening agent networks, PFIP will leverage global experience on driving more broad based e-governance initiatives through a network of agents
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### Alignment with Papua New Guinea UNDAF 2012-2015

The PFIP 2014-2018 strategy is well aligned with that of UNDAF (2013-17) for Papua New Guinea. The potential areas of mutual complementarity are shown in the accompanying matrix.

UNDAF Cluster	Interagency Outcome	PFIP Strategy
Cluster 1: Governance for Equitable Development	By 2015, elected representatives and key Government bodies implement good governance practices grounded in accountability, transparency, inclusive participation and equity. <i>4. Stakeholders are able to manage financial inclusion initiatives which allow a greater number of Papua New Guineans to benefit from inclusion in the formal banking system.</i>	PFIP will work with stakeholders at the macro, meso and micro levels, as well as clients, to increase financial inclusion and financial competency in the country. PFIP's Financial Inclusion Specialist for PNG, as well as the regional team, will support and coordinate with regulators, donors, FSPs, NGOs and other UN agencies to bring the unbanked into the formal financial sector.
Cluster 2: Social Justice, Protection and Gender Equality	By 2015, women, men, boys and girls have increased opportunities to access services, resources, rights and decision-making processes through equal participation and benefits from the economic, social and political development of PNG. <i>Specific focus will be to</i>	PFIP's Gender Specialist will assist in identifying opportunities and support institutions to provide women and girls focused financial services aimed at empowering these vulnerable sections through greater access to business opportunities, ensuring livelihood resilience and greater participation in household

	<i>increase the capacity of the national women's machineries and other selected institutions promoting gender equality and women's empowerment</i>	decision making
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## Partnerships and Linkages

At the regional level, PFIP will continue to play an active role in donor coordination through A2F donor coordination group comprising of ADB, DFAT, EU/ACP, IFC, NZAid and WB. Regional priorities will be discussed and based on comparative advantages of individual donors, lead roles will be established in addressing regional financial inclusion gaps. Besides, all donors will coordinate their support to individual FSPs to avoid duplication. PFIP will continue working closely with AFI through PIWG to establish an enabling policy environment for financial inclusion in the Pacific.

The strategy of PFIP going forward will be to ensure greater linkages with UNCDF core programmes under its financial inclusion practice area (FIPA). These include:

- Youth Start – Started in 2010 in collaboration with The Master Card Foundation, the programme aims at increasing access to financial and non-financial services for low-income youth. With a specific emphasis on savings, YouthStart works with Financial Services Providers (FSPs) to pilot and roll out sustainable financial and non-financial services tailored to young people. Through YouthStart, more than 110,000 youth in eight countries in sub-Saharan Africa have opened a savings account in a formal Financial Service Provider (FSP) and close to 65,000 have participated in financial literacy sessions. One of the core components of PFIP's strategy in next phase is to compliment it financial literacy drive targeted at youth with financial products that meet requirements of the segment. PFIP aims to bring learning from the Youth Start programme to the Pacific and pilot youth financial services in at least 2 PICs
- Better Than Cash Alliance (BTCA) – Is a global alliance of development partners (UNCDF, BMGF, Citi Foundation, Ford Foundation, Omidiyar Network, USAID, Visa) which aims at transition from cash to electronic payments. PFIP will leverage global experience of BTCA in driving cash payments made by governments, the development community, NGOs and private sector in the Pacific on to MM/BB platforms.
- Mobile Money for Poor (MM4P) – UNCDF, Sida and DFAT have developed this programme to support branchless and mobile financial services in a select group of LDCs. There are significant synergies between MM4P and PFIP's MM/BB initiatives in the Pacific region especially on the knowledge generation and dissemination front.
- CleanStart – UNCDF, Norad, Sida, and Austria in collaboration with UNDP is targeting by 2017, increased sustainable access to clean and affordable energy by more than 2.5 million clients (low-income households and micro-entrepreneurs) through microfinance loans. Although CleanStart has only recently commenced operations, within a few years, lessons learned could be shared with PFIP.
- INFUSE-- In Timor-Leste, Pacific Financial Inclusion Programme (PFIP) helps oversee the implementation of the The Inclusive Finance for the Under-served Economy (INFUSE) Programme through provision of technical support and expertise. The INFUSE Programme is funded by UNCDF, UNDP Timor Leste, the Government of Timor-Leste and AusAID. INFUSE is currently developing a plan for a follow-on phase. Close collaboration between the two programmes has added added value to both programmes in terms of lessons learned and transferred. This relationship will continue in the future.

- Microinsurance and Remittances: UNCDF has collaborative programmes with the ILO and IFAD, respectively, on microinsurance and remittances, and synergy will be sought between these global programmes and PFIP.

Besides this, PFIP will seek to partner with other development partners, including:

- UN Women—UN Women seeks elimination of discrimination against women and girls, empowerment of women and achievement of equality between women and men as partners and beneficiaries of development, human rights, humanitarian action and peace and security. PFIP has supported UN Women’s *Safe Cities for Women and Girls Programme* in PNG, which focuses on preventing and reducing harassment and violence in public spaces, in particular for women and girls. PFIP supported the link between partner FSP, Nationwide Microbank, and UN Women to implement a pilot making public markets a safer environment for the mainly female merchants. Through the pilot, women no longer have to carry big amounts of cash with them as they gain access to a bank account, and pay market fees electronically, allowing them to save and manage their money in a secure way.
- MicroSave’s Agent Network Accelerator programme in its bid to support partners to build robust agent networks in the Pacific.

### **Resource Mobilization Strategy**

UNDP and UNCDF will contribute US\$ 260,000 and US\$400,000 respectively for a combined funding of US\$ 660,000 towards the total programme budget of US\$33,776,719. DFAT has been closely consulted during the formulation of PFIP 2 and have agreed to contribute AUS\$ 14.150 million for Regional, Fiji and SOI activities. The EU has committed Euro 6 million for PFIP II, This leaves a funding gap of approximately US\$12,005,782. The available funding will be allocated towards the first two years of implementation, with country-specific funding (Fiji and SOI) covering activities in those countries only. As further funding is sought and received either for regional use, or designated for other PICs, activities for other PICs will be undertaken. In case of shortfall in resources, the Investment Committee will prioritize results to be achieved, and the outputs will be reduced accordingly.

### **Sustainability of Results and Exit Strategy**

PICs, especially countries in which PFIP is active have some of the lowest financial inclusion numbers anywhere in the world. The on-going phase of PFIP has managed to create a focus in each of the target countries around financial inclusion. The catalytic work done by PFIP has been appreciated by the industry at large including the donor community. However, this has also led to some level of dependence by the industry on PFIP as a network institution in the space of financial inclusion.

PFIP’s exit strategy is guided by the broader global vision for financial inclusion, defined as universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions. It is not only microcredit, but also savings, insurance, remittances, payments, SME finance. Financial inclusion helps families and entrepreneurs generate income, build assets, manage cash flow, invest in opportunities and strengthen resilience to setbacks.<sup>10</sup>

PFIP’s exit strategy is also guided by the Money Pacific Goals endorsed by the Forum Economic Ministers Meeting (FEMM) in 2009. The regional goals to be achieved by 2020 include:

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<sup>10</sup> See Speech of the UNSGSA for Inclusive Finance for Development, <http://www.unsgsa.org/wp-content/uploads/2013/05/2013-03-26-UNSGSA-remarks-HLP-Bali.pdf>

- i. All children to receive financial education through core curricula;
- ii. All adults to have access to financial education;
- iii. Simple and transparent consumer protection to be put in place; and
- iv. Halve the number of Pacific Islanders without access to basic financial services

Together with all other actors, PFIP aims to contribute to this outcome, and this time frame seems a reasonable target given the current status of financial inclusion in the Pacific. Within this broader target, given the context of different PICs, the pace of financial inclusion in different countries is not likely to be same.

### **Programme Exit:**

PFIP is not seeking to register itself as a permanent institution during the project period. There is a natural 'sunset clause' or exit clause built into PFIP II by the end date of the programme period. Whether PFIP continues after the end of the current programme period will be determined by local stakeholders based on the results achieved in this programme, whether PFIP continues to have comparative advantages that could address remaining gaps in financial inclusion after 2018. Evaluations will provide an input into the deliberations by local stakeholders on whether there is a need for PFIP III.

PFIP will, where possible, seek regional or local partners who could take over responsibility for project supported activities and build their capacity where needed such that PFIP could exit from certain activities by the end of PFIP II, or significantly reduce its role in directly implementing those activities e.g. AFI PIWG to assume a leadership role in the regulatory space, NFITs to support implementation of the national financial inclusion strategy, MPN or USPs to take over support of the Pacific Microfinance Week (PMW) and online repository of FI materials.

### **Investments Exit:**

Each Performance Based Agreement (PBA) to be signed under the programme has standard language noting its limitation in time and cost.:

#### **II. Duration**

*2.1 This Agreement will come into effect on **(Date and Year)** and shall expire on **(Date and Year)** covering the anticipated term of the project. It can be extended, if necessary by exchange of letters, noting the new expiration date.;* and

*5.8 The **Recipient Institution** acknowledges that the **Grantor** has made no actual or implied promise of funding except for the amounts specified by this Agreement.*

Thus, each FSP funded by grant funds has a defined exit strategy built into the grant. The programme's investments will be designed such that successful models can be scaled up via internal resources (FSP retained earnings, savings mobilized) or when additional funds are needed will also continue to partner with other funders to further scale-up successful models. Based on the needs to further extend the frontier of finance within Pacific countries, any further support to FSPs once a PBA is complete would be based on a new financing agreement with targets that document the additional value added to the support provided.

## Part 3: Results and Resource Framework

### Outcomes and Outputs - 1

Intended Target	Output Target	Indicative Activities	Responsible Parties and Partners	Inputs
<b>Outcome 1: Better Policies, Regulations and Coordinated Actions</b>				
Enabling policy and regulatory environment backed by a robust financial inclusion strategy that facilitates expansion of appropriate, innovative and secure financial products and delivery channels for low-income Pacific Islanders				
<p><b>1. National Financial Inclusion &amp; Financial literacy strategy</b></p> <p>All central banks have a medium term national financial inclusion and financial literacy strategy in place and a multi-stakeholder implementation platform in the form of task force and working group</p> <p><b>Indicators:</b></p> <p>Number of PICs that have national financial inclusion and financial literacy strategy; Number of PICs that have NFITs; Target (as decided during strategy formulation) vs. achievement</p> <p><b>Baseline:</b></p> <p>3 PICs (Fiji, SOI and Vanuatu) have a financial inclusion strategy in</p>	<p>1.1 All PICs in PFIP portfolio<sup>12</sup> have a medium term national financial inclusion and national financial literacy strategy in place by the end of 2014</p> <p>1.2 All PICs in PFIP portfolio are on track with the targets and deadlines stated in their financial inclusion/competency strategy</p>	<p><b>1.1 Activity Result:</b> Formulation of national financial inclusion and financial literacy strategy</p> <p>1.1.1 Facilitate diagnostics of financial competency &amp; Financial Inclusion in countries to inform strategy formulation</p> <p>1.1.2 In conjunction with central bank and government, organize and facilitate national level workshop involving all key public and private stakeholders to jointly decide on national financial inclusion/competency priorities and formulate a medium terms strategy</p> <p>1.1.3 Facilitate constitution of national financial inclusion task force and working groups to coordinate and implement strategy</p> <p><b>1.2 Activity Result:</b> PICs are able to achieve their national financial inclusion priorities</p>	<p>Regional Programme Team, Country Coordinators</p> <p>Central Banks, NFITs, Government Ministries, ADB, IFC, AFI, technical experts</p>	<p>Policy &amp; Technical advice, admin/support: \$3,151,200</p> <p>Grant &amp; TA pipeline: \$500,000</p> <p>Travel: \$215,731</p>

<sup>12</sup> Current countries include: Fiji, PNG, Samoa, SOI, Tonga and Vanuatu. Potential to expand to other PICs will be explored, with preference given to LDCs Tuvalu and Kiribati.



<p>place; Fiji and Samoa have a financial literacy strategy; 4 PICs (Fiji, SOI, Vanuatu, PNG) are coordinating financial inclusion initiatives through NFITs<sup>11</sup></p>		<p>1.2.1 Participate and facilitate periodic (quarterly) review meetings of task force to track progress on targets</p> <p>1.2.2 Provide technical assistance through country coordinators and technical experts on aspects where capacities of central bank/taskforce need to be augmented</p>		
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<sup>11</sup> PNG coordination of financial inclusion efforts are done through the Centre of Excellence for Financial Inclusion (CEFI), which serves as the taskforce  
PFIP Programme Document (2014-2018)

<p><b>2. Strengthening regulatory and supervisory capacities of central bank</b></p> <p>All PICs have prudentially robust and enabling supervisory framework for ODTIs, MM/BB, microinsurance and other such evolving products and delivery channels</p> <p><b>Indicators:</b></p> <p>Number of policy/regulatory changes done by central banks/government in a quest to create an enabling inclusive financial services environment (mobile/branchless banking, ODTIs, microinsurance, consumer protection etc.)</p> <p><b>Baseline:</b></p> <p>Regulatory environment around inclusive financial services remain nascent in most PICs. As market matures, it will need strengthening.</p>	<p>2.1 Policy &amp; regulatory constraints are addressed by relevant regulatory authorities – building on ongoing financial policy and regulatory work by AFI, ADB, IFC, PFIP, WBG &amp; other donors</p>	<p><b>2.1 Activity Result:</b> Addressing policy and regulatory constraints for enabling environment</p> <p>2.1.1 Coordinate with AFI, ADB, IFC, WBG and respective NFITs to scope key policy/regulatory constraints in expansion of inclusive financial services in the respective PICs/region</p> <p>2.1.2 Coordinate with AFI, ADB, IFC and WB on technical assistance to be provided to relevant regulators to address identified gaps</p> <p>2.1.3 Wherever required, assist regulators to implement policy/regulatory changes through assistance from technical experts and respective country coordinators</p>	<p>Regional Programme Team, Country Coordinators, External Consultants</p> <p>Partners – ADB, AFI, IFC, WBG, Central Banks, Insurance Regulators, Government, PIWG, NFITs</p>	
<p><b>3. Greater integration of financial inclusion in national development agenda</b></p> <p>Involving government ministries in prioritizing financial inclusion needs of the country and leveraging government infrastructure to drive national financial inclusion</p>	<p>3.1 National governments facilitate linkages of relevant ministries and provide budgetary and human resources for important financial inclusion initiatives within the country and drive volumes through MM/BB channels</p>	<p><b>3.1 Activity Result:</b> Facilitate increased involvement of government in financial inclusion strategy /initiatives</p> <p>3.1.1 In conjunction with central banks, convene an information exchange workshop on financial inclusion for all government ministries and agencies with representation from key decision makers including</p>	<p>Regional Programme Team, Country Coordinators</p> <p>Partners – Relevant government ministries especially ministry of finance, central banks, UNDG, DFAT, EU, NFITs</p>	

<p>initiatives</p> <p><b>Indicators</b></p> <p>Representation of key government ministries in NFITs; Number of financial inclusion/literacy initiatives implemented in partnership with government ministries; Budgetary allocation made by government for financial inclusion/literacy initiatives; Percentage of G2P payments driven on MM/BB channels</p> <p><b>Baseline</b></p> <p>Except Fiji, government involvement in financial inclusion/literacy initiatives is low within the region</p>		<p>3.1.2 permanent secretaries and directors Advocacy for greater representation of government in NFITs and financial inclusion initiatives</p> <p>3.1.3 Advocacy with relevant government ministries for budgetary allocations for financial inclusion/literacy initiatives</p> <p>3.1.4 Brokering linkages between private sector and government for joint initiatives</p> <p>3.1.5 Provide technical assistance and grant support to financial inclusion initiatives taken by government ministries</p> <p>3.1.6 Leveraging DFAT, EU, UNDP linkages in government for greater synergies</p>		
<p><b>4. Financial inclusion data measurement standards and systems</b></p> <p>Appropriate FI data measurement systems are in place in all PICs for evidence based policy and business decisions</p> <p><b>Indicators</b></p> <p>Number of central banks that have standardized FI data measurement system in place; Periodic progress report on financial inclusion incorporating standardized</p>	<p>4.1 Regulators have appropriate, standardized FI data measurement systems in place for more informed policy decision making</p> <p>4.2 FSPs have appropriate systems in place to track standardized FI data and report to the regulator</p>	<p><b>4.1 Activity Result</b> – Regulators have standardized FI data measurement systems in place</p> <p>4.1.1 Coordinate with AFI/PIWG on their FI data measurement agenda and reach consensus on key performance indicators to gather.</p> <p>4.1.2 provide necessary TA and capacity building to regulators to enable quality implementation (data capture, analysis, and use for decision-making)</p> <p>4.1.3 Broker linkages between AFI/PIWG with other international development partners (BMGF, CGAP, GSMA, UNCDF MAP) to</p>	<p>Regional Programme Team, Country Coordinators</p> <p>Partners - Central Banks, NFITs, BMGF, CGAP, GSMA, UNCDF, PIWG, FSPs</p>	

<p>financial inclusion data</p> <p><b>Baseline</b></p> <p>Region lacks standardized financial inclusion data measurement systems for impact assessments of policy/business decisions</p>		<p>enhance the quality of data measurement systems and link it with global best practices</p> <p><b>4.2 Activity Result</b> – FSPs have appropriate systems in place to report regulators on standardized FI data</p> <p>4.2.1 In partnership with AFI/regulators, conduct workshop with FSPs to brief them on data reporting protocols and data analysis for business decision making</p> <p>4.2.2 Wherever needed, provide TA to network organizations to implement systems required to report FI data as necessitated by regulators</p>		
<p><b>5. Interoperability</b></p> <p>Implementing interoperability between payment channels resulting in enhanced convenience for end users and lower costs of delivery for the service providers</p> <p><b>Indicators</b></p> <p>Number of deployments that have integrated and achieved interoperability; Number of PICs with seamlessly integrated and interoperable payments channel including MM/BB; Increase in payment transaction volumes as a result of interoperability</p> <p><b>Baseline</b></p>	<p>5.1 Interoperability across agent banking channels of MM/BB deployments of different providers is achieved in at least 2 PICs by 2018</p>	<p><b>5.1 Activity Result</b> – Advocacy at relevant forums for operationalizing interoperability</p> <p>5.1.1 Advocacy at relevant forums (PIWG, NFIT, PMW etc. ) alongside AFI, IFC, ADB and WBG</p> <p>5.1.2 Knowledge product on demand for interoperability, supply side feasibility and its likely impact for the region/individual PIC</p>	<p>Regional Programme Team; Country Coordinators</p> <p>Partners – IFC, ADB, WBG, DFAT, PIWG, Central Banks, NFITs, FSPs, BTCA, Government, Technology Service Providers</p>	

None of the PICs have interoperability between banking infrastructure and MM/BB channels. Many PICs don't have inter-bank interoperability				
<b>Sub-Total Output 1</b>				\$3,866,931

## Outcome and Outputs - 2

Intended Target	Output Target	Indicative Activities	Responsible Parties and Partners	Inputs
<p><b>Outcome 2: Deepening Financial Access</b></p> <p>Deepening financial access through product/ channel innovations that meet the financial service needs of low-income Pacific islanders, particularly women and youth and at the same time result in sustainability of financial services delivery for the service providers</p>				
<p><b>1. Incubating Innovative Financial Services Delivery Model</b></p> <p>Supporting replicable/innovative products/business models for financial services delivery to low-income Pacific islanders in geographies where such models will have a catalytic effect on national/regional financial inclusion landscape</p> <p><b>Indicators:</b></p> <p>Number of products supported; Number of unbanked clients reached by such projects; Activity levels of clients who have been enrolled as part of these projects; Social impact of the projects</p> <p><b>Baseline:</b></p>	<p>1.1 All PICs have range of products and delivery channels suited to national context</p> <p>1.2 Maximum of 6 regional pilots/launches of new products and services, or that utilize alternative delivery channels</p>	<p><b>1.1 Activity Result:</b> FSPs supported to pilot/launch innovative products and delivery channels</p> <p>1.1.1 Scout for business models that promise greatest potential (outreach coupled with sustainability) for delivering financial services to low-income people</p> <p>1.1.2 Continue PFIP investment committee &amp; reaffirm TOR and project appraisal criteria, grant disbursement &amp; monitoring &amp; reporting procedures</p> <p>1.1.3 Award grants, monitor &amp; report performance (including gender disaggregated information) to Investment Committee</p> <p>1.1.4 Pro-active technical support to FSPs &amp; facilitation of partnerships to generate grant</p>	<p>Regional Programme Team; Country Coordinators</p> <p>FSPs, Investment Committee, Programme Donors (DFAT, UNCDF, EU, UNDP), IFC, ADB, Central Banks</p>	<p>Policy &amp; Technical advice, admin/support:</p> <p>\$3,460,100</p> <p>Grant &amp; TA pipeline:</p> <p>\$8,500,000</p> <p>Travel:</p> <p>\$706,663</p>

<p>There have been 20 innovative financial services delivery models<sup>13</sup> emerge i.e. MM/BB, microinsurance etc. While in certain geographies, such delivery channels have not yet been established (SOI), in others, there is scope for greater competition resulting in improved service levels and uptake</p>		<p>1.1.5 Prepare resource mobilization strategy, actively share information &amp; disseminate successes to donor group to form cost-sharing partnerships</p>		
<p><b>2. Product and Channel Deepening</b></p> <p>Deepening financial access (under phase I) through product/channel innovations with greater emphasis on MM/BB channels</p> <p><b>Indicators:</b></p> <p>Increase in active user base of MM/BB subscriber base; Increase in saving balances of MM/BB subscribers; Number of new projects undertaken and additional outreach; Increase in subscriptions and active user base on existing pilots/roll outs on microinsurance and international remittances; New credit products, and reduced cost of credit for target clients; Social impact of new initiatives on product/channel deepening</p> <p><b>Baseline:</b></p>	<p>2.1 Active user base on MM/BB deployments reach 15% from current levels by the end of 5 years</p> <p>2.2 At least 1 MM/BB service provider in each PIC becomes sustainable over a period of 5 years</p> <p>2.3 A least 1 microinsurance initiative and 1 cost effective regional international remittance becomes sustainable in over a period of next 5 years resulting in increased subscriptions and active usage</p> <p>2.4 At least two microcredit programmes / institutions are supported to develop new credit products and</p>	<p><b>2.1 Activity Result:</b> Catalyzing and supporting innovative partnerships in the sector that have potential to spur volumes on MM/BB channels</p> <p>2.1.1 Scoping opportunities and catalyzing partnerships between a range of public and private stakeholders including FSPs, government, MNOs, member based financial institutions etc.</p> <p>2.1.2 Partnership with international development partners like BTCA (digitizing payments) and <i>MicroSave</i> (Agent Networks)</p> <p>2.1.3 Establish investment committee &amp; briefing on TOR and project appraisal criteria, grant disbursement &amp; monitoring &amp; reporting procedure</p> <p>2.1.4 Award grants, monitor &amp; report performance (including gender disaggregated information) to Investment Committee</p> <p>2.1.5 Pro-active technical support to such</p>	<p>Regional Programme Team</p> <p>Partners – FSPs, Programme Donors (DFAT, UNCDF, EU, UNDP), Government, IFC, ADB, WBG, Central Banks</p>	

<sup>13</sup> Five branchless banking; six MNO-led mobile wallet products; three post office remittance services; two international remittance services linked to mobile wallet; three microinsurance products

<p>FSPs have introduced MM/BB products and some have had dramatic growth in account openings/registrations; however, active user base remains much lower resulting in minimal impact. Subscriptions and activity levels for pilot other than MM/BB like microinsurance, international remittances have also not achieved scale</p>	<p>enhance process efficiencies and reduce costs</p>	<p>2.1.6 projects &amp; facilitation of partnerships to generate grant Prepare resource mobilization strategy, actively share information &amp; disseminate successes to donor group to form cost-sharing partnerships</p> <p><b>2.2 Activity Result:</b> Providing technical assistance and knowledge support to existing deployments (grantees) to overcome existing bottlenecks in scale up and increased uptake</p> <p>2.2.1 Research and stakeholder consultations to identify key areas of support</p> <p>2.2.2 Technical assistance to FSPs to plug in the identified gaps</p> <p>2.2.3 If needed, produce knowledge products to fill in the information gaps</p> <p>2.2.4 Grant support on new products and partnerships</p> <p><b>2.3 Activity Result –</b> Dissemination of knowledge on product/channel deepening efforts</p> <p>2.3.1 Document lessons learned (successes/challenges) from grant projects to feed into knowledge creation and dissemination with the region and globally</p>		
<p><b>3 Strengthening and deepening community based financial services delivery model</b></p>	<p>3.1 At least 2 support programmes in as many PICs for strengthening community based financial services</p>	<p>3.1 <b>Activity Result:</b> Assist in set up of appropriate oversight systems</p> <p>3.1.1 Market research and stakeholder</p>	<p>Regional Programme Team and country coordinators</p>	



<p>Building capacities of community based financial services delivery models and promoting delivery linkages with mainstream service providers for efficient/effective financial services delivery to remote rural households</p> <p><b>Indicators</b></p> <p>Number of new projects undertaken and additional outreach; Number of community based financial institutions reporting to SAVIX (with data available to central banks); Positive performance on relevant indicators proposed by SAVIX ; Social impact of projects undertaken</p> <p><b>Baseline</b></p> <p>Most community based financial services delivery models in the Pacific are beyond oversight of regulators, follow multiple operational methodologies and evidence on their performance is largely anecdotal</p>	<p>delivery models</p>	<p>consultations to assess current state of affairs</p> <p>3.1.2 Developing standardized data collection/monitoring tool in lines with principles of SAVIX</p> <p>3.1.3 Building capacities of network institutions for periodic collection, monitoring and reporting of data</p> <p>3.1.4 Linking the data thus collected with national financial inclusion database</p> <p><b>3.2 Activity Result:</b> Best practices adoption and strengthening capacities of network institutions</p> <p>3.2.1 Technical assistance on developing a standardized methodology (participative stakeholder consultation process) based on principles of sustainability, responsibility and accountability</p> <p>3.2.2 Building capacities of network/promoting institutions on standardised methodology and an appropriate model for financing</p> <p>3.2.3 Brokering linkages with mainstream financial service providers for expanding the range of products/services and making operations secure</p> <p><b>3.3 Activity Result:</b> Knowledge generation and dissemination</p> <p>3.3.1 Document lessons learned (successes/challenges) to feed into knowledge creation and dissemination regionally &amp; globally</p>	<p>Partners – Relevant government ministries especially ministry of finance, central banks, UNDG, DFAT, EU, NFITs</p>	
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<p><b>4 Financial services for the marginalized – Women, Youth</b></p> <p>Financial services/literacy interventions targeted at women, youth and other marginalized sections</p> <p><b>Indicators</b></p> <p>Gender disaggregated data on clients, number of FSPs providing gender/age sensitive financial products, CBOs/ministries/FSPs/MNOs/others providing fin education that is gender sensitive, number of knowledge products targeting women, youth</p> <p><b>Baseline</b></p> <p>Few FSPs specifically targeting women, but in general lack of understanding on financial services need and product/delivery approach for serving women and youth</p>	<p>4.1 At least 6 pilots and at least 3 full scale rollout across a range of institution type which serve as regional demonstration models on women centric financial services design and delivery across a range of institutions in the Pacific</p> <p>4.2 At least 4 pilots and at least 2 rollouts across a range of institution types which serve as regional demonstration models on youth centric financial services design and delivery across range of institutions in the Pacific</p>	<p><b>4.1 Activity Result</b> – FSPs supported to launch women/youth centric financial services</p> <p>4.1.1 Partnership with international development programmes in women/youth financial services – WWB, Youth Start</p> <p>4.1.2 Partnership with relevant regional stakeholders active in women and youth related issues (Women in Business, Ministry of Youth Affairs etc.)</p> <p>4.1.3 Market research on women/youth financial services landscape in the Pacific</p> <p>4.1.4 Selecting partner FSPs for piloting women/youth centric financial services</p> <p>4.1.5 Providing grant and technical assistance support to FSPs to design women/youth focused financial products and delivery channels</p> <p>4.1.6 Exploring synergies and facilitating linkages between FSPs and existing women focused development projects on UN, DFAT and other donor partners</p> <p><b>4.2 Activity Result</b> – Dissemination of knowledge on women/youth focused financial services design and delivery</p> <p>4.2.1 Document lessons learned (successes/challenges) from grant projects to feed into knowledge creation and dissemination with the region</p> <p>4.2.2 Organize learning events on</p>	<p>Regional Programme Team , especially Gender Specialist, Country Coordinators</p> <p>Partners – FSPs, Programme Donors (DFAT, EU, UNCDF, UNDP), International Development Programmes – Youth Start, WWB</p>	
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		<p>4.2.3 women/youth focused financial services design and delivery Exposure visits for FSPs on global best practices on women/youth focused financial services</p> <p>4.2.4 Feeding regional experience to global pool of knowledge through partnerships with Youth Start, WWB, AWE</p>		
<b>Sub-Total Output 2</b>				\$12,666,763

### Outcomes and Outputs - 3

Intended Target	Output Target	Indicative Activities	Responsible Parties and Partners	Inputs
<p><b>Outcome 3: Better Market Information and Access to Knowledge</b></p> <p>Enhance sector understanding on products, channels, business models suited to the needs of low-income Pacific islanders through demand, supply and impact evaluation studies</p>				
<p><b>1. Knowledge generation and dissemination</b></p> <p>Knowledge products that assist stakeholders in more informed decision making</p> <p><b>Indicators:</b></p> <p>Number of knowledge products tailored to the needs of stakeholders; Number of hits on website for accessing knowledge products; Number of articles/forums where PFIP knowledge products are quoted; Regional and international conferences attended and where presenting/panellist/moderator; Number of exposure visits sponsored</p> <p><b>Baseline:</b></p> <p>Knowledge products on Pacific financial inclusion landscape have increased significantly in last 5 years largely due to the work done</p>	<p>1.1 Knowledge products would be cross cutting across all three outputs areas. Some of the key knowledge products identified during stakeholder consultations were:</p> <p>1.1.1 Knowledge products on Agent Networks; Case studies, toolkits on innovative cash to electronic payment models;</p> <p>1.1.2 Payments landscape study on two PICs (PNG, Fiji)</p> <p>1.1.3 Study on household cash flows through financial diaries (at least 3 other PICs)</p> <p>1.1.4 Demand side research on microinsurance in at least 1 other PIC</p> <p>1.1.5 Demand side research and supply side feasibility study on micro-pension in at least 1 PIC (Fiji)</p>	<p><b>1.1 Activity Result :</b> Demand-driven research and specialized TA delivered in a timely manner</p> <p>1.1.1 Active engagement &amp; consultation with stakeholders in scoping &amp; preparing TOR for all research to ensure that knowledge creation is demand-driven &amp; research incorporate participatory &amp; gender sensitive approaches</p> <p>1.1.2 Timely recruitment of consultants &amp; mobilization of expertise to conduct the research and provision of TA</p> <p>1.1.3 Identify and implement other targeted research and learning questions that can drive change</p>	<p>Regional programme Team; Country Coordinators</p> <p>Partners – FSPs, BTCA, <i>MicroSave</i>, CGAP, UNDP COs, UNCDF, EU/ACP, DFAT, NZAid, Central Banks, ADB, WBG, IFC, research institutions</p>	<p>Policy &amp; Technical advice, admin/support: \$2,758,900</p> <p>Research, Knowledge Products, Exposure Visits: \$3,250,000</p> <p>Workshops: \$750,000</p> <p>Travel: 399.350</p>

<p>by PFIP. However, there is need for more demand side researches and impact assessment studies</p>	<p>1.1.6 In depth market research on international remittances landscape in the region</p> <p>1.1.7 Demand side research on credit in Tonga &amp; Samoa to inform product development and delivery channel choices of formal financial service providers</p> <p>1.1.8 Research into use of financial services and improvement of beneficiary lives</p>			
<b>Sub-Total Output 3</b>				\$7,158,250

## Outcome and Outputs - 4

Intended Target	Output Target	Indicative Activities	Responsible Parties and Partners	Inputs
<p><b>Outcome 4: Informed and Competent Consumers</b></p> <p>Strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve their livelihoods</p>				
<p><b>1. Support extension of FinED to other PICs</b></p> <p>Replicating FinED across other PICs in line with Fiji model</p> <p><b>Indicators:</b></p> <p>Number of PICs that implement FinED; Number of student beneficiaries from FinED; Financial competence scores of student beneficiaries (relative to baseline)</p> <p><b>Baseline:</b></p> <p>Early stages of implementation in Fiji; Active interest among stakeholders in the region to implement FinED in their respective countries</p>	<p>1.1 At least 3 other PICs implement FinED by the end of 2017</p>	<p><b>1.1 Activity Result:</b> Strategy and advocacy support for FinED implementation</p> <p>1.1.1 Facilitation of national FinED strategy in joint consultation with relevant stakeholders</p> <p>1.1.2 Advocacy with central banks and ministry of education for greater commitment including budgetary allocations</p> <p>1.1.3 Play a coordination role between central bank and ministry of education through NFITs</p> <p><b>1.2 Activity Result:</b> Developing FinED Fiji into regional centre of excellence</p> <p>1.2.1 Support ministry of education in strengthening implementation of FinED Fiji including logistics, monitoring and evaluation systems</p> <p>1.2.2 Explore opportunities to extend FinED to universities and vocational training institutions</p> <p>1.2.3 Document lessons learned and make FinED Fiji as regional training centre for the Pacific</p> <p>1.2.4 Facilitate exposure visits for relevant stakeholders in other PICs</p>	<p>Programme Team – PFIA, Financial Capacity Advisor, Country Coordinators</p> <p>Central Banks, Ministry of Education, NFITs, FinED Fiji, USP, FNU, technical service providers (like Young Enterprise Trust), Programme Donors (DFAT, EU, UNCDF, UNDP)</p>	<p>Policy &amp; Technical advice, admin/support: \$3,785,800</p> <p>Grant &amp; TA pipeline: \$2,900,000</p> <p>Travel: \$395,031</p>

		<p><b>1.3 Activity Result:</b> Extend support in implementation</p> <p>1.3.1 Provide technical support to ministry of education in curriculum design, teacher training, monitoring &amp; evaluation frameworks</p>		
<p><b>2. Innovative financial literacy delivery models</b></p> <p>Exploring opportunities to pilot innovative, low-cost, sustainable financial literacy methodologies serving as regional example for replication</p> <p><b>Indicators:</b></p> <p>Number of PICs that implement innovative/replicable financial literacy models; Number of beneficiaries who receive financial literacy through such initiatives; Financial competence scores of beneficiaries (relative to baseline)</p> <p><b>Baseline:</b></p> <p>Few FSPs have product specific financial literacy modules delivered one time through high cost traditional delivery channels. Need for low-cost and sustainable financial literacy methodologies</p>	<p>2.1 At least 2 pilots on innovative low-cost financial literacy methodologies that serve as a regional example for replication</p>	<p><b>2.1 Activity Result:</b> Supporting innovative low-cost financial literacy delivery methodologies</p> <p>2.1.2 Demand side study to understand sources which are accessed by clients for information around financial products and services.</p> <p>2.1.3 On the basis of the study, understand innovative delivery models which can be leveraged to deliver financial education messages</p> <p>2.1.4 Scope opportunities and selecting partners for implementing pilot</p> <p>2.1.2 Technical assistance support on financial literacy module design and delivery</p> <p>2.1.3 Extend support in implementation, monitoring and evaluation</p> <p><b>2.2 Activity Result:</b> Knowledge generation and dissemination</p> <p>2.2.1 Document lessons learned (successes/challenges) to feed into knowledge creation and dissemination with the region and globally</p>	<p>Programme Team – Financial Capacity Advisor, Country Coordinator</p> <p>Partners – FSPs, faith-based and community based institutions, technical assistance provider</p>	
<p><b>3. Consumer Protection and Market Conduct</b></p> <p>Strengthening consumer protection</p>	<p>3.1 All PICs (in PFIP’s portfolio) have effective mechanisms for complaint redress both</p>	<p><b>2.3 Activity Result:</b> Strengthen mechanisms for complaints and redress</p> <p>2.3.1 Coordinate with AFI/PIWG on their</p>	<p>Programme Team – PFIA, Financial Capacity Advisor and Country Coordinators</p>	

<p>and market conduct in the wake of new products/delivery channels to low-income financially less competent population</p> <p><b>Indicators</b> Number of consumer protection initiatives by policy makers, number of consumer complaints, number of complaints redress, number of PICs having independent consumer protection cell within the central bank or a consumer protection tribunal</p> <p><b>Baseline</b> Consumer protection nascent within the region. Lack of policy/strategy framework guiding consumer protection efforts</p>	<p>at service provider level and also at the regulatory/government level</p>	<p>consumer protection agenda and provide necessary TA to regulators for implementing the same</p> <p>2.3.2 Advocacy at PIWG, NFIT and other such networking platforms for industry code of conduct (self-regulation)</p> <p>2.3.3 Advocacy, especially with PFIP grantees to implement efficient complaint redress mechanisms and a code of conduct</p> <p>2.3.4 Technical assistance support to central banks to implement appropriate consumer protection framework</p> <p>2.3.5 Technical assistance to FSPs on consumer protection projects, including CPP certification processes in order to help them find ways to assess, recognize and meet minimum standards for consumer protection</p> <p>2.3.6 Knowledge generation and dissemination on best practices</p> <p><b>2.4 Activity Result:</b> Supporting public awareness campaigns on consumer protection</p> <p>2.4.1 Grant support for innovative/replicable public awareness campaigns consumer protection</p>	<p>Partners – PIWG, AFI, central banks, consumer councils, relevant government departments, FSPs, IFC, ADB, UNCDF</p>	
<b>Sub-Total Output 4</b>				\$7,080,831
<b>Mid Term and/or Final Term Evaluations</b>				\$317,725
<b>Indirect Costs</b>				\$2,686,219
<b>Programme Total</b>				<b>\$33,776,719</b>



## Part 4 – Management Coordination and Arrangement

The programme will adopt appropriate coordination arrangements between range of national and regional stakeholders aimed at achieving PFIP 2014-2018 strategic outcomes. The overall objective of such arrangements would be to serve the institutional and strategic context of individual stakeholders including donors, central banks, government and other private sector stakeholders in planning, implementation, monitoring and evaluation of programme strategies.

The programme will be implemented by UNCDF via direct execution and the UNDP Pacific Centre, as a separate project under the umbrella MDG and Poverty Reduction Programme. The programme will have clear management arrangements to facilitate multi-donor participation, and will build on the lessons and successes of the current phase in managing and implementing financial inclusion interventions in the Pacific.

Like the on-going phase, the programme coordination will be vested in the Joint Investment Committee (JIC) which will have representation from programme donors and policy advocacy partners. The JIC will approve the annual workplan, monitor progress and provide strategic directions to optimize the impact of the programme. The JIC will also review and approve project proposals supported by the grant facility and ensure efficient use of resources, avoid duplication of efforts and maximize synergies with other donors / partners. Please refer to Annexure for details on broad policy governing the Joint Investment Committee.

Based on experience from the on-going phase, the next phase will endeavor to build in greater delegation in financial matters involving both programme related expenditure as well as grant. The approval limits/systems can be modified / enhanced to suit the requirements of programme as it progresses. As of now, considering the size of the facility and that an overall direction has been established in the on-going phase, the following financial delegations are proposed:

<b>Proposed Limits</b>	<b>Approval</b>	<b>Earlier Limits</b>
< USD 25,000	PFIP advisor, post facto reporting to IC	< USD 15,000
USD 25,000 – 100,000	PFIP advisor in consultation with Chairperson of JIC along with one other IC member provided the support has already been included in the annual work plan approved by the Joint Investment Committee. Otherwise, such limit would be pegged at USD 50,000. Post facto reporting to IC	USD 15,000 – 50,000  (PFIP Advisor, with circulation electronically to JIC members and no objection is received within ten (10) working days)
> USD 100,000	Joint Investment Committee	> USD 50,000

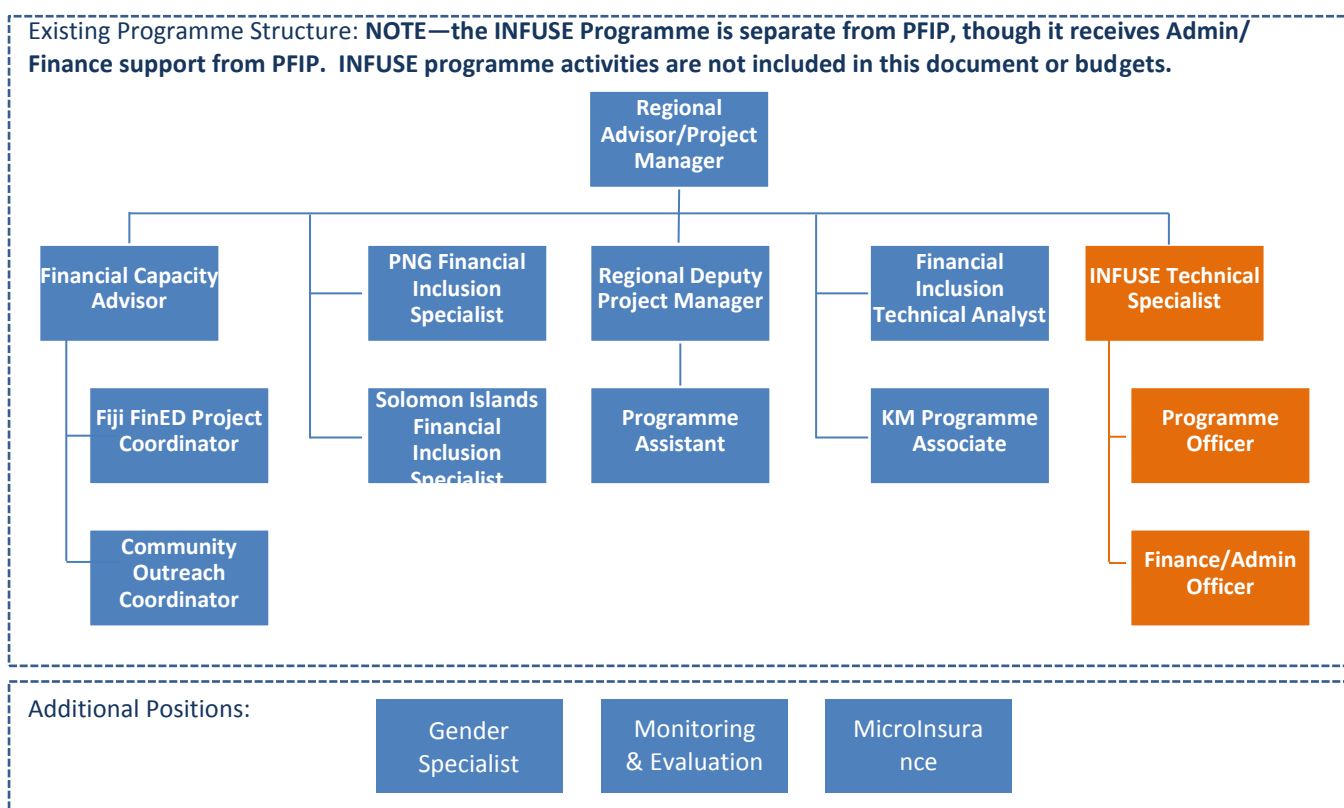
The programme coordination arrangements will ensure that the dynamic nature of national and regional priorities of stakeholders including central banks, government, FSPs and other international development partners are included at the time of drawing up strategic plan. PFIP management will actively engage with NFITs/CEFI/PIWG to align financial inclusion priorities of PICs into its annual strategic planning exercise. Also, through A2F donor coordination group, the programme will coordinate with other international development partners (IFC, ADB etc.) to avoid duplication and maximize synergies. Network and linkages of UNDP Resident Coordinator Offices (in Samoa, Fiji, PNG and SOI) and country posts of DFAT will be leveraged in certain key thematic areas such as MDG and gender/youth focused financial services/literacy design and delivery.

Annual consultations with relevant country teams of programme partners (including DFAT, UNDP and EU) will be done to draft country-specific annual work plans. The annual work plans will be presented to programme Joint Investment Committee for approval. While this arrangement will provide flexibility in planning programme interventions, it will also facilitate intra-donor and inter-donor coordination

### Programme Team

As the proposed project is continuation of the Pacific Financial Inclusion Programme (PFIP) and the terms of reference, as well as the relevant skills and competencies required for the project staff are the same, the existing staff under the PFIP project will be transferred to the new project. To qualify for this automatic transfer the staff member must have satisfactory performance. This will allow continuation of the project activities without any disruption or gap in implementation.

Additional specialists will be recruited to match the enhanced programme priorities and focal points.



The proposed management structure for PFIP will include a team consisting of functional experts at the regional level (financial capacities, gender, research, microinsurance and M&E) who will be supported by country coordinators in PNG, SOI, Vanuatu and Samoa. The overall management of the programme will be supervised by the Pacific Financial Inclusion Advisor. Besides this, PFIP will hire project specific staff based on the level of engagement/expertise required in specific projects. However, largely most of the projects in-country will be managed by the respective country coordinators.

Given the quantum of work in mobile money/branchless banking space, PFIP will enter into long term contracting arrangements with select technical assistance providers to extend TA to PFIP partners and develop knowledge products that aid in scaling up mobile money/branchless banking deployments in the Pacific.

Besides the existing team, the following key additions are proposed along with the rationale / need for the proposed positions:

<b>Functional Area</b>	<b>Need</b>
Monitoring and Evaluation	One of the weaknesses of PFIP's current programme has been the absence of a results monitoring system. These aspects has been highlighted in multiple evaluations and more specifically in the recently conducted review of PFIP's M&E systems which compared PFIP's results measurement system with the DCED standards for measuring results in private sector development. In order to plug this weakness, PFIP will have to have an in-house M&E Specialist who will be responsible for establishing the results management systems for the programme and for individual projects. Detailed job description on M&E Specialist is attached at Annexure
Gender	With increased emphasis on gender focused financial services and the goal of creating a regional centre of excellence in this area, PFIP will hire a specialist (gender inclusive finance). He/she will be responsible for mainstreaming gender at the programme level and networking with stakeholders in the region for scoping opportunities to pilot gender focused design and delivery of financial services. Detailed job description of Gender Specialist is attached at Annexure
Microinsurance Specialist	Microinsurance is a product for which there is much need and interest in the region. Since 2012, three microinsurance products have been piloted in PNG and Fiji (as well as in Timor-Leste under the INFUSE programme) and regulators in five countries have developed action plans for expanding microinsurance in PICs. To assist with further expansion of the industry in order to increase the resilience of Pacific Islanders, a microinsurance expert will be hired. Detailed job description on the Microinsurance expert is attached at Annexure.

## **UNDP Administration and Joint Programming**

The administration of this Project shall be governed by UNDP rules and procedures as defined in the Results Management Guide within the policy context defined by the Executive Board. Where UNCDF has its own distinct rules and procedures based on its General Assembly mandate, financial rules, and operational procedures, UNCDF shall follow those procedures.

Harmonization of UN funding will be achieved through Joint Programme Arrangements: This is a "Joint Programme", as defined by the UN Development Group (UNDG), and associates UNDP and UNCDF as follows:

- Fund management will be a combination of "parallel funding" (whereby UNDP and UNCDF manage their respective core funds through their separate business units) and "pass-through" (whereby Donor and other third party co-financing funds will be transferred to each of the two agencies according to their budget management responsibilities as detailed in the budget, through the intermediary of an Administrative Agent);

- For Donor and other third party co-financing, Participating UN Organizations (PUNOs) have appointed UNDP/MDTF Office to act as Administrative Agent for the Joint Programme. Prior to the programme launch a Memorandum of Understanding will be signed between Participating UN Organizations and the Administrative Agent. The **Administrative Agent** will:
  - establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from the donor(s) pursuant to the Administrative Arrangement. This Joint Programme Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest;
  - make disbursements to Participating UN Organizations from the Joint Programme Account based on instructions from the PFIP Investment Committee (or Programme Board), in line with the budget set forth in the Joint Programme Document.

Each **Participating UN Organizations** will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it from the Joint Programme Account. Each Participating UN Organization assumes full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent.

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## **Part 5 – Monitoring, Evaluation and Reporting**

PFIP Phase 2 will align its monitoring and evaluation systems with the DCED Standard where appropriate<sup>14</sup> (Refer to annexures for details on DCED standards for M&E). It will adopt a results-based management approach focusing on the performance and realization of outputs, outcomes and impacts. Results chain will be developed for all the individual projects of PFIP by M&E Specialist in consultation with relevant functional manager. The results will be monitored periodically and their development impact will be reported in annual review meetings. The M&E Specialist will assess reporting requirements for grantee FSPs based on results chain and assist concerned FSPs in streamlining their internal systems to capture the data indicators mentioned in the grant agreement. Also, wherever necessary baseline data will be collected through primary research, the cost of which would be built in the support provided to concerned partner.

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

Joint evaluation frameworks will be developed to suit the needs of all the programme donors. The programme will have either a mid-term review of the programme (target date mid of 2016), and/or a final evaluation (target date 2nd quarter of 2018). The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance.

Refer to annexure for the detailed monitoring framework.

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<sup>14</sup> The DCED was developed for private sector development. Some of PFIP's work, in particular that involving public sector partners and projects, may require a different results measurement approach

Reporting:

Each **Participating UN Organization** will prepare the following reports based on the UNDG template:

- Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;
- Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the Joint Programme Account, to be provided no later than four months (30 April) after the end of the calendar year;
- Final narrative reports, after the completion of the activities in the Joint Programme Document and including the final year of the activities in the Joint Programme Document, to be provided no later than four months (30 April) of the year following the financial closing of the Joint Programme. The final report will give a summary of results and achievements compared to the goals and objectives of the Joint Programme;
- Certified final financial statements and final financial reports after the completion of the activities in the Joint Programme Document and including the final year of the activities in the Joint Programme Document, to be provided no later than six months (30 June) of the year following the financial closing of the Joint Programme.

**Lead Agency:** UNCDF will serve as the lead agency and be responsible for consolidating the narrative reports from the other agencies and submitting the consolidated narrative report to the MPTF Office by 31 March.

**The Administrative Agent** will:

- Prepare consolidated narrative and financial progress reports, based on the narrative consolidated report prepared by the Lead agency and the financial statements/reports submitted by each of the Participating UN agencies.;
- Provide those consolidated reports to each donor that has contributed to the Joint Programme Account, as well as the Investment Committee/Programme Board, in accordance with the timetable established in the Administrative Arrangement (by 31 May).
- Provide the donors, Investment Committee/Programme Board and Participating UN Organizations with:
  - Certified annual financial statement (“Source and Use of Funds” as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year;
  - Certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Joint Programme.

## **Part 6 – Legal Context or Basis of Relationship**

This regional project is directly executed by UNCDF (headquartered in New York) and the UNDP Regional Pacific Centre, (located in Fiji). As Fiji, the host country, has signed the Standard Basic Assistance Agreement (SBAA), the following text applies.

This project document shall be the instrument referred to in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date). Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the

executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the implementing partner.

The executing agency shall:

- a) Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement. The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.

This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

## **Part 7 – Work plan and Budgets**

The annotated Annual Work Plan for 2014 to 2018, showing core and non-core resources and resource mobilization targets and responsibilities of current confirmed funders, is presented in Annexure.

## **Annex 1**

### **Stakeholder Consultation Methodology for PFIP 2014-18 Scoping Mission**

The PFIP 2014-2018 design and planning process started in Q4 of 2012 when stakeholders associated with PFIP expressed need for extending PFIP for another 4-5 years to achieve satisfactory levels of financial inclusion in the Pacific. In order to scope areas of intervention for the next phase of PFIP operations, UNCDF and UNDP jointly hired consultants from *MicroSave*, a well-known consulting firm in inclusive finance space to assist in design of PFIP phase II. Overall, more than 130 stakeholders across 5 PICs gave their inputs for design of PFIP phase II. The detailed methodology for the scoping mission is given below.

#### **Phase I - Desk Review**

During this period, consultants reviewed the literature associated PFIP operations including project document, mid-term evaluation reports, quarterly progress reports, investment committee meeting minutes, donor meeting minutes and sector opportunities/gap analysis by A2F donor group. Besides these, knowledge products (including sector assessments, focus notes and presentations) of PFIP and other development partners i.e. ADB, IFC, WBG and AusAID were also reviewed. The desk review helped consultants to gain in-depth understanding of current PFIP role, strategy, operations and results.

#### **Phase II – Country Stakeholder Consultations**

Given the diversity of individual PICs and to foster country ownership in PFIP regional plans, the PFIP team along with consultants held 4 in-country stakeholder consultations (SOI, PNG, Fiji and Samoa). In each country, bilateral consultations were done with key national stakeholders including central bank, government ministries, FSPs (including PFIP grantees), network institutions and country posts of donors (AusAID, ADB, EU, IFC, UNDP and WBG). The bilateral consultations were followed by national consultation workshops where a broader stakeholder group was invited. The findings in terms of gaps/opportunities and probable PFIP interventions for the country and the region were presented in the workshop for discussion and feedback. The objective of in country consultations was to validate findings and reach preliminary agreement with national stakeholders on possible areas on PFIP interventions based on broader national development.

<b>Stakeholder Consultation Schedule</b>	
<b>Country</b>	<b>Week</b>
Solomon Islands	18-22 Feb, 2013
Papua New Guinea	25-28 Feb, 2013
Fiji	4-8 March, 2013
Samoa	25-27 March, 2013

#### **Phase III – Regional Stakeholder Consultations**

The in-country stakeholder consultations were complimented with consultations with regional stakeholders including PIWG, programme donors (AusAID, EU/ACP, UNCDF and UNDP) and regional teams of other development partners like ADB and IFC. Two regional consultations were held. The first regional consultation (11-14 Feb, 2013 - Honiara) was facilitated through PIWG and included representation from 5 central banks (PNG, Fiji, SOI, Vanuatu and Samoa). The objective of this consultation was to gauge expectations and align PFIP phase II design with regional priorities of the central banks. The second stakeholder consultation (4-5 April, 2013 – Suva) was held with programme donors and regional teams of other development partners. The findings from country consultations and draft design of PFIP phase II was presented in a workshop for discussion, feedback and further refinement.

## Annex – 2

### Minimum Standards – UNCDFs GEEW Strategy

Gender equality is basic human right and the importance of implementing concrete actions to achieve greater gender equality is widely recognized in the UN family. It is also an essential means by which UNCDF can achieve its mandate to support achievement of the MDGs in at least forty LDCs by increasing poor people's access to microfinance and basic services, in ways that are equitable, sustainable and can be taken to scale by the private sector, development partners and national governments. UNCDF ambitions in Gender Equality and the Empowerment of Women (GEEW) are stated in its strategy statement of commitments (Chapter 2)

Extensive evidence from across and outside the UN system suggests that an organizational GEEW strategy needs to focus on different drivers for accomplishing this strategy<sup>15</sup> (Chapter 3)

1. **A clear understanding of what gender mainstreaming means** for the organization is essential and should be translated into a business case and organizational results. Procedures should be in place to ensure knowledge generation and learning, and to modify the understanding if needed. Knowledge dissemination and communicating the rationale behind GEEW throughout the organization is required to build increased ownership of the GEEW strategy;
2. **A human resource structure** that reflects adequate staff capacity and accountability framework at all levels of the organization in supporting gender mainstreaming and the implementation of the gender strategy. Achieving the objectives set out in the strategy will only work when accountabilities are clearly defined within the organization and when the staff are capacitated;
3. **A gender responsive institutional set up** with gender responsive tools, systems, processes, operational guidance and financial mechanisms is fundamental to ensure smooth implementation and results.

The background research, interviews and capacity assessments survey carried out as part of development of the survey reinforce this evidence

A set of **minimum standards** (Chapter 4) for each of the three drivers will enable UNCDF to implement its GEEW strategy. These standards are aligned with the UN System-wide Action Plan (SWAP) for implementation of the CEB policy on gender equality and empowerment of women

These set of 12 minimum standards are stated below:

- Knowledge on gender equality and women's empowerment is systematically documented and publicly shared
- Communications and advocacy include gender and women's empowerments as an integral component of internal and public information dissemination
- Participates systematically in inter-agency co-ordination mechanisms on gender equality and the empowerment of women

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<sup>15</sup> For a summary see AFDB (2011) Mainstream Gender Equality – a road to results or a road to nowhere?: An evaluation synthesis. Addis Ababa: African Development Bank



- Job descriptions for all staff related to programme and management revised to include gender mainstreaming as a requirement
- Assessment of gender equality and the empowerment of women integrated into performance assessment for all staff and above
- A capacity development plan is established and updated at least every five years
- On-going mandatory training for all levels of entity at HQ, regional and country offices
- Reporting on gender equality and women's empowerment results in relation to the CMP
- All key data is gender-disaggregated, or there is a specific reason noted for not disaggregating data
- Evaluations meet the UNEG gender related norms and standards
- Operational guidance fully integrates gender analysis
- The financial resource tracking mechanism in use to quantify disbursement of funds that promote gender equality and women's empowerment
- Per cent of UNCDF's resources will be allocated for promotion of gender equality and the empowerment of women

An implementation plan specifying institutional mechanisms and processes will be developed in a later phase to institutionalize and operationalize these minimum standards in UNCDF. The minimum standards are a minimum only and UNCDF should strive to go beyond these standards wherever possible

## **Annex – 3**

### **Terms of Reference: Programme Staff**

#### **1. Monitoring and Evaluation Specialist**

The Monitoring & Evaluation Specialist (M&ES) will bring expertise and knowledge in the area of monitoring and evaluation to the programme and partner institutions in order to build capacity to the area of M&E in the context of results based management, and in particular, the DCED Standards. The M&ES will be tasked with designing and implementing monitoring systems, tools and reports for M&E, as well as performing a quality assurance function for all partner and programme reporting.

The M&ES will be based at the Pacific Centre in Suva, Fiji and assist in managing the PFIP team and project portfolio. Under the direction of the PFIA, the M&ES will assist PFIP to achieve its goals throughout the region. The M&ES will contribute to knowledge management and sharing to promote the best practices in financial inclusion and assist in regional activities of the PFIP which will include travel to all PFIP programme countries, other PICs as well as relevant regional and global conferences, workshops, etc.

The M&ES will accomplish the programme results through a range of activities including, but not limited to the following:

#### **Design and implement PFIP’s M&E framework in the context of a results based management approach and including operational and financial areas**

- Analyse current M&E framework within the context of the programme mission, objectives, Annual Work Plan (AWP), partner agreements, as well as with programme evaluation findings in order to set up a comprehensive M&E framework.
- Develop all required systems, tools, reports and indicators, required for efficient, effective implementation of M&E framework and activities. For private sector development projects, and elsewhere as appropriate, the DCED Standards will be guide the M&E framework
- Assist programme units in monitoring M&E activities in the Annual Work Plan. Design, develop and present monitoring reports to the PFIP Investment Committee (IC) and relevant external stakeholders
- Assist in developing M&E indicators for the PFIP follow-on programme, as well as for all supported projects and partners
- Regularly analyse M&E activity finding and reports in order to provide the PFIA and IC with timely, accurate information for decision-making
- Contribute to making PFIP a highly networked organization with stakeholders and partners

#### **Build capacity of the PFIP team and its partners in the area of M&E in order to improve overall programme effectiveness, enhance reporting**

- Train PFIP team on proper use of M&E systems, tools, reports and indicators to allow for timely and accurate monitoring and reporting

- Identify capacity weaknesses and design appropriate activities and tools to improve M&E within the programme and partners. In particular, support Central Banks in their financial inclusion monitoring and reporting
- Support PFIP team and partners to monitor all outcome indicators and financial reports
- Coordinate the conducting of internal and external evaluations of the programme by internal or independent evaluators
- Provide update on M&E capacity at regular intervals

**Make regular visits to PFIP country posts and partner operations in order to monitor progress in project implementation and achievement of results with the goal of increasing the likelihood of effecting positive outcomes in the lives of users of expanded financial services**

- Design, execute and coordinate M&E activities to ensure timely and accurate submission of monitoring reports
- Regularly monitor partner reports and conduct report and indicator audits to maintain quality control of internal and external reporting
- Analyse reports and indicators against agreements and relative benchmarks in order to recommend improvements and interventions to increase programme effectiveness and ability to achieve lasting positive impact. Monitoring at the project level shall be focused on measuring the progress of project activities, including social and gender dimensions and the delivery of outputs against established schedules and indicators of progress. The methodology for such monitoring shall be participatory. Project level monitoring shall include the following:
  - a. Analysis of the project description to assess the validity of activities, costs, objectives, expected results, time horizon, etc.;
  - b. Progress in implementation of outputs; and
  - c. Forecast and expectations; and
  - d. Recommendations
- Undertake regular contact with partners to monitor the implementation of projects supported by grants from PFIP. Assist partners in fulfilling reporting requirements, including to the Mix Market as required. Monitoring shall be made against quantifiable benchmarks and efficiency indicators agreed in the grant agreement – including the validation of grantees progress reports.
- Based on the findings of the monitoring visits, prepare regular progress reports for the purpose of reporting to the Investment Committee by project management.

**Identify and execute, or manage execution of, knowledge management activities in order to generate and disseminate learning from programme activities and publicise results**

- Ensure that PFIP team, IC and Stakeholders are informed on current trends, market conditions, and special topics as needed including through well executed workshops, conferences and other learning events.

- Carry out or oversee research and studies, independently or as a counterpart to consultant(s) hired by PFIP, on various issues and undertakings relating to financial inclusion in the region.
- Develop and/or participate in “information exchange events” to publicise programme activities, results and impact
- Contribute to PFIP publications (focus note, research papers, blogs, etc.) highlighting programme challenges, opportunities and successes
- Identify stakeholders to participate in knowledge sharing opportunities relating to M&E, assist in managing the logistics of their participation.
- Contribute, as appropriate, to Global knowledge sharing efforts to share information on PFIP and partner experience in financial inclusion.

**Provides corporate support under the direction of the PFIA, including fulfilling reporting requirements, assisting with fundraising, managing staff and consultants and representing PFIP, UNCDF and UNDP at internal and external meetings, workshops and conferences**

- As needed support PFIP team in fulfilling planning and reporting requirement to the IC, UNDP, UNCDF and its other funders.
- Prepare project appraisal documents for presentation to the IC, donors and partners
- Assist in preparing and grant and performance based agreement documentation for approved partners
- Liaise with PC knowledge management and communications team as necessary and directed by PFIA
- As directed, manage PFIP team and operations in absence of PFIA and/or FCA

**Serve as team coordinator for specific topics in financial inclusion/Key initiatives are implemented on time and effectively**

- Play a lead role in supporting specific PFIP intervention such as financial inclusion data measurement (standards) being implemented through PIWG. Provide need based technical assistance to relevant central banks in developing robust financial inclusion data measurement systems
- Network, scope opportunities and facilitate linkages with international development partners like CGAP, GSMA, BMGF and World Bank working on standardising financial inclusion data with the Pacific stakeholders
- Play a lead role in monitoring and analysing financial diaries data. Conduct workshops with broad range of stakeholders to disseminate the findings and implications for relevant stakeholders business or policy decisions

**Profile of Applicants**

- The M&E Specialist will hold a post-graduate degree from a reputable institution in finance, economics or public policy and will have a minimum of 7 (seven) years

relevant, practical working experience within the financial sector and/or microfinance, preferably in the Pacific and in LDCs. S/he will possess a dynamic, self-motivated personality with a sense of entrepreneurial initiative.

- Experience in use of DCED standards for M&E would be preferable.
- Strong programme management experience with emphasis on monitoring and evaluation of microfinance projects and programmes with strengths in participatory evaluation methodologies.
- Documented deep technical knowledge and experience in (Micro) finance good practices for industry building, and development of inclusive financial markets and products in emerging markets, especially through private sector partnerships.
- Strong networking capabilities and ability to associate him/herself with a range of actors (including regional organisations, UN agencies, policy makers, regulators, FSPs and donors) with a view to building relations and facilitating links.
- Record of success and conversant with donor priorities and working mechanisms.
- Excellent organizational, inter-personal, communication and administrative skills, including solid experience in financial management
- Fluency in written and spoken English, excellent computer skills.
- Prepared to travel frequently throughout the Pacific region.

## **2. Gender Specialist**

The Gender Specialist (GS) will bring expertise and knowledge in the area of gender focussed financial services design and delivery based on in-depth understanding of gender dimensions in low-income Pacific island economies. The GS will be tasked with setting up a “regional centre of excellence” in the Pacific as knowledge and support facility to drive appropriate financial services targeted at marginalised section especially rural women.

The GS will be based at the Pacific Centre in Suva, Fiji and assist in providing cross cutting support to the PFIP team in other thematic areas on gender related aspects. Under the direction of the PFIA, the GS will assist PFIP to achieve its goals throughout the region. The GS will contribute to knowledge management and sharing to promote the best practices in financial inclusion and assist in regional activities of the PFIP which will include travel to all PFIP programme countries, other PICs as well as relevant regional and global conferences, workshops, etc.

The GS will accomplish the programme results through a range of activities including, but not limited to the following:

### **Implement and institutionalise minimum standards as per UNCDFs Gender Equality and the Empowerment of Women Strategy (GEEW)**

- Analyse current programme strategy and interventions on gender inclusive financial services through review of programme documentation (project document, annual work plans, partner agreements etc.) and stakeholder consultations including programme team, donors and partners
- Train programme staff on processes and implications of aligning with GEEW minimum standards
- Develop a plan with timelines and responsible staff to align and enhance programme strategy with UNCDF GEEW by implementation of minimum standards mentioned there in
- Develop and modify tools and monitoring systems to ensure smooth implementation of minimum standards
- Ensure that the activities and targets described as part of GEEW minimum standards are integrated in project activities and targets;
- Regular monitoring of programme activities to ensure effective implementation of programme gender strategy
- Assist relevant PFIP partners to institutionalise GEEW minimum standards

### **Lead PFIP’s initiative of establishing regional centre of excellence in gender focussed financial services design and delivery**

- Network with stakeholders in inclusive finance space including central banks, government ministries, civil society organisations, FSPs, donors and other international development partners to scope potential opportunities in designing products and delivery channels that meet the needs of marginalised women in the Pacific

- Conduct trainings and workshops to ensure that all programme staff, PFIP partners and the larger stakeholder group in inclusive finance space are aware of gender and social issues in the provision of microfinance services and understand their roles in promoting and ensuring gender equality in the delivery of project activities
- Provide information on the programme's grant funding to targeted FSPs, and identify potential FSPs for grants/technical assistance, based on capacities for growth and potential to providing gender focussed financial services in an efficient and financially viable manner.
- Draft terms of reference in relation to the different tenders for market research, grants and TA provision for piloting gender focussed financial services.
- Manage and monitor projects/pilots funded by the programme for gender focussed financial services
- Document lessons learned and build knowledge repository including training modules on best practices in delivery of financial services to women in the Pacific
- Conceptualise and lead a regional centre of excellence on gender focussed financial services design and delivery based on lesson from research and projects undertaken by PFIP grantees on gender inclusive financial services

**Provide cross cutting support to other thematic areas within PFIP including M&E, microinsurance, financial capacities, mobile money/branchless banking and country coordinators to mainstream gender in their scope of work**

- Train other functional managers of the programme on gender needs and dimensions relevant to financial product and financial literacy design and delivery
- Assist microinsurance manager and mobile money/branchless banking consultants/staff in conceptualising interventions and monitoring the same on gender dimensions
- Assist M&E Specialist to develop a database with appropriate gender based monitoring indicators to highlight women's participation, access to financial services, livelihood improvement and social development;
- Assist financial capacity advisor to review and ensure that methodology/content/delivery of all financial literacy interventions supported by PFIP are gender sensitive
- Provide network linkages and facilitate partnerships with relevant national, regional and global stakeholders in gender related development issues
- Network with UNDP group to seek opportunities for integrating financial services/competencies in their existing development projects, facilitate partnerships with FSPs and provide technical support for the concerned interventions

**Identify and execute, or manage execution of, knowledge management activities in order to generate and disseminate learning from programme activities and publicise results**

- Ensure that PFIP team, IC and Stakeholders are informed on current trends, market conditions, and special topics as needed including through well executed workshops, conferences and other learning events.
- Carry out or oversee research and studies, independently or as a counterpart to consultant(s) hired by PFIP, on various issues and undertakings relating gender needs for financial services and opportunities for the service providers.
- Develop and/or participate in “information exchange events” to publicise PFIP’s interventions targeted at financial services needs of marginalised women
- Contribute to PFIP publications (focus note, research papers, blogs, etc.) highlighting issues, opportunities and successes on gender focussed financial services design and delivery
- Identify stakeholders to participate in knowledge sharing opportunities relating to gender inclusive finance, assist in managing the logistics of their participation.
- Contribute, as appropriate, to Global knowledge sharing efforts to share information on PFIP and partner experience in financial inclusion interventions targeted at women in the Pacific.

**Provides corporate support under the direction of the PFIA, including fulfilling reporting requirements, assisting with fundraising, managing staff and consultants and representing PFIP, UNCDF and UNDP at internal and external meetings, workshops and conferences**

- As needed, support PFIP team in fulfilling planning and reporting requirement to the IC, UNDP, UNCDF and its other funders.
- Prepare project appraisal documents for presentation to the IC, donors and partners
- Assist in preparing and grant and performance based agreement documentation for approved partners
- Liaise with PC knowledge management and communications team as necessary and directed by PFIA
- As directed, manage PFIP team and operations in absence of PFIA and/or FCA

**Profile of Applicants**

- The Gender Specialist will hold a post-graduate degree from a reputable institution in discipline of social studies, or development studies with demonstrated experience in (i) gender development and social inclusion practices, (ii) development and delivery of training, and (iii) working with public as well as private sector and NGO stakeholders and systems.
- Minimum of 7 years relevant, practical working experience within the financial sector and/or microfinance on gender focussed financial services design and delivery, preferably in the Pacific and in LDCs.



- Documented deep technical knowledge and experience in (Micro) finance good practices for industry building, and development of inclusive financial markets targeted at women, especially through private sector partnerships.
- Strong networking capabilities and ability to associate him/herself with a range of actors (including regional organisations, UN agencies, policy makers, regulators, FSPs and donors) with a view to building relations and facilitating links.
- Strong training and research experience to inform financial product design implications through analysis of needs/preferences of low-income women and other marginalised sections
- Record of success and conversant with donor priorities and working mechanisms.
- Fluency in written and spoken English, excellent computer skills.
- Prepared to travel frequently throughout the Pacific region.

## Annex 4 – Work plan and Budgets

**Award ID:**

**Award Title: PFIP**

**Year 1: 2014**

Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget				
		Start	End		Fund	Donor	Budget Description	Amount	
Programme Management & Implementation	Recruitment of new staff Ongoing management and implementation	Q1	Q1	UNCDF (with UNDP, DFAT)	Core	UNCDF, UNDP, DFAT	Staff Salaries Facilities and Admin	\$2,076,000	
					Non Core				\$612,691
		Q1	Q4	UNCDF (with UNDP, DFAT)	Core	UNCDF, UNDP, DFAT			
					Non Core				
Sub-Total								\$2,688,691	
Better Policies, Regulations and Coordinated Actions	Facilitate national financial inclusion and literacy strategy	Q1	Q2	UNCDF UNDP	Non Core	DFAT	Grants Travel	\$175,000 \$30,000	
	Strengthen regulatory and supervisory capacities of central bank	Q1	Q4	UNDP	Non Core	DFAT	Travel	\$15,000	
	Facilitate greater integration of financial inclusion in national development agenda	Q1	Q4	UNDP	Non Core	DFAT	Travel	\$25,000	
	Support financial inclusion data measurement systems	Q1	Q4	UNDP	Non Core	DFAT	International Consultants Travel	\$125,000 \$10,731	
Sub-Total								\$3,069,422	
Deepening Financial Access	Incubate innovative financial services delivery model	Q1	Q4	UNCDF	Non Core	DFAT	Grants Intl Consultants Travel	\$1,000,000 \$125,000 \$64,000	
	Product and channel deepening	Q1	Q4	UNCDF	Non Core	DFAT	Grants Intl Consultants Travel	\$600,000 \$50,000 \$37,000	
	Strengthen and	Q1	Q4	UNCDF	Non Core	DFAT	Grant	\$600,000	

	deepening community based financial services delivery model						Intl Consultants Travel	\$100,000 \$40,000
	Support financial services for the marginalized	Q3	Q4	UNCDF	Non Core	DFAT	Grants Intl Consultants Travel	\$200,000 \$50,000 \$14,200
Sub-Total								\$2,880,200
Better Market Information and Access to Knowledge	Research and knowledge products	Q1	Q4	UNDP	Non Core	DFAT	Intl Consultants Workshop/Conferences Travel	\$975,000 \$225,000 \$68,000
Sub-Total								\$1,268,000
Informed and Competent Consumers	Support extension of FinED	Q1	Q4	UNCDF	Non Core	DFAT	Intl Consultants Grants Travel	\$100,000 \$100,000 \$11,400
	Support innovative financial literacy delivery models	Q1	Q4	UNDP	Non Core	DFAT	Intl Consultants Travel	\$100,000 \$5,700
	Strengthen consumer protection and market conduct	Q1	Q4	UNCDF	Non Core	DFAT	Grants Intl Consultants Travel	\$80,000 \$80,000 \$9,100
Sub-Total								\$486,200
Total for 2014								\$7,703,822

Award ID:

Award Title: PFIP

Year 1: 2015

Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget			
		Start	End		Fund	Donor	Budget Description	Amount
Programme Management & Implementation	Ongoing management and implementation	Q1	Q4	UNCDF (with UNDP, DFAT)	Core	UNCDF, UNDP, DFAT	Staff Salaries Facilities and Admin	\$2,550,300
					Non Core			\$716,049
Sub-Total								\$3,266,349
Better Policies, Regulations and Coordinated Actions	Facilitate national financial inclusion and literacy strategy	Q1	Q2	UNCDF	Non Core	DFAT	Grants Travel	\$37,500 \$20,000
	Strengthen regulatory and supervisory capacities of central bank	Q1	Q4	UNDP	Non Core	DFAT	Travel	\$20,000
	Facilitate greater integration of financial inclusion in national development agenda	Q1	Q4	UNDP	Non Core	DFAT	Travel	\$10,000
	Support financial inclusion data measurement systems	Q1	Q4	UNDP	Non Core	DFAT	Intl Consultants Travel	\$125,000 \$15,000
	Advocacy for Interoperability	Q2	Q3					
Sub-Total								\$3,493,849
Deepening Financial Access	Incubate innovative financial services delivery model	Q1	Q4	UNCDF UNDP	Non Core	DFAT	Grants Intl Consultants Travel	\$1,000,000 \$125,000 \$70,000
	Product and channel deepening	Q1	Q4	UNCDF UNDP	Non Core	DFAT	Grants Intl Consultants Travel	\$900,000 \$75,000 \$61,300
	Strengthen and deepening community based financial services delivery model	Q1	Q4	UNCDF UNDP	Non Core	DFAT	Grant Intl Consultants Travel	\$600,000 \$100,000 \$44,000
	Support financial	Q1	Q4	UNCDF	Non Core	DFAT	Grants	\$300,000

	services for the marginalized			UNDP			Intl Consultants Travel	\$75,000 \$23,600
Sub-Total								\$3,373,900
Better Market Information and Access to Knowledge	Research and knowledge products	Q1	Q4	UNDP	Non Core	DFAT	Intl Consultants Workshop/Conferences Travel	\$975,000 \$225,000 \$75,000
Sub-Total								\$1,275,000
Informed and Competent Consumers	Support extension of FinED	Q1	Q4	UNDP UNCDF	Non Core	DFAT	Intl Consultants Grants Travel	\$300,000 \$300,000 \$37,700
	Support innovative financial literacy delivery models	Q1	Q4	UNDP	Non Core	DFAT	Intl Consultants Travel	\$150,000 \$9,400
	Strengthen consumer protection and market conduct	Q1	Q4	UNCDF UNDP	Non Core	DFAT	Grants Intl Consultants Travel	\$30,000 \$30,000 \$3,800
Sub-Total								\$860,900
Total for 2015								\$9,003,649

Award ID:

Award Title: PFIP

Year 1: 2016

Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget			
		Start	End		Fund	Donor	Budget Description	Amount
Programme Management & Implementation	Ongoing management and implementation	Q1	Q4	UNCDF UNCDF	Non Core	TBM	Staff Salaries	\$2,795,500
							Facilities and Admin	\$537,880
Sub-Total								\$3,333,380
Better Policies, Regulations and Coordinated Actions	Facilitate national financial inclusion and literacy strategy	Q1	Q2	UNCDF UNDP	Non Core	TBM	Grants	\$37,500
	Strengthen regulatory and supervisory capacities of central bank	Q1	Q4	UNDP	Non Core	TBM	Travel	\$10,000
	Facilitate greater integration of financial inclusion in national development agenda	Q1	Q4	UNDP	Non Core	TBM	Travel	\$5,000
Sub-Total								\$3,390,880
Deepening Financial Access	Product and channel deepening	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants	\$900,000
							Intl Consultants	\$75,000
							Travel	\$84,563
	Strengthen and deepening community based financial services delivery model	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grant	\$150,000
							Intl Consultants	\$25,000
							Travel	\$20,000
	Support financial services for the marginalized	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants	\$300,000
							Intl Consultants	\$75,000
							Travel	\$50,000
Sub-Total								1,679,563
Better Market Information and Access to Knowledge	Research and knowledge products	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants	\$450,000
							Workshop/Conferences	\$125,000
							Travel	\$50,000

Sub-Total								\$625,000
Informed and Competent Consumers	Support extension of FinED	Q1	Q4	UNDP UNCDF	Non Core	TBM	Intl Consultants Grants Travel	\$300,000 \$300,000 \$76,300
	Support innovative financial literacy delivery models	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants Travel	\$150,000 \$19,100
	Strengthen consumer protection and market conduct	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$30,000 \$30,000 \$7,600
Sub-Total								\$913,000
Programme evaluation	Mid Term	Q2	Q3	UNDP	Non Core	TBM	Intl Consultants Travel	\$150,000 \$5,000
Sub-Total								\$155,000
Total for 2016								\$6,763,443

Award ID:

Award Title: PFIP

Year 1: 2017

Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget			
		Start	End		Fund	Donor	Budget Description	Amount
Programme Management & Implementation	Ongoing management and implementation	Q1	Q4	UNCDF UNDP	Core	TBM	Staff Salaries	\$2,824,700
					Non Core		Facilities and Admin	\$410,374
Sub-Total								\$3,235,074
Better Policies, Regulations and Coordinated Actions	Facilitate greater integration of financial inclusion in national development agenda	Q1	Q4	UNDP	Non Core	TBM	Travel	\$25,000
Sub-Total								\$3,260,074
Deepening Financial Access	Product and channel deepening	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$300,000 \$25,000 \$50,000
	Strengthen and deepening community based financial services delivery model	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grant Intl Consultants Travel	\$150,000 \$25,000 \$46,000
	Support financial services for the marginalized	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$100,000 \$25,000 \$32,000
Sub-Total								\$753,000
Better Market Information and Access to Knowledge	Research and knowledge products	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants Workshop/Conferences Travel	\$425,000 \$100,000 \$105,000
Sub-Total								\$630,000
Informed and Competent Consumers	Support extension of FinED	Q1	Q4	UNDP UNCDF	Non Core	TBM	Intl Consultants Grants Travel	\$150,000 \$150,000 \$78,300
	Support innovative financial literacy delivery models	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants Travel	\$50,000 \$13,000



	Strengthen consumer protection and market conduct	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$30,000 \$30,000 \$15,700
Sub-Total								\$517,000
Total for 2017								\$5,160,074

Award ID:

Award Title: PFIP

Year 1: 2018

Expected Outputs	Key Activities	Time Frame		Responsible Party	Planned Budget			
		Start	End		Fund	Donor	Budget Description	Amount
Programme Management & Implementation	Ongoing management and implementation	Q1	Q4	UNCDF UNDP	Core	TBM	Staff Salaries	\$2,909,500
					Non Core		Facilities and Admin	\$409,225
Sub-Total								\$3,318,725
Better Policies, Regulations and Coordinated Actions	Facilitate greater integration of financial inclusion in national development agenda	Q1	Q4	UNDP	Non Core	TBM	Travel	\$25,000
Sub-Total								\$3,343,725
Deepening Financial Access	Product and channel deepening	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$300,000 \$25,000 \$40,000
	Support financial services for the marginalized	Q1	Q4	UNCDF UNDP	Non Core	TBM	Grants Intl Consultants Travel	\$100,000 \$25,000 \$30,000
Sub-Total								\$520,000
Better Market Information and Access to Knowledge	Research and knowledge products	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants Workshop/Conferences Travel	\$400,000 \$100,000 \$101,350
Sub-Total								\$601,350
Informed and Competent Consumers	Support extension of FinED	Q1	Q4	UNDP UNCDF	Non Core	TBM	Intl Consultants Grants Travel	\$150,000 \$150,000 \$82,100
	Support innovative financial literacy delivery models	Q1	Q4	UNDP	Non Core	TBM	Intl Consultants Travel	\$50,000 \$13,700
	Strengthen consumer protection and market conduct	Q1	Q4	UNCDF	Non Core	TBM	Grants Intl Consultants Travel	\$30,000 \$30,000 \$12,131
Sub-Total								\$517,931

Programme Evaluation	End Term	Q3	Q4	UNDP	Non Core	TBM	Intl Consultants Travel	\$150,000 \$12,725
							Sub-Total	\$162,725
							Total for 2018	\$5,145,731

## Annex – 5

### Terms of Reference – PFIP Investment Committee

The purpose of the PFIP Investment Committee (IC) Policy is to clearly define the composition, authority, role and responsibilities of the IC in order to guide IC members. This policy is grounded in the PFIP Project Document approved by the UNDP, UNCDF, EU/ACP Microfinance Framework Programme and several of the Pacific Island Countries. This Policy document may be amended from time to time by decision of the IC and signed by the IC Chairperson.

#### 1. Role of Investment Committee

1.1. The PFIP Investment Committee (IC) shall oversee the implementation of the programme and to approve financial support under the PFIP Support Facility, a funding allocation in the PFIP, in accordance with the Project Document of the Pacific Financial Inclusion Programme.

1.1.1. The IC shall act as the Management Board in accordance with “PRINCE 2” (Project in Controlled Environments), the project management and accountability methodology which has been adopted corporately by UNDP globally. The three primary management roles are:

1.1.1.1. the *executive role* to ultimately ensure accountability for the project;

1.1.1.2. the *senior user role* is to ensure that the outputs produced meet the needs of the end-user, in this case the Pacific Island Countries (PICs);

1.1.1.3. the *senior supplier role* is to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost and time parameters.

1.1.2. The IC shall also be the decision-making body over the PFIP Support Facility including:

1.1.2.1. appraisal of proposals for financial and technical support

1.1.2.2. approval of financial support; and

1.1.2.3. ensuring the PFIP Management Team is appropriately monitoring funded partners.

1.2. The IC shall collectively discharge the responsibilities of each of the roles and shall determine the best means to do so.

1.3. The IC mechanism is in line with the Paris Declaration on Aid Effectiveness calling for donors’ actions to be more harmonized, transparent and collectively effective.

#### 2. Composition of Investment Committee

2.1. The IC shall be composed of PFIP’s main cost-sharing and policy advocacy partners.

2.2. The initial IC shall consist of one member from the following organizations:

2.2.1. UNCDF (Financial Inclusion Practice Area);

- 2.2.2. European Union/ACP Microfinance Framework Programme;
  - 2.2.3. UNDP Pacific Centre;
  - 2.2.4. AusAID; and
  - 2.2.5. Pacific Islands Forum Secretariat.
- 2.3. Designated members may appoint an alternate from their organization to participate in the members' absence. Both members and alternates may participate in regular IC meetings.
- 2.4. New organisations may be added to the IC according to the following guidelines.
- 2.4.1. Organizations providing more than \$250,000 per annum in financial support to the PFIP shall be entitled a seat on the IC.
  - 2.4.2. Other organizations with relevant policy advocacy or programme activities that reinforce PFIP strategic objectives and/or contribute to financial inclusion may be invited with the unanimous approval of the IC.

### **3. Decision-making**

- 3.1. IC decisions should be made by unanimous consent.
- 3.2. If an IC member and his/her alternate are unable to attend meetings, may provide their input in advance to the IC Secretary or may delegate authority to another IC member.
- 3.3. If consensus cannot be reached, the IC may opt for a majority vote at the discretion of the Chairperson.
- 3.4. All organizations have a single vote, regardless of the number of members and alternates present at the IC meeting.

### **4. Term of Service and Meetings**

- 4.1. The participating organizations of the IC shall appoint a member at their discretion to the IC for a term of no less than 18 months.
- 4.2. The IC shall meet no less that twice per calendar year and shall meet more frequently if necessary.
- 4.3. The IC may hold meetings either virtually with members providing comments via e-mail, videoconference, teleconference, in person or, when necessary, a combination of each
- 4.4. The IC may also agree, by special arrangement (e-mail, telephone calls), when timely decisions are required.

### **5. Appointment, Role and Responsibilities of Chairperson**

- 5.1. The IC shall unanimously appoint a Chairperson for an 18-month term, renewable for up to one additional 12-month period.

5.2. The Chairperson is responsible for:

5.2.1. conducting all IC meetings;

5.2.2. managing voting, when necessary;

5.2.3. requesting the UNDP and/or UNCDF to sign Support Agreements (grants, loans, or contracts);

5.2.4. representing the IC; and

5.2.5. monitoring PFIP compliance with IC decisions and recommendations.

5.3. The Chairperson may, in case of unavoidable absence from an IC meeting, delegate his/her responsibilities to another IC member or alternate.

## **6. Appointment, Role and Responsibilities of the Secretary**

6.1. The Pacific Financial Inclusion Advisor (PFIP Advisor) shall act as Secretary to the IC.

6.1.1. The Secretary shall be assisted by the Pacific Partnerships and Business Development Advisor (PPDA) and other members of the PFIP team forming the Secretariat.

6.1.2. With the approval of the Chairperson, the Secretary may designate the PPDA to act as the Secretary from time to time.

6.2. The Secretary does not have a vote in the IC.

6.3. The role of the Secretary is to ensure the smooth functioning of the IC, manage all preparation for IC meetings, document IC decisions, and respond to IC requests.

6.4. The Secretary is responsible for:

6.4.1. scheduling and organizing all IC meetings;

6.4.2. ensuring that all required documentation is available to facilitate decision-making;

6.4.3. taking and disseminating minute of IC meetings;

6.4.4. providing documents to the Chairperson for signature;

6.4.5. responding to IC requests for information.

## **7. The Responsibilities of the IC**

7.1. Provide guidance and strategic direction to the PFIP

7.1.1. Advise on and approving the strategy of the PFIP;

7.1.2. Approve PFIP strategic and programmatic policies, including the PFIP Support Facility policy, particularly eligibility and selection criteria

## 7.2. Approve annual work plan and budget

- 7.2.1. The PFIP Advisor shall present a draft annual work plan to the IC in no less than four weeks prior to the end of the calendar year.
- 7.2.2. The IC shall meet prior to the end of each calendar year to review and comment on the annual work plan.
- 7.2.3. The PFIP Management Team shall make changes to the plan, as necessary, and the IC shall approve the final plan in writing by signature of its Chairperson no later than four weeks after the start of the calendar year.
- 7.2.4. The PFIP Management Team must present budgets for approval to the IC prior to the completion of the UNDP Pacific Centre Plan. The IC's endorsement of the budget shall be included in the UNDP Pacific Centre's request for approval by the UNDP Regional Bureau for Asia and Pacific (RBAP) during the fourth quarter of the calendar year.
  - 7.2.4.1 Any changes proposed by the RBAP shall be submitted to the IC prior to their adoption by the PFIP.
- 7.2.5. However, budget modifications can be made during the fiscal year to accommodate recommendations and requests by the IC in accordance with UNCP Pacific Centre policies.

## 7.3. Contribute to the performance appraisal of the PFIP Team

- 7.3.1. The UNCDF member of the IC has primary responsibility for the annual performance evaluation of the PFIP Advisor in accordance with UNDP personnel guidelines. The UNDP Pacific Centre Manager has secondary responsibility.
- 7.3.2. The PFIP Advisor has primary responsibility for the appraisal of the PFIP Team.
- 7.3.3. The UNCDF member, through shall solicit contributions from other IC members as to their opinion of the performance of the PFIP Management Team. He/she will incorporate these contributions into the appraisals of the PFIP Advisor and the PFIP Advisor will incorporate them into the appraisal of the PFIP Team.

## 7.4. Appraise and approve financial support to partners from the PFIP Support Facility

- 7.4.1. The IC in its entirety may oversee the PFIP Support Facility or it may appoint a subcommittee consisting of IC members to appraise and approve partners' applications.
- 7.4.2. The IC may establish approval authorities and delegate approvals less than a certain amount to the PFIP Advisor, the Chairman of the IC, or some combination of the two. These authorities will be documented in the PFIP Support Facility Policy.
- 7.4.3. The Chairperson of the IC or his/her appointee must forward approvals of all support to the UNDP and/or UNCDF for processing.

## 7.5. Oversee monitoring and evaluation (M&E)

7.5.1. The M & E and Reporting Framework for the Pacific Centre will apply to the PFIP. The PFIP must consolidate its progress reports into the Pacific Centre's reports to its Management Committee.

7.5.1.1. The M&E plan will be provided to the IC for comment. Additional M&E activities may be requested by the IC from time to time.

7.5.1.2. M&E plans will include the requirements for its other funders.

7.5.2. The IC shall review regular PFIP reports.

7.5.2.1. The PFIP Management Team shall provide quarterly progress reports toward the completion of annual work plan results.

7.5.2.2. The PFIP shall provide a semi-annual budget report including actual versus projected expenditures with an explanation of significant variance in the UNDP Pacific Centre format.

7.5.2.3. The IC shall respond with questions to the reports directed to the PFIP Management Team no less than 30 days after receipt of the reports and the team shall respond no less than 10 days.

7.5.3. The IC shall review PFIP's annual performance.

7.5.3.1. The IC shall conduct an mid-year project review during the third quarter of the calendar year to assess the performance of the project. It shall focus on the extent to which progress is being made towards annual work plan outputs and the extent to which these remain aligned to appropriate outcomes. It will also inform the next annual work plan.

7.5.3.2. The PFIP management team shall complete an annual programme report no later than four weeks after the end of the calendar year.

7.5.4. The IC shall review, revise and approve terms of reference and the evaluation team for mid-term and/or final evaluations.

7.5.4.1. The programme is subject to an independent mid-term and/or final evaluation managed by the UNCDF Evaluation Unit. The evaluation is in compliance with the UNCDF mandatory evaluation requirements in the UNDP Evaluation Policy, to which UNCDF is party. Funding for the evaluation is included in the programme's budget

7.5.4.2. The evaluation will assess its overall performance, the outputs and outcomes produced against its initial targets, the impact it has brought or would likely to bring.

7.5.4.3. The evaluations will provide mechanisms for the free and meaningful participation of local stakeholders – including women and targeted vulnerable groups.

7.5.4.4. The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance. The results of



these evaluations will feed into strategic, thematic and outcome evaluations carried out by UNCDF and UNDP. Success in carrying out development evaluation requires partnerships in evaluation with national and international actors. Opportunities will be sought for collaboration with programme partners in conducting the evaluations.

7.6. The Investment Committee shall provide reporting on an annual basis to FEMM and other relevant ministerial meetings.

7.6.1. The IC may delegate some or all of this responsibility to the PFIP Advisor.

## **8. Confidentiality and conflict of interest**

8.1. Members of the IC undertake to keep in strict confidence all proprietary, commercial or other sensitive information that it may come across in the course of their role and responsibility in the IC.

8.2. If a member of the IC believes he or she may have a conflict of interest in any matter being considered by the IC, this conflict of interest must be reported immediately to the Chairperson who, in consultation with other IC members, shall rule on the appropriate action to take; including, but not limited to, the member abstaining from contributing to a decision on the matter at hand.

## Annex - 6

### DCED Standards – Version VI (Jan, 2013)

S. No.	Standards	Control Point	Level
1	Articulating the Results Chain	An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	Must
		Each results chain is supported by adequate research and analysis.	Must
		Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	Must
		The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	Must
		The results chain(s) include the results of broader systemic change at key levels.	Recommended
		The research and analysis underlying the results chain(s) take into account the risk of displacement.	Recommended
2	Defining Indicators of Change	There is at least one relevant indicator associated with each change described in the results chain(s).	Must
		The universal impact indicators are included in each relevant results chain.	Must
		There are specific Indicators that enable the assessment of sustainability of results.	Must
		Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	Must
		Anticipated impacts are realistically projected for key quantitative indicators, to appropriate dates.	Recommended
3	Measuring Changes in Indicators	Baseline information on key indicators is collected.	Must
		Information for each indicator is collected using methods that conform to good research practices.	Must
		Qualitative information on changes at various levels of the results chain is gathered.	Must
		Reported changes in indicators that are extrapolated from pilot figures are regularly verified.	Recommended
4	Estimating Attributable Changes	Attributable changes in all key indicators in the results chains are estimated using methods that conform to established good practice.	Must

5	Capturing Wider Changes in the System or Market	The results of systemic change at key levels in the results chain(s) are assessed using methods that conform to established good practices.	Recommended
6	Tracking Programme Costs	Costs are tracked annually and cumulatively.	Must
		Costs are allocated by major component of the programme. (Applicable only to programmes with more than one main component)	Recommended
7	Reporting Results	The programme produces a report, at least annually, which clearly and thoroughly describes results to date.	Must
		Contribution of other publicly funded programmes and private contributions are acknowledged.	Must
		Reported changes in key indicators are disaggregated by gender.	Must
		Results of systemic change and/or other indirect effects are reported.	Recommended
8	Managing the System for Results Measurement	Results are published.	Recommended
		The programme has a clear system for results measurement that ensures that findings are used in programme management and decision-making.	Must
		The system is supported by sufficient human and financial resources.	Must
		The system is integrated with the management of the programme	Must

## Annex 7

### Programme Monitoring Framework

	<b>Narrative</b>	<b>Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<b>Development Objective</b>	The financial resilience and socio-economic opportunities for low-income households would be enhanced through delivery of appropriate and affordable financial services complimented by the provision of need-based financial literacy trainings			<ul style="list-style-type: none"> <li>• PFIP receives necessary funding for phase II of its operations</li> <li>• Access to appropriate/affordable financial service and financial literacy improves the financial well-being of the household</li> <li>• Improvement in financial well-being of HH can be verified through impact evaluation exercises</li> </ul>
<b>Immediate Objective</b>	To increase the number of low-income households, micro and small enterprises that have on-going access to appropriate and affordable financial services and deepen financial access through product and channel innovations	<ul style="list-style-type: none"> <li>• Additional 500,000 low-income people with at least 40% women get access to appropriate/affordable financial services</li> <li>• Additional 150,000 who were previously unbanked, with at least 40% women, get access to formal savings account</li> <li>• Average savings of USD 10 in active savings account (mobile wallet)</li> <li>• 15% of clients of PFIP supported branchless/mobile banking solutions are active</li> <li>• Additional 200,000 women get access to</li> </ul>	<ul style="list-style-type: none"> <li>• Partner's quarterly and annual progress reports</li> <li>• Documented strategy by central bank on financial inclusion and financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement in proposed targets is attributable to PFIP's support to its partners</li> <li>• Partners report the increase in accounts, track unbanked new subscribers and other such indicators as required under PFIP support agreements</li> <li>• PFIP's partner are transparent and accurate in reporting required indicators</li> </ul>

		<p>appropriate/affordable financial services</p> <ul style="list-style-type: none"> <li>• Four additional PICs have national Financial Inclusion Strategies</li> <li>• Three PICs embed financial education into their national strategic development plans and budget</li> <li>• Three additional PICs have national Financial Literacy strategies in place</li> </ul>		
<p><b>Output 1 (Better Policies, Regulations and Coordinated Actions)</b></p>	<p>Enabling policy and regulatory environment backed by a robust financial inclusion strategy that facilitates expansion of appropriate, innovative and secure financial products and delivery channels for low-income Pacific islanders</p>	<ul style="list-style-type: none"> <li>• Number of PICs that have national financial inclusion and financial literacy strategy</li> <li>• Number of PICs that have NFITs</li> <li>• PICs achievement of targets set out in their national financial inclusion/literacy strategy</li> <li>• Number of policy/regulatory changes done by central banks/government in a quest to create an enabling inclusive financial services environment</li> <li>• Representation of key government ministries in NFITs</li> <li>• Number of financial inclusion/literacy</li> </ul>	<ul style="list-style-type: none"> <li>• Documented financial inclusion/literacy strategy from central banks</li> <li>• NFIT and PIWG meetings to discuss on progress made on strategies</li> <li>• Policy/regulatory changes through circulars, amendments, guidelines etc. issued by central bank/government to boost inclusive finance space</li> <li>• National budgets</li> <li>• Data collected from respective government ministries/central banks on volumes of G2P payments on MM/BB channels</li> </ul>	<ul style="list-style-type: none"> <li>• Policy makers are willing to make changes</li> <li>• Programme's actions can reasonably be considered to contribute to policymakers actions</li> </ul>

		<p>initiatives implemented in partnership with government ministries</p> <ul style="list-style-type: none"> <li>• Budgetary allocation made by government for financial inclusion/literacy initiatives</li> <li>• Percentage of G2P payments driven on MM/BB channels</li> <li>• Number of central banks that have standardized FI data measurement system in place</li> <li>• Periodic progress report on financial inclusion incorporating standardized financial inclusion data</li> <li>• Number of PICs with seamlessly integrated and interoperable payments channel including MM/BB</li> </ul>		
<b>Output 2 (Deepening Financial Access)</b>	Deepening financial access through product/ channel innovations that meet the financial service needs of low-income Pacific islanders and at the same time result in sustainability of financial services delivery for the service providers	<ul style="list-style-type: none"> <li>• Number of projects supported by PFIP enabling delivery of appropriate financial services to low-income Pacific islanders, especially marginalized section i.e. rural, women and youth</li> <li>• Additional outreach by PFIP partners post the support</li> <li>• Activity (MM/BB, remittances)/persistence (microinsurance)/saving levels (savings clubs, MM/BB) of clients who</li> </ul>	<ul style="list-style-type: none"> <li>• Partner quarterly and annual reports</li> <li>• M&amp;E reports of PFIP partners prepared by PFIP's M&amp;E Specialist</li> <li>• If required, baseline surveys for PFIP partners pre-support</li> <li>• Macro level indicators as published by central banks</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting of partners is adequately transparent and accurate to verify improvements in sustainability and efficiency</li> <li>• Reporting partners are able to disaggregate data as per PFIP requirements</li> <li>• Achievement in proposed targets is attributable to PFIP's support to its partners</li> <li>• Adequate financial inclusion data measurement systems (standards) in place for the central banks to</li> </ul>

		<p>have been enrolled as part of these projects</p> <ul style="list-style-type: none"> <li>• Social impact on clients reached as a result of PFIP supported initiatives</li> <li>• Macro level financial inclusion indicators – levels of financial inclusion in the country (access, quality and coverage)</li> </ul>		<p>track financial inclusion data</p> <ul style="list-style-type: none"> <li>• There is baseline data for impact evaluations of PFIP supported initiatives</li> </ul>
<b>Output 3 (Better Market Information and Access to Knowledge)</b>	Enhance sector understanding on products, channels, business models suited to needs of low-income Pacific islanders through demand, supply and impact evaluation studies	<ul style="list-style-type: none"> <li>• Number of knowledge products tailored to meet the needs of the stakeholders in financial inclusion space</li> <li>• Number of hits on website for accessing knowledge products</li> <li>• Number of articles/forums where PFIP knowledge products are quoted</li> <li>• Regional and international conferences attended</li> <li>• Number of exposure visits sponsored</li> </ul>	<ul style="list-style-type: none"> <li>• Copies of knowledge product</li> <li>• Invitation and attendance lists of events</li> <li>• Presentations from events</li> <li>• Evaluation forms</li> <li>• Monitor service standards of web manager</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge products and learning events are relevant to the stakeholders and lessons would be implemented by concerned stakeholders</li> </ul>
<b>Output 4 (Informed and Competent Consumers)</b>	Strengthening financial competencies of clients so that they can better leverage business and financial access opportunities to improve their livelihoods	<ul style="list-style-type: none"> <li>• Number of countries that incorporate FinED into their national development plans and budgets</li> <li>• Number of student beneficiaries from FinED</li> <li>• Number of adults (including youth out of school) receiving financial literacy trainings through PFIP supported initiatives/partners</li> <li>• Number of women</li> </ul>	<ul style="list-style-type: none"> <li>• Gender segregated data on financial literacy provided to adults/youth as reported by PFIP partners</li> <li>• Financial competency scores as highlighted in competency surveys and M&amp;E reports</li> </ul>	<ul style="list-style-type: none"> <li>• Financial literacy efforts along with assessment of the same is verifiable</li> </ul>

		receiving financial literacy trainings through PFIP supported initiatives/partners <ul style="list-style-type: none"> <li>• Number of innovative financial literacy delivery methodologies introduced with PFIP support</li> <li>• Financial competency scores (relative to baseline)</li> <li>• Number of consumer protection initiatives by policy makers</li> </ul>		
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## Annex – 8

### Highlights from Country Consultations - Financial Inclusion Priorities<sup>16</sup>

Country	Financial Inclusion Priorities
Papua New Guinea	<p data-bbox="564 368 1384 395"><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul data-bbox="564 435 1406 462" style="list-style-type: none"> <li>• Strategizing interventions in conjunction with CEFI and MEP</li> </ul> <p data-bbox="564 502 1066 529"><u>Output 2 - Deepening Financial Access</u></p> <ul data-bbox="564 569 1944 740" style="list-style-type: none"> <li>• Client and agent satisfaction study with the objective of understanding usage barriers to MM/BB and deepening financial services delivery</li> <li>• Scaling up microinsurance pilot through products, delivery channels innovations</li> <li>• Piloting gender focussed financial services – partnerships with at different types of FSPs to develop and pilot women centric financial products</li> </ul> <p data-bbox="564 780 1375 807"><u>Output 3- Better Market Information and Access to Knowledge</u></p> <ul data-bbox="564 847 1939 979" style="list-style-type: none"> <li>• Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails</li> <li>• Analyse data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications (with BPNG/CEFI)</li> </ul> <p data-bbox="564 1019 1178 1046"><u>Output 4- Informed and Competent Consumers</u></p> <ul data-bbox="564 1086 1249 1150" style="list-style-type: none"> <li>• Developing a strategy for FinED with BPNG</li> <li>• Financial literacy through faith based institutions</li> </ul>
Fiji	<p data-bbox="564 1192 1384 1219"><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul data-bbox="564 1259 1771 1286" style="list-style-type: none"> <li>• Advocacy for interoperable payment systems including mobile money/branchless banking</li> </ul>

<sup>16</sup> These priorities exclude cross cutting priorities which have been mentioned in project document

	<p><u>Output 2 - Deepening Financial Access</u></p> <ul style="list-style-type: none"> <li>• Catalysing strategic partnerships between MNOs, banks, agri-value chain players for greater synergies between service providers and enhanced customer value proposition</li> <li>• Scaling up microinsurance pilot through products, delivery channels innovations</li> <li>• Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF)</li> <li>• Support development of community based and other savings mechanisms</li> </ul> <p><u>Output 3- Better Market Information and Access to Knowledge</u></p> <ul style="list-style-type: none"> <li>• Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails</li> <li>• Demand side research and supply side feasibility of micropensions</li> <li>• Study of leasing sector; build understanding for potential foray into greater transparency in microleasing sector</li> <li>• Implement financial diaries to better understand demand side for financial services</li> <li>• Scope opportunities for identifying gaps and potential foray into MSME space</li> </ul> <p><u>Output 4- Informed and Competent Consumers</u></p> <ul style="list-style-type: none"> <li>• Support effective implementation and monitoring of FinED;</li> <li>• Develop a regional centre of excellence FL through mobile phones; piloting a national financial services helpline</li> </ul>
Solomon Islands	<p><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul style="list-style-type: none"> <li>• Strengthening capacity of CBSI and NFIT to implement and coordinate FI activities</li> </ul> <p><u>Output 2 - Deepening Financial Access</u></p> <ul style="list-style-type: none"> <li>• Grants and technical assistance support to partners willing to venture into MM/BB space</li> <li>• Advocacy and support for G2P riding on MM/BB rails, and for microinsurance</li> <li>• Work with CBSI to strengthen supervision of savings clubs and build capacities/provide support to NGOs promoting savings club</li> </ul>

	<p><u>Output 3- Better Market Information and Access to Knowledge</u></p> <ul style="list-style-type: none"> <li>• Agent network scoping/feasibility study</li> <li>• Demand side research and supply side feasibility on microinsurance</li> <li>• Commissioning research through financial diaries to better understand demand side of financial services</li> </ul> <p><u>Output 4- Informed and Competent Consumers</u></p> <ul style="list-style-type: none"> <li>• Strengthening financial competence with greater emphasis on women</li> <li>• Advocacy and implementation support for FinED to CBSI/Min of Education;</li> <li>• Financial literacy through faith based and member based institutions</li> </ul>
Vanuatu	<p><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul style="list-style-type: none"> <li>• Strengthen supervisory capacities of RBV and support NFIT to enable implementation of financial inclusion strategy</li> </ul> <p><u>Output 2 - Deepening Financial Access</u></p> <ul style="list-style-type: none"> <li>• Scaling up MM/BB initiative of existing partners</li> <li>• Scoping opportunities for financial services for youth (in lines with Youth Start programme of UNCDF)</li> <li>• Client and agent satisfaction study with the objective of understanding usage barriers to MM/BB and deepening financial services delivery</li> </ul> <p><u>Output 3- Better Market Information and Access to Knowledge</u></p> <ul style="list-style-type: none"> <li>• Comprehensive study of payments landscape for scoping G2P, remittances and other payments possibilities on MM/BB rails</li> <li>• Analyse data of financial diaries and share findings with range of stakeholders including government, central banks and FSPs to interpret data for product design and policy implications (with BPNG/CEFI)</li> </ul> <p><u>Output 4- Informed and Competent Consumers</u></p>

	<ul style="list-style-type: none"> <li>• Financial competency baseline assessment needed</li> <li>• Advocacy and implementation support for FinED to RBV/Min of Education</li> </ul>
Samoa	<p><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul style="list-style-type: none"> <li>• Strengthen capacity of CBS to strategize, implement and coordinate FI activities in Samoa</li> </ul> <p><u>Output 2 - Deepening Financial Access</u></p> <ul style="list-style-type: none"> <li>• Develop and pilot saving products for households dependent on remittances</li> </ul> <p><u>Output 3- Better Market Information and Access to Knowledge</u></p> <ul style="list-style-type: none"> <li>• Demand side research on credit and savings needs of low-income households</li> <li>• Mobile money usage and ANM study - understand drivers for deepening product off-take</li> <li>• Financial diaries to better understand household level cash flows</li> </ul> <p><u>Output 4- Informed and Competent Consumers</u></p> <ul style="list-style-type: none"> <li>• Financial literacy through community learning centres; focus on remittances</li> <li>• Support the extend FinED to Samoa in conjunction with CBS and the Ministry of Finance/Education and integrate with NFLTF financial literacy strategy</li> </ul>
Tonga	<p><u>Output 1 - Better Policies, Regulations and Coordinated Actions</u></p> <ul style="list-style-type: none"> <li>• Strengthen supervision capacities of central bank especially for semi-formal finance companies including national financial inclusion strategy</li> <li>• Advocacy for relaxed KYC</li> </ul> <p><u>Output 2 - Deepening Financial Access</u></p> <ul style="list-style-type: none"> <li>• Develop and pilot saving products for households dependent on remittances</li> </ul> <p><u>Output 3- Better Market Information and Access to Knowledge</u></p>

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|--|---|
|  | <ul style="list-style-type: none"><li>• Demand side research on credit and savings needs of low-income households</li><li>• Mobile money usage study to understand drivers for deepening product off-take</li></ul> |
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Output 4- Informed and Competent Consumers

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|  | <ul style="list-style-type: none"><li>• Financial competency baseline assessment</li><li>• Advocacy and implementation support for FinED</li></ul> |
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## Annex 9

### PFIP Phase I Activities and Accomplishments

<p><b>Output 1</b></p> <p>Better policies, regulations and coordinated actions</p>	<p><b><i>Context in 2008</i></b></p> <p>Most PICs lacked regulations and policies focussing specifically on financial inclusion issues in their respective countries</p> <p><b><i>Key Interventions of PFIP</i></b></p> <ul style="list-style-type: none"> <li>• Worked with finance ministers, central bank governors, senior officials to develop Money Pacific Goals and which were accepted at the Forum Economic Ministers Meeting (FEMM) - 2009</li> <li>• Supported Alliance for Financial Inclusion (AFI), regional central banks (CBs) to form the Pacific Island Working Group (PIWG)</li> <li>• Conducted country analysis of policies and regulation on FI (with AFI)</li> <li>• Supported central banks in drafting a comprehensive national financial inclusion strategies and implementing the same through National Financial Inclusion Task Forces (NFIT) involving public and private stakeholders</li> <li>• Advocacy with central banks of all the PICs for regulatory approval for mobile money deployments</li> <li>• Created regulatory tools for introducing mobile based financial services (with AFI)</li> <li>• Conducted research on regional MM trust agreements, made recommendations (with AFI)</li> <li>• Trained regulators on microinsurance (with AFI and ADB)</li> <li>• Trained regulators on agent banking (with IFC, AFI PIWG)</li> </ul> <p><b><i>Accomplishments</i></b></p> <p><i>Financial inclusion is the core agenda in policies of regulators and governments</i></p> <ul style="list-style-type: none"> <li>• 4 countries (Fiji, SOI, Vanuatu and PNG) now have a NFIT or FI working committees and 4 central banks (SOI, Fiji, Samoa and PNG) have a National Financial Inclusion Unit. Some have amended banking laws to include financial inclusion and financial literacy as a core mandate</li> <li>• All PICs have gone ahead with branchless banking/mobile money pilots and PFIP, through the PIWG, is assisting regulators in drafting enabling mobile money regulations in the region</li> <li>• Micro insurance action plans are in place for 5 PICs (SOI, Fiji, PNG, Vanuatu and Samoa)</li> <li>• All PICs have relaxed KYC protocols to facilitate access to mainstream financial services by low-income households</li> </ul>
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<p><b>Output 2</b></p> <p>Scalable and replicable projects with lower cost delivery channels</p>	<p><b>Context in 2008</b></p> <p>No PICs had service providers offering low cost, technology-enabled banking solutions to the excluded: limited interest expressed in serving the low-income, rural market from commercial sector</p> <p><b>Key Interventions of PFIP</b></p> <ul style="list-style-type: none"> <li>• Provided grant support to National Bank of Vanuatu (NBV) for linking rural branches through VSAT</li> <li>• Provided grant support to Digicel (regionally) and Vodafone (Fiji) to launch mobile wallet services</li> <li>• Provided grant support to KlickEx/Digicel partnership for lowering the cost of international remittances</li> <li>• Provided grant support and technical assistance to Westpac to: <ul style="list-style-type: none"> <li>○ Launch in-store banking in the region</li> <li>○ Deliver financial literacy trainings to low-income households in the region</li> </ul> </li> <li>• Provided grant and technical assistance support (in partnership with ADB) to Nationwide Micro bank (NMB) for launching mobile banking operations</li> <li>• Worked with Oceanic Communications Limited (OCL), a private air-time distributor to enter into market as third-party agent network manager</li> <li>• Provided grant support, and technical assistance to LICI and intermediaries, PCDF (Partners In Community Development) and TISI (Then India Samara Icy) Sang ham (Fiji) and NMB in (PNG) to pilot first microinsurance products in the region</li> <li>• Provided TA to Fiji Department of Social Welfare to transition social welfare recipients to electronic banking</li> </ul> <p><b>Accomplishments</b></p> <p><i>Banks and non-banks have introduced innovative financial service products using low-cost, technology-enabled delivery channels to reach the unbanked across the region</i></p> <ul style="list-style-type: none"> <li>• 11 novel deployments/pilots (by banks, MNOs, MFIs and Postal agencies) implemented across 6 PICs (some in collaboration with IFC and ADB)</li> <li>• More than 500,000 clients across the Pacific access to new financial services through PFIP-sponsored projects</li> <li>• More than 173,000 people have accessed new savings accounts</li> <li>• First micro-life insurance product launches in the region (PNG and Fiji)</li> <li>• International remittances product launches by Digicel/KlickEx, &amp; Vodafone. KlickEx becomes the lowest-cost service provider (with costs as low as 1% for incoming remittances from Australia and New Zealand) in international remittance markets of Tonga and Samoa</li> </ul>
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	<ul style="list-style-type: none"> <li>• Most commercial banks have launched no-frills savings accounts (or transactional accounts) in the region</li> <li>• First G2P model piloted in Fiji. Nearly 22,000 Fiji social welfare recipients received payments through a new low-cost bank account. Potential to launch similar models for an array of government payments in the region</li> <li>• NBV opened 13,000 new rural accounts with access to its microfinance products</li> </ul>
<p><b>Output 3</b></p> <p>Better market information and access to knowledge</p>	<p><b><i>Context in 2008</i></b></p> <p>Most of the programs were driven by individual donor agendas, at times leading to redundancies/duplication of efforts. Little knowledge sharing and dissemination within the region on best practices and individual country experiences/context</p> <p><b><i>Key Interventions of PFIP</i></b></p> <ul style="list-style-type: none"> <li>• With AusAID, co-founded Access to Finance Pacific Donors Group (A2F Group)</li> <li>• Supported knowledge exchange, generation &amp; dissemination</li> <li>• Conducted demand studies in financial inclusion</li> <li>• Supported development of business plan of the Pasifika Microfinance Network (PMN)</li> </ul> <p><b><i>Accomplishments</i></b></p> <p><i>Stakeholder coordination, knowledge generation and sharing improved significantly in the region in past 5 years</i></p> <ul style="list-style-type: none"> <li>• Global level: PIWG actively contributes to AFI's Global Policy Forum; PFIP and partners present at global conferences</li> <li>• Regional level: the A2F group drafts donor principles in support of financial inclusion, meets twice a year to coordinate interventions and share learning, conducts annual situational analysis of eight countries and brings about consensus on priority activities; PFIP serves as secretariat of the PIWG, which meets twice a year</li> <li>• National level: NFITs, drive, coordinate financial inclusion efforts in country</li> <li>• Financial services sector assessments (FSSA) across 4 PICs (Fiji, Vanuatu, SOI, PNG)</li> <li>• Microinsurance demand assessments in Fiji and PNG; e-money omnibus usage and perception survey (Fiji) Market Vendor study (SOI)</li> <li>• Launched the first financial diaries project in the region in PNG to capture the portfolios of low-income households</li> <li>• PFIP organizes learning events on micro insurance, financial performance monitoring, remittances, G2P, agent banking, financial literacy, and financial literacy training</li> <li>• 38 partners supported to attend regional and international learning events</li> </ul>



	<ul style="list-style-type: none"> <li>• Co -sponsored Pacific Microfinance Week in 2009, 2011 &amp; 2013</li> <li>• 20 knowledge products developed and widely disseminated (since 2009)</li> <li>• Sponsored 16 events with over 800 attendees</li> <li>• 10 information exchanges held in six countries</li> <li>• PFIP website is a regional resource for FI</li> </ul>
<p><b>Output 4</b></p> <p>Informed and competent consumers</p>	<p><b><i>Context in 2008</i></b></p> <p>Little focus of governments and service providers on building financial competencies of low-income households in the region.</p> <p><b><i>Key Interventions of PFIP</i></b></p> <ul style="list-style-type: none"> <li>• Conducted financial competency survey across 4 PICs (Fiji, PNG, SOI and Samoa) to establish the baseline and to measure progress in financial literacy development</li> <li>• Advocated financial literacy in school curriculum to relevant government ministries and central banks across the region</li> <li>• Provided technical assistance and implementation support to Ministry of Education and the Reserve Bank of Fiji in rolling out the FinED project (financial literacy integrated into school curriculum)</li> <li>• Organized knowledge exchange forums on FinED in the region</li> <li>• Supported central banks in drafting the national financial literacy strategy as part of the overall financial inclusion strategy</li> <li>• Managed and monitored the progress of Westpac’s financial literacy campaign across 3 PICs</li> </ul> <p><b><i>Accomplishments</i></b></p> <p><i>Financial literacy is a major policy driver for most of the PICs</i></p> <ul style="list-style-type: none"> <li>• Low-income adult financial competency framework for the Pacific developed</li> <li>• Replicable methodology to measure adult financial competency developed and national teams trained in Fiji, Samoa, SOI and PNG</li> <li>• National adult financial competency reports prepared for Fiji, Samoa, SOI and PNG</li> <li>• 2 PICs (Fiji and Samoa) have national financial literacy strategy in place</li> <li>• 1 PIC (Fiji) has rolled out financial education in school curriculum, impacting 197,000 students 48% are female</li> <li>• Over 12000 target clients trained under Westpac financial literacy programme across 4 PICs (PNG, Vanuatu, Fiji and Tonga)</li> <li>• Financial literacy working groups active in Fiji and SOI</li> </ul>

## Annex – 10

### Key FI Interventions of Other Donors during PFIP Phase I

Levels	Initiatives/Accomplishments
Macro	<ul style="list-style-type: none"> <li>• IFC advising Reserve Bank of Fiji (RBF), BPNG (Bank of Papua New Guinea) on payments laws and regulations</li> <li>• In conjunction with the World Bank (Pacific Payments, Remittance and Securities Initiative), IFC supports payments systems and regulations (PNG, Samoa, Fiji, SI, Vanuatu, Tonga)</li> <li>• ADB-AusAID's \$24 million ADB-PNG Microfinance Expansion Programme II aimed at creating an enabling regulatory environment, capacity building support to financial institutions, delivering financial literacy trainings and providing support to SME sector through risk share facility IFC/AFI/PFIP trained RBF on MFI oversight in 2011</li> <li>• ADB/PFIP-supported Insurance regulators workshop held in Nadi in June 2012</li> <li>• EU/PFIP provide annual scholarship to RBF to attend Turin MF Training</li> <li>• AusAID and IFC finalize the Pacific Microfinance Initiative (PMI)</li> <li>• ADB: Review of Laws and Policies Affecting Financial Inclusion (2011-2012) in SOI</li> <li>• ADB: 2009 Companies Act, outlines process to start-up and register a business; supported by Chamber of Commerce in SOI</li> <li>• ADB investigating implementation of a contract code as a form of legal intervention to remedy the gaps in contract law framework mentioned above in Tonga</li> <li>• Access to finance is expected to be part of Poverty Reduction Strategy in Tonga. This is supported by an ADB program grant</li> <li>• ADB undertook MF regulatory review for Reserve Bank of Vanuatu (RBV)</li> <li>• ADB TA – assist RBV with regulation of MFIs (accepting deposits) currently registered as charities</li> <li>• IFC Vanuatu Regulatory Simplification Project – covering business start-ups, business licensing, alternative dispute resolution (contract enforcement), and the Investment Promotion Authority</li> </ul>
Meso	<ul style="list-style-type: none"> <li>• IFC supported setting up of credit bureau across 4 PICs (SI, PNG, Tonga, Vanuatu)</li> <li>• IFC supporting RTGS infrastructure for PNG</li> <li>• ADB/IFC/AusAID set up Kula Fund for equity investments in SME sector in the region</li> <li>• ADBs private sector development initiative around secured transactions registry is implemented in most PICs</li> <li>• ADB/AusAID/PFIP supported studies on microinsurance demand in Fiji</li> <li>• AusAID/PFIP carried out omnibus Survey to understand usage and perception of MM users</li> <li>• WB/AusAID/NZAid work to lower cost of remittances via website, lobbying</li> <li>• AusAID Fiji support to Fiji Consumer Council for financial services</li> </ul>

	<ul style="list-style-type: none"> <li>• IFC has undertaken a market assessment to explore feasibility of establishing a regional SME finance program</li> <li>• NZAid has provided guarantee funds to Small Business Enterprise Centre (ST\$600,000 and Govt. of Samoa - \$9 million loan from ADB)</li> <li>• AusAID launched the Financial Services for Poor Strategy: 2010-2015 in PNG, Samoa</li> <li>• ADB assisted in establishing a new company registry with an electronic system of registration to reduce the time needed to register a company in SOI</li> <li>• IFC Regional Financial Markets Infrastructure Project in Vanuatu</li> </ul>
Micro	<ul style="list-style-type: none"> <li>• IFC investment in BSP and NBV to support their rural banking initiative</li> <li>• ADB /PFIP is providing technical assistance to Nationwide Microbank (NMB) to support the development of MiCash (mobile money product) co-financed by AusAID</li> <li>• IFC has equity stakes in BSP and PML and is providing TA to both in PNG</li> <li>• IFC is providing funding to OCL to expand agent services, following earlier PFIP support</li> <li>• IFC consultancy to ANZ on assessing feasibility of setting up greenfield MFI</li> <li>• IFC support to SPBD Holdings Ltd to expand operations in Tonga</li> <li>• ADB-GoSamoa funded DBS (Development Bank of Samoa) -- 2M SAT Microenterprise Financing and Savings Mobilization Project</li> <li>• PFIP/AusAID support pilot of third party payment solution to assist with MIS issue in Fiji</li> <li>• Rural Development Programme, funded by AusAID, managed by World Bank in SOI</li> <li>• ADB: concept note on financial services (including fin. literacy training) to small-holder farmers in cocoa sector in SOI</li> <li>• IFC is providing advisory services to Tonga Development Bank (TDB) to undertake a market assessment to identify potential opportunities in MSME space</li> <li>• TDB/GoT has approached IFC/WBG for technical assistance to expand TDB's operations into a fully-fledged commercial bank with a special focus on SME segment in Tonga</li> <li>• ADB support to VANWODS to strengthen its strategy, governance in Vanuatu</li> </ul>
Clients	<ul style="list-style-type: none"> <li>• PFIP/AusAID/World Bank financial competency studies in Fiji, PNG, Samoa, SI</li> <li>• PFIP/AusAID support for FinED Fiji</li> <li>• With UNDP support, the government of Samoa has introduced enterprise and financial education in the secondary school curriculum (EFEC), and is piloting it in 10 schools.</li> <li>• Westpac/AusAID financial literacy and business training across 4 PICs</li> </ul>