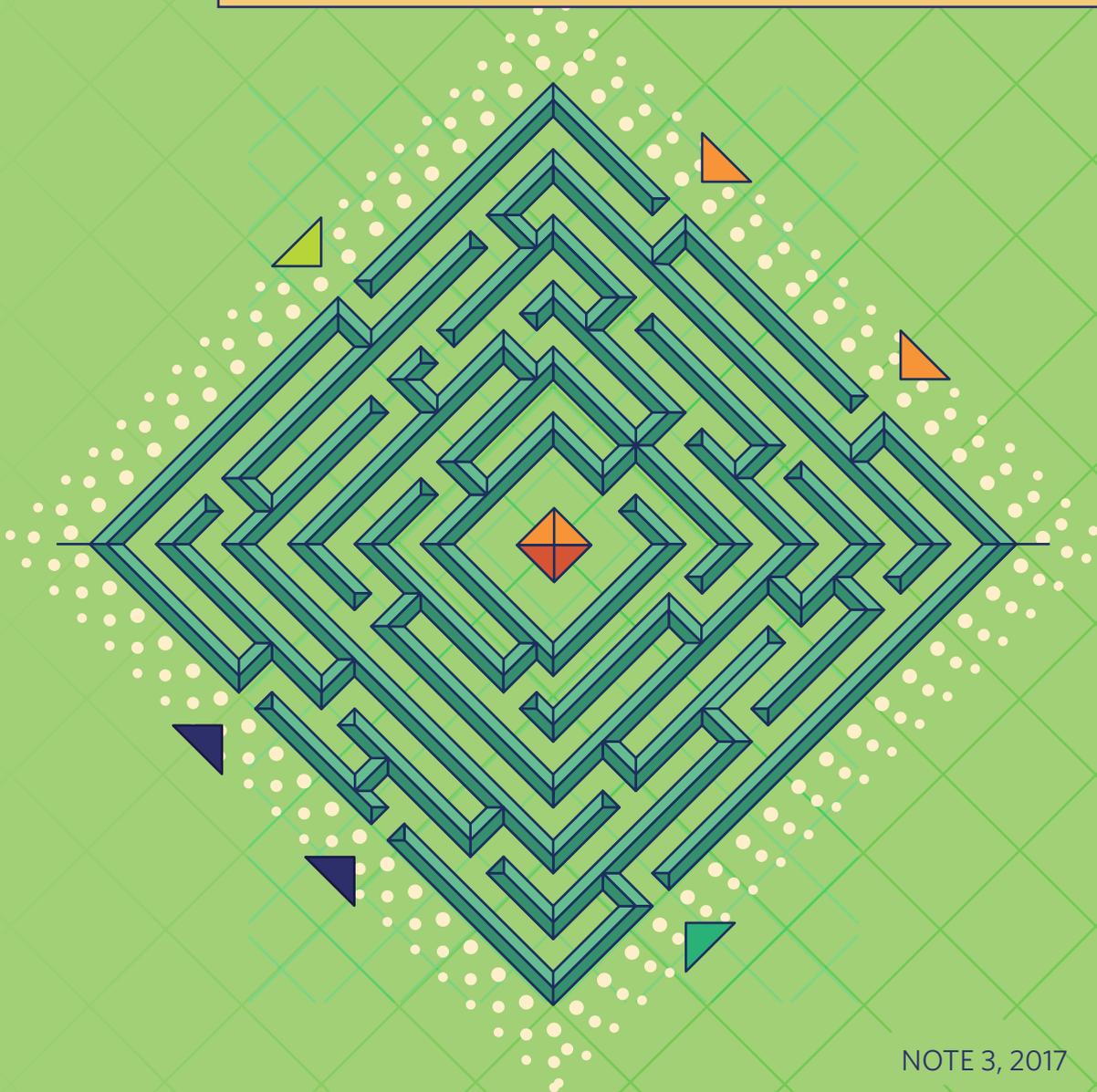


'Begin at the beginning'

Giving development initiatives political teeth and boosting government capacity to deliver on the SDGs



NOTE 3, 2017

VOLUME 2

The MAP Global Insights series - Volume 2

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap jointly implemented by a range of local stakeholders.

MAP was initiated by the United Nations Capital Development Fund (UNCDF) and is implemented in partnership with FinMark Trust and the Centre for Financial Regulation and Inclusion (Cenfri). In each country, MAP brings together a broad range of stakeholders from within government, the private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country.

The volumes in the MAP Global Insights series consolidate and synthesise the learnings from the MAP programme across the 18 MAP countries.

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About the cover:

The concept behind the art direction for Volume 2 of the MAP Global Insight series is that data, when harnessed with the requisite level of skill, provides a beautifully clear lens with which to view the communities and countries with which development partners are working, and a focused picture of options for driving positive change.

High-quality data and the use of data analysis tools provide in-depth insights into consumer financial behaviour and needs, and serve as a key to unlocking government and stakeholder mobilisation around evidence-based projects to improve service delivery, thereby positively impacting the lives of the poor.

The cover of Note 3 alludes to the idea that when a challenge is approached from the wrong side, persevering with that approach is pointless if the final result is likely to be a dead end; sometimes it is more helpful to consider the problem from the inside out (the best way to navigate a maze).

MAP GLOBAL INSIGHTS SERIES VOLUME 1

The MAP Global Insights series Volume 1 consolidates and synthesises the learnings from MAP across the six MAP pilot countries. Volume 1 was the first of the MAP Global Insights products, and comprises five thematic cross-country notes, based on the initial round of findings from the country diagnostic studies, which were conducted in Thailand, Myanmar, Swaziland, Mozambique, Lesotho and Malawi.



NOTE 1 unpacks the target market segmentation approach that is central to the MAP methodology of putting the client at the core of the analysis. Note 1 provides a window into the emerging cross-country segments, and the implications for providers, policymakers and donors in this regard.



NOTE 2 explores the shift in financial inclusion measurement away from focusing solely on access to more closely match the realities of how adults live their financial lives and explores the policy implications of moving away from a linear, one-dimensional view of financial inclusion.



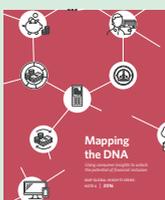
NOTE 3 looks at the nature of informal financial services. It shows that it is the local nature of these financial services, rather than their informal nature, that makes them valuable for the majority of consumers in these countries.



NOTE 4 considers the gap between ownership and usage of bank accounts. The note queries whether bank accounts are always the appropriate product for increasing customer welfare, and argues the need for a paradigm shift away from focusing on ownership to a focus on usage in the context of a wider, systems approach.

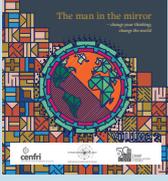


NOTE 5 focuses on cash as a payment instrument to explore the largely undiminished popularity of cash. The different payment needs of consumers are introduced, analysed and compared with regard to the use of cash versus digital instruments.

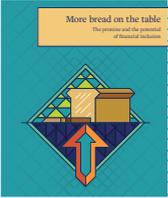


NOTE 6 draws together the findings from this Global Insights series. It shows that the MAP evidence calls for a rethink of conventional financial inclusion assumptions, based on a consumer decision-making framework that emphasises economic incentives, cost and value.

MAP GLOBAL INSIGHTS SERIES VOLUME 2



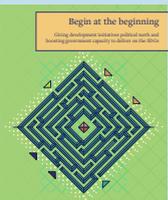
The MAP Global Insights series Volume 2 looks at the thinking, strategies and processes that have enabled national delivery in financial inclusion, and attempts to codify the operational approach taken in the 18 'MAP countries', including the 9 where the programme is working with governments to implement the national roadmap on financial inclusion. Key learnings using the country-specific consumer data drive the national implementation approach at country level.



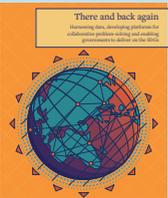
NOTE 1: More bread on the table: The promise and the potential of financial inclusion. In a changing and uncertain global order, financial inclusion – with its close linkage to the real economy – promises to become a means of supporting growth and contributing to poverty eradication. Using detailed consumer data, this note demonstrates the potential for financial inclusion to play a stronger role in lessening vulnerability to poverty, keeping up with shifting national demographics, nurturing small business growth and addressing food security challenges, among others.



NOTE 2: Humanising data: The MAP toolbox for fine-tuning and calibrating national metrics and optimising consumer delivery. Applying the MAP data analysis tools to the extensive consumer data gathered in-country enables accurate understanding of actual consumer behaviour and needs, both country-specific and in terms of patterns identifiable across developing countries. Findings from the use of the MAP tools have challenged a few of the conventional financial inclusion assumptions, in the process contributing to the global pool of financial inclusion metrics. The tools are central to supporting government and stakeholders in evidence-based decision-making towards smart, consumer-focused solutions.



NOTE 3: 'Begin at the beginning': Giving development initiatives political teeth and boosting government capacity to deliver on the SDGs. The single greatest challenge facing development is turning research and strategies into implementable solutions: improvement initiatives that deliver a positive impact. This note unpacks how the MAP programme is working with governments and development partners to boost countries' capacity for self-determination and delivery on the national financial inclusion roadmap vision and promises, in the process accelerating inclusive growth and making progress towards the UN 2030 Agenda for Sustainable Development.



NOTE 4: There and back again: Harnessing data, developing collaborative platforms and enabling governments to deliver on the SDGs. This concluding note pulls together the power of the consumer data, its role in driving improvement interventions at country level and the importance of the MAP platform in bringing together country governments and stakeholders in evidence-based decision-making. Picking up on the key findings from the consumer data in other notes in the current volume, this note also provides insight into the systematic operational approach of the global MAP programme and reiterates the efficacy of the MAP approach in working with governments to deliver on the SDGs.

A sleeping giant – enabling public service delivery capacity

Current thinking in development policy – as encapsulated in the United Nations Sustainable Development Goals (SDGs), for instance – emphasises the role financial inclusion can play in poverty eradication. Increasing numbers of countries are stating and demonstrating commitment to developing national strategies on financial inclusion, which is recognised as having the potential to strengthen countries' economic growth, reduce poverty and increase levels of population well-being (CFI 2013). All eyes are upon these country governments to demonstrate delivery on promised policy objectives.

'The public sector is, collectively, the world's largest service provider. Any incremental improvement in public services positively impacts millions of people. The first step to "delivering the customer promise" is to know your customers and their needs' (Oosterom 2007). And the reality of the public sector today is that it is assessed not by the revenue it generates or the employment it provides – but by the efficiency of its service delivery (Chandrashekhar cited in Oosterom 2007).

Governments under pressure

The challenge of execution. In working to improve public-sector performance, however, many governments are challenged by human resource and other capacity constraints and the pressure to simultaneously address multiple and competing agendas. Thus, despite in many cases being equipped with state-of-the-art thinking and frameworks, developing country governments often struggle to implement these and to achieve results, resulting in a lack of impact despite considerable effort and resources being expended at country level.

The skill to transform their institutions. Not only must such governments now do more with less, they must also do so in highly visible ways. And it is not enough simply to fall back on 'isomorphic mimicry' – emulating arrangements that are assumed to be superior but only in a cosmetic way (Andrews et al. 2015) – or reforms as 'signals' (Andrews 2013) in order to win international or donor approval or short-term political points in-country; rather, governments are expected to undertake the 'deep-seated changes that are needed' (Wild et al. 2015) to ensure their institutions work in practice.

Redesigning regulatory structures. As financial services move towards greater variety in supply as well as in customer demand, designing regulatory structures to manage far more complex markets is another key challenge for governments. In addition there is the need to integrate new services and providers into the mainstream of financial policy. The employment of too cautious a regulatory regime will hinder the advance of financial inclusion and the benefits it can bring in terms of growth, structural transformation and jobs. Thus, one of the key roles of government in the era of universal financial inclusion will be the highly skilled one of maintaining the delicate balance between too much regulation and too little.

Policy development and implementation in a data vacuum. It is crucial that countries' financial inclusion strategies be supported by robust diagnostics. And yet developing countries often lack reliable data to support data-driven and evidence-based policy; for example, there is inadequate information available in the economy as a whole, and/or there is a lack of specific and detailed information on financial inclusion and its link to the country's consumers. Governments in such situations are coming up with 'solutions' in the absence of clear understanding or prioritising of the specific problems needing to be addressed.

Supporting governments to deliver: the MAP approach

Governments can increase their capacity. MAP proceeds from the assumption that governments can become more effective at delivery – but that this requires domestic reformers and their development partners in the SDGs period 'doing things differently' (Wild et al. 2015).

Good solutions require good problem diagnostics. The MAP experience is confirming that making inroads into financial inclusion starts with researching and building up high-quality in-country consumer data and a commonly accepted body of evidence, informed by a holistic view of the country in question. This makes it possible to identify the pressing problems that are unique to that country and political economy. Importantly, because it is clearly crucial to progress beyond simply uncovering serious underlying challenges, the diagnostic data then drives the design and implementation of country-specific problem-solving interventions that incorporate monitoring, measurement and course-correction mechanisms.

The importance of avoiding a narrow focus.

Financial inclusion initiatives/programmes globally have tended to address financial inclusion through niche areas, including financial systems (e.g. policies and regulations or switches in payments systems), financial products (e.g. credit, savings, insurance) and financial service delivery mechanisms (e.g. mobile banking, agent networks). The potential drawback of a narrow focus, though, is that the resulting interventions can lack political or strategic savvy, being blind to existing or potential interrelationships that could act as obstacles or enablers. Some of this was covered in Note 4 of the previous volume, which highlighted the limitations of a singular focus on a bank account-driven strategic focus. The MAP approach purposely adopts a wide focus, drawing in diverse stakeholders and building comprehensive in-country data: on demand, supply and regulation; socio-economics, demographics and culture; macroeconomics and the political system; and infrastructural drivers.

A coordinated approach using a platform. In consultation with the country government and local

stakeholders, the focus is progressively narrowed in defining country-specific priority problems and potential improvement projects. The MAP platform for stakeholder engagement is premised on an iterative and adaptive mode of working, in which government and stakeholders are brought together to identify and implement – through a process of trial and error – proof-of-concept solutions that can be modified as they go to take advantage of gaps that emerge in the market. Where they prove successful, the projects can be rolled out to wider areas of the country, and adapted to neighbouring countries and other regions with similar problems. ‘Change is almost always driven by domestic forces, and often occurs incrementally, as a result of marginal shifts’ (Wild et al. 2015: 8).

Challenging some of the global financial inclusion development assumptions. From the outset, the MAP in-country evidence on consumer experiences and realities has contradicted many of the assumptions underlying financial inclusion development practices globally: for example, that increased access to financial services will deliver improved well-being (see Note 2 of the previous volume); that measuring bank account ownership

How is the MAP diagnostic different?

- **Accurate diagnosis precedes prescription.** While learnings can be reused from other contexts with adaptation, development solutions can neither be imported wholesale nor prescribed before the uniquely local problems are understood.

- **An integrated view of the financial sector.** The diagnostic covers demand, supply and regulation across four product areas (savings, payments, credit and insurance), contextualising products and players and exploring the ability and willingness of the formal sector to serve the excluded and underserved market.

- **A holistic picture of financial inclusion drivers and the ‘ecosystem’.** The diagnostic gives government and stakeholders the language and a framework for facilitating financial inclusion, including in changing environments and systems in transition.

- **Demand-side perspective at the core.** The FinScope Consumer Survey methodology (quantitative data)

and qualitative demand-side research provide an informed demand-side perspective.

- **Identifies barriers and strategies.** The diagnostic flags context-related, market-related and regulatory barriers to expanding financial inclusion, and explores strategies for overcoming them.

- **Focuses on improving well-being.** The diagnostic goes beyond a focus on extending coverage of financial products, to improving welfare through offering value to consumers.

- **Forms the basis for a process of engagement.** The diagnostic brings together government and stakeholders to generate buy-in and catalyse a practical set of actions (in the form of a roadmap and an action plan) to advance financial inclusion.

- **A wide set of stakeholders.** From the outset, the diagnostic involves diverse stakeholders (including some not traditionally involved in the delivery of financial services) to encourage market development.

is a valid indicator of financial inclusion (Note 4 of the previous volume); or that digital solutions overcome the need for *cash infrastructure* (Note 5 of the previous volume).

As explored in Note 2 of the current volume, which presents the MAP toolbox of data analytical tools, the MAP approach moves away from many of the traditional financial inclusion constructs, adopting a steadfastly *consumer-centred* focus; this entails attempting to understand the specific financial needs and actual financial behaviour of a country's consumers and households. MAP's advocating of alternative measures of financial inclusion (e.g. a transaction measure of financial inclusion rather than a bank account access/ownership measure; or the importance of measuring the value added by informal/local financial products and services rather than formal/remote ones alone) is based on the assumption that such measures will yield accurate data for setting policy targets and making decisions and will allow reliable measurement of development impact.

The importance of ownership. 'Embedding local ownership' has become part of common parlance in development circles, but it is not always clear how, in terms of practical operation and implementation, development partners can achieve this. Given that MAP's primary partner is the country government, the programme focuses on providing facilitation and support to bolster the government and the country's capacity for self-determination of its priority problems and appropriate solutions. This is in recognition of the fact that

'You cannot juggle without the struggle' – capability cannot simply be imported; the contextually workable wheel has to be reinvented by those who will use it. In this sense, building capability to implement is the organizational equivalent of learning a language, a sport or a musical instrument: it is acquired by doing, by persistent practice, not by imitating others. (Andrews et al. 2017: 28)

The MAP approach places a huge emphasis on national ownership:

Country-specific data. MAP gathers accurate, nationally representative, disaggregated FinScope data and an independently developed evidence base, which feed into the reform of local policy.

The roadmap as focus. The mutually agreed country-specific financial inclusion roadmap is used to guide prioritising and design of intervention projects.

Close attention to the local political economy. Wherever appropriate, the financial inclusion recommendations made are in line with national aspirations and manifestos of the government of the day.

Resonance with government objectives. MAP emphasises areas for possible intervention that resonate with existing government objectives: e.g. MSME development, agriculture and food security, poverty reduction and supporting low-income households.

The framework aimed at building state capability developed by Andrews et al. (2017) echoes the values that inform the MAP approach. Andrews et al. also suggest beginning by pinpointing locally nominated and prioritised problems – an approach termed 'problem-driven iterative adaptation (PDIA)'. The focus is on producing success 'by solving pressing problems the society faces in ways that can be consolidated into organizations and institutions' (2017: 28).

The ODI publication *Adapting Development: Improving Services to the Poor* codifies the PDIA approach of Andrews et al. Development partners can use these points as a helpful guide and checklist for assessing the soundness of their projects (Wild et al. 2015: 8, 42):

- Working in problem-driven and politically informed ways.
- Being adaptive and entrepreneurial.

- Supporting change that reflects local realities and is locally led.
- Measuring the extent to which issues have local salience or relevance, and whether processes give priority to local leadership and capacity.
- Measuring evidence of learning, innovation and entrepreneurial action.

Highlighting overlaps. MAP highlights overlaps in-country between specific consumer segment needs and government objectives.

Debate of contentious issues. The MAP platform offers a safe space for engagement, where government and a wide range of stakeholders can rationally and rigorously debate publicly to arrive at agreement and collaboration.

Broad stakeholder engagement. Diverse stakeholders, not just senior government and banking officials, are engaged, in an attempt to devise solutions that are representative, innovative and workable.

In-built quality. A platform is provided for the development of solutions that are fit for purpose, produced in a culture of ongoing improvement in response to local demands and conditions.

Drawing on the best local expertise available. Bringing stakeholders together around innovative/pragmatic problem-solving increases the chances that local stakeholders will be keen to 'own' the results.

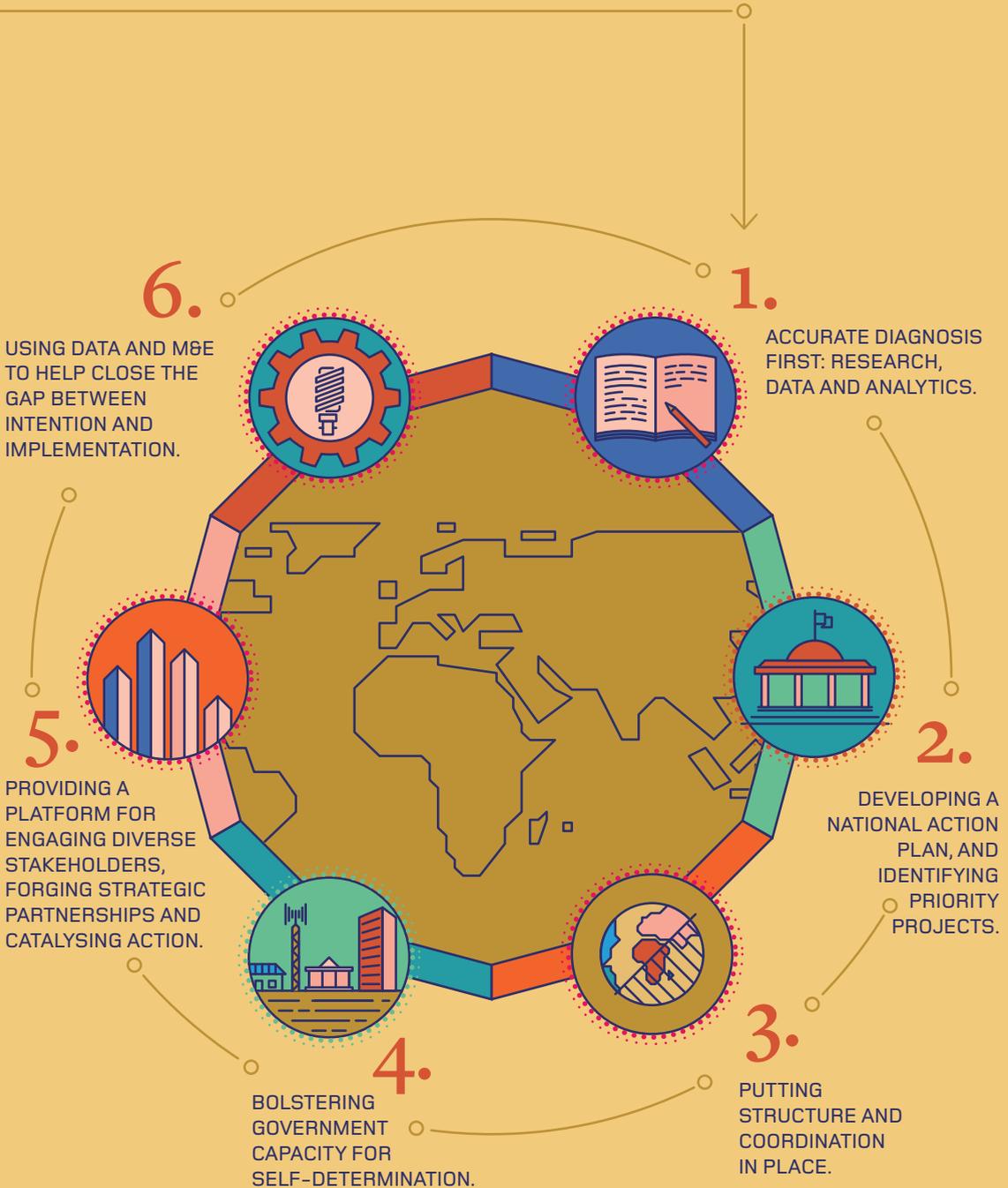
Setting up a national M&E framework. Transparency and accountability are emphasised through broad agreement between various government departments to provide data and track progress.

Throughout, MAP encourages ownership in the form of the initial and sustained leadership by government. The country government is supported to demonstrate ongoing commitment and buy-in to the process and to lead the way in getting the necessary stakeholders on board. Sustained and unambiguous leadership from the top gives the required governance mandates to the stakeholders and resulting projects.

Being a financial inclusion development partner:

MAP's work as a development partner in financial inclusion across 18 developing countries thus far has enabled the programme to pinpoint the following six focus areas for supporting governments to improve delivery on their financial inclusion promises:

MAP focus areas



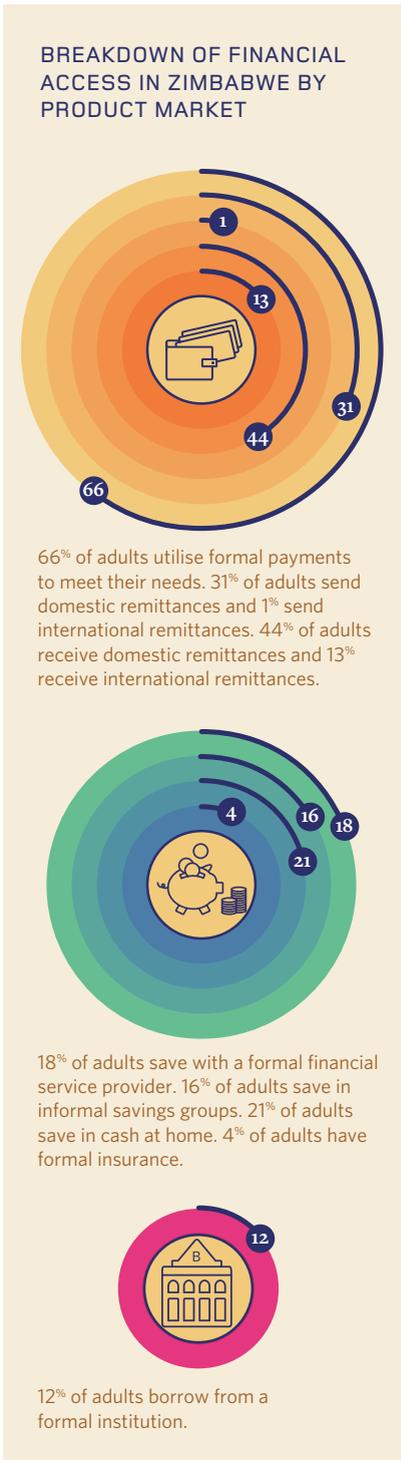


FIGURE 1: An example of the country analysis from Zimbabwe that looked at financial access by product type
Source: MAP Zimbabwe (2016).

Accurate diagnosis first: research, data and analytics

The focus of the MAP in-country research is on *actual* consumer behaviour because this shows how the different target market segments are finding ways to meet their daily needs and begins to highlight gaps in formal provision (see Figure 1). Understanding consumer needs, actual behaviours and income structures – which includes segmenting the target markets and developing fine-grained understanding – is the starting point and basis for encouraging and enabling financial service providers to evolve innovative operating models.

In a typical MAP cycle:

- MAP partners with government, and funding is mobilised for the research.
- Stakeholder engagement kicks off at this early stage with relationships beginning to be set up. The MAP governance structures are put in place, to provide structure and coordination.
- The research proceeds, with the supply-side data being overlaid on the demand-side data. By virtue of being drawn into the research, formal providers, other supply-side stakeholders and resources begin to align.
- The MAP team performs diagnostic analysis on the resulting detailed, country-specific findings. Patterns in terms of possible priority areas start to emerge from the diagnosis and are shared with stakeholders.
- Stakeholders are then brought together on the MAP platform to prioritise possible areas for intervention.
- A financial inclusion roadmap and accompanying action plan directly related to the in-country data and priority problems to be addressed are created (see Figure 2).
- Iterative implementation of the priority/flagship projects proceeds.

Keeping a consumer focus

The country data is disaggregated along a number of dimensions, including gender, to provide a nuanced understanding of demand for and usage of financial services. This is supplemented as necessary with tools such as key informant interviews and focus-group discussions.

The target market segmentation approach is an important part of keeping the consumer at the core of the analysis. MAP has also developed expertise in identifying meaningful sub-groups within target market segments, making it possible to better understand consumer needs and the financial inclusion constraints they face. This informs the development of differentiated policies and interventions that effectively target the specific needs of the different segments and sub-group (see Figure 3). (Also see Note 1 in the previous volume for more on MAP target market segmentation.)

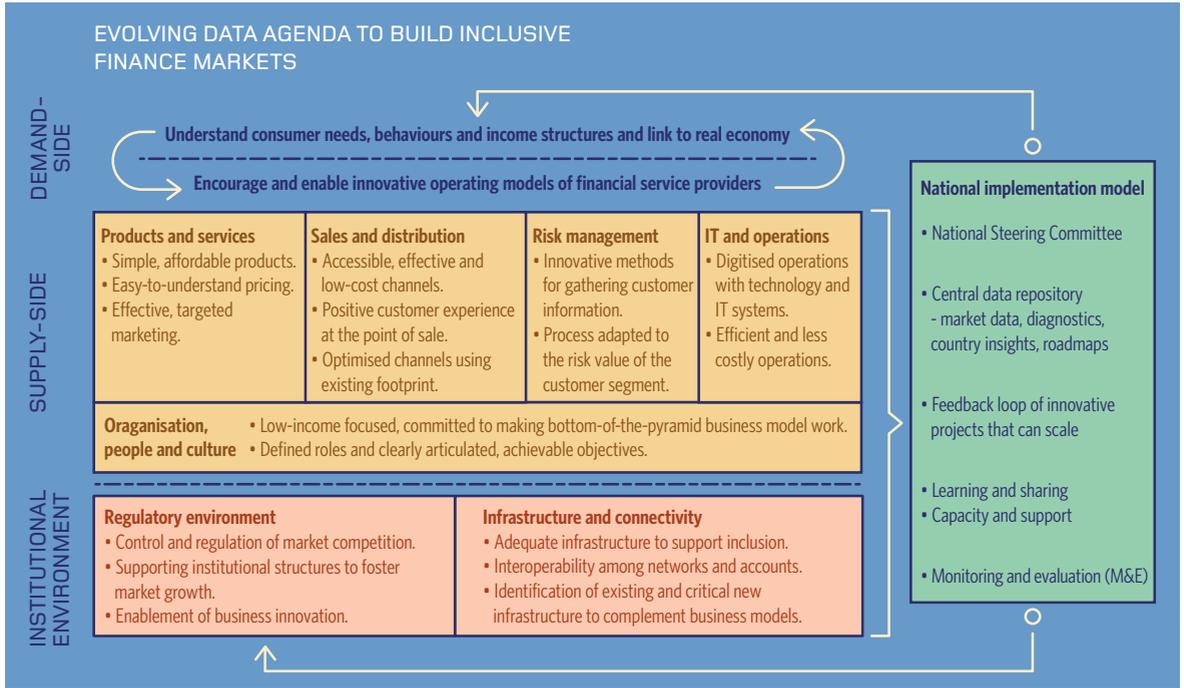
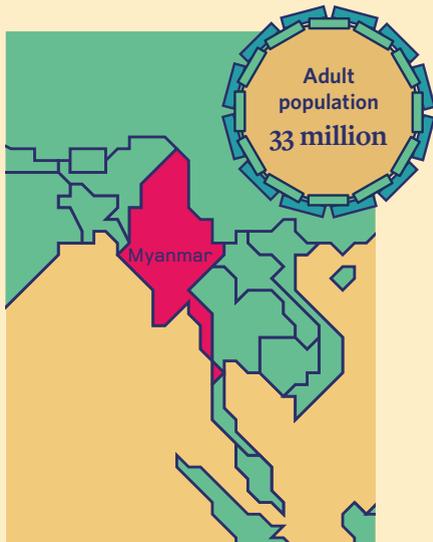


FIGURE 2: Harnessing data to accelerate financial inclusion

SEGMENT	ESTIMATED SIZE	CHARACTERISTICS	IDENTIFIED NEEDS
Formally employed	375,000	<ul style="list-style-type: none"> Largest group, highest average income, urban High level of inclusion Wide spread between top and bottom of income spectrum Concerns about over-indebtedness 	<ul style="list-style-type: none"> Supporting extended families, hence need for low-cost remittances/transfers Low use of insurance, need financial education Lack of provision for income in retirement for lower-income sub-segment
Farmers	38,000	<ul style="list-style-type: none"> Small group whose main income source is farming Mostly in villages Second highest income among the six segments 	<ul style="list-style-type: none"> Savings for agricultural inputs, assets Targeted agricultural credit Highest users of cheques, need alternatives
Informal MSMEs	85,000	<ul style="list-style-type: none"> Small group, predominantly female (entrepreneurial culture not widespread) 60% live in urban areas Mainly transact in cash 	<ul style="list-style-type: none"> Need for non-cash means of receiving and making payments, short-term store of value Limited access to credit outside of government schemes (CEDA/YDF). Need for MFIs Asset insurance (housing, vehicles)
Informal employees	270,000	<ul style="list-style-type: none"> Large group, low income, mostly paid cash Over 40% of this group live in rural areas Characterised by both regular and irregular income A priority segment for financial inclusion 	<ul style="list-style-type: none"> Need alternative means of receiving payment, facilities for saving (consumption smoothing) Asset insurance (especially housing) Opportunity to improve services through reduction of costs, and a tiered KYC system Opportunity to formalise savings currently held through family/friends
State dependants	170,000	<ul style="list-style-type: none"> Low income. More rural than other groups Dependent upon post offices 	<ul style="list-style-type: none"> Payments and remittances, low-cost savings
Private dependants	290,000	<ul style="list-style-type: none"> Large group, low income Mainly urban Dependent on household/extended family transfers Currently served informally/at community level 	<ul style="list-style-type: none"> Main needs: low-cost, convenient payments and remittances, for receiving grants especially through the Poso card Low-cost savings mechanism

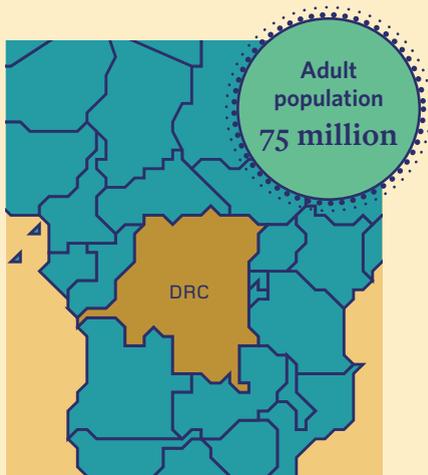
FIGURE 3: Example of target market segmentation that drove the analysis of national financial inclusion priorities: Botswana
Source: FinScope Botswana 2014.



Source: FinScope 2013.

MAP Myanmar – development in the context of inadequate information in the economy as a whole

At the beginning of the MAP process in Myanmar in 2013, the government had so little information that even basic census data was outdated and irrelevant (the most recent official census in the country having been conducted in 1983). All population figures and survey weighting therefore had to be based on the most up-to-date (2012/13) demographic estimates provided by the Central Statistics Office. Existing relevant national survey data existed only in the form of data from related areas of study, such as the *UNDP Integrated Household Living Conditions Assessment (2010)*. The latter provided the MAP stakeholders with statistical data for cross-matching the FinScope data with data on living conditions in the country, but was not detailed enough to allow adequate determination of the levels and priority focus areas of policy intervention and market building required. Similarly, there was no data to determine the likely impact of any national intervention in terms of achieving existing government financial inclusion objectives.



Source: FinScope 2014.

MAP DRC – scant consumer data available, and for less than half of the country

The MAP research in the DRC (FinScope 2014) highlighted that financial institutions there face a structural challenge in the form of data scarcity, which makes it almost impossible for them to understand consumer needs and decide which clients to serve. Furthermore, the data scarcity/information asymmetry increases risk for financial service providers, especially with regard to providing credit and insurance. At a national policy level, a similar challenge exists, where even after the conclusion of the MAP process there is little data available for more than half of the country. High levels of poverty, generally poor education outcomes, and the rural nature of the population contribute to the challenge of reaching consumers.

The importance of keeping the consumer at the centre. Some of the MAP participating countries that are relatively more developed than Myanmar and the DRC have enjoyed higher levels of existing resources in terms of data and research. However, few have had the benefit of existing, nationally representative, detailed data, to allow for complex and accurate consumer target market segmentation. The latter, however, is a prerequisite for a relevant national financial inclusion policymaking process, because placing the consumer at the centre helps to keep the

focus of the financial inclusion intervention on those in need.

A strength of the MAP programme thus far has been positioning the national financial inclusion ambitions and the country's consumers at the centre, in the form of the evidence-based financial inclusion roadmap, with other stakeholders – the private-sector and public-sector institutions, development partners and policymakers – working to serve these two related and complementary areas of need.

Developing a national action plan, and identifying priority projects

While MAP emphasises the importance of data, clearly it is 'the doing with the data' that produces improvements. The detailed diagnostic results are difficult to translate into action given their wide-ranging and detailed nature. The myriad patterns, observations and findings make it tricky to determine where to focus and which identified needs and recommendations to prioritise. Not surprisingly, different stakeholders often seize upon sections of the recommendations that are most relevant to them or their existing work, for which they have resources, or that are in their corporate interests to pursue, with no holistic view of where resources should be prioritised and committed.

The MAP process thus includes consolidating the key findings and recommendations from the diagnostic into a negotiated **national roadmap and accompanying action plan**. The main purpose of the roadmap is to assist the government and market players to build a common vision of a desired future for financial inclusion based on the various recommendations made in the diagnostic.

Entrenching ownership. An important part of the roadmap-formulating process is to build consensus on the part of the key stakeholders for the interventions, including with regard to responsibilities and accountabilities. This is an opportunity for ownership to be entrenched at an early stage.

Anchoring the financial inclusion roadmap in existing thinking. The choice of whether to anchor the national action plan in a roadmap, strategy, policy or other instrument is largely a function of national objectives and decision-making structures. Guidance from the lead government agency - either the finance ministry or the central bank - is sought. Pragmatism tends to rule. The overriding objective is to find a solution that works for government, while being robust enough to facilitate related subsequent implementation activities. A sample of MAP countries have chosen to evolve and approve the action plans in the context of, respectively:

- A national roadmap (Myanmar, Lesotho).
- A national policy (Swaziland).
- A strategy (Botswana, Malawi).
- A subset of a national financial inclusion strategy (Zimbabwe).

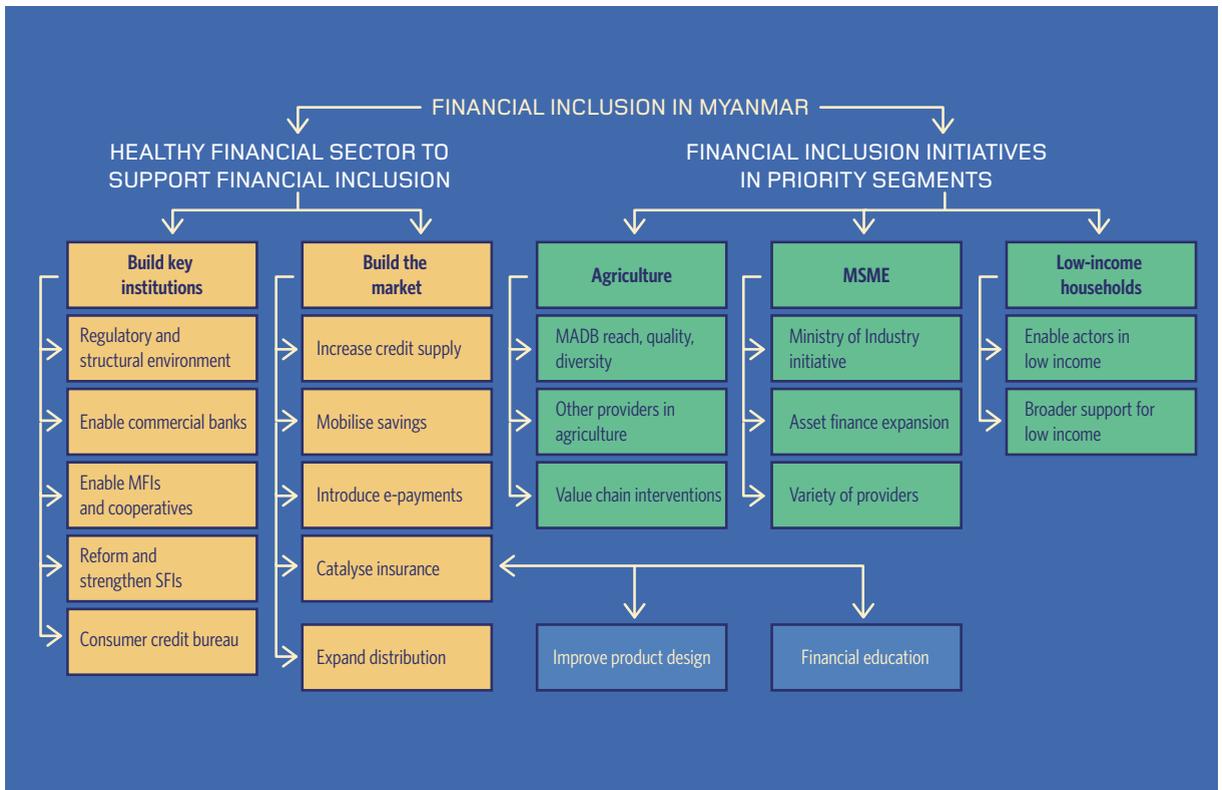


FIGURE 4: Roadmap summary of proposed initiatives: Myanmar | Source: MAP Myanmar (2014).

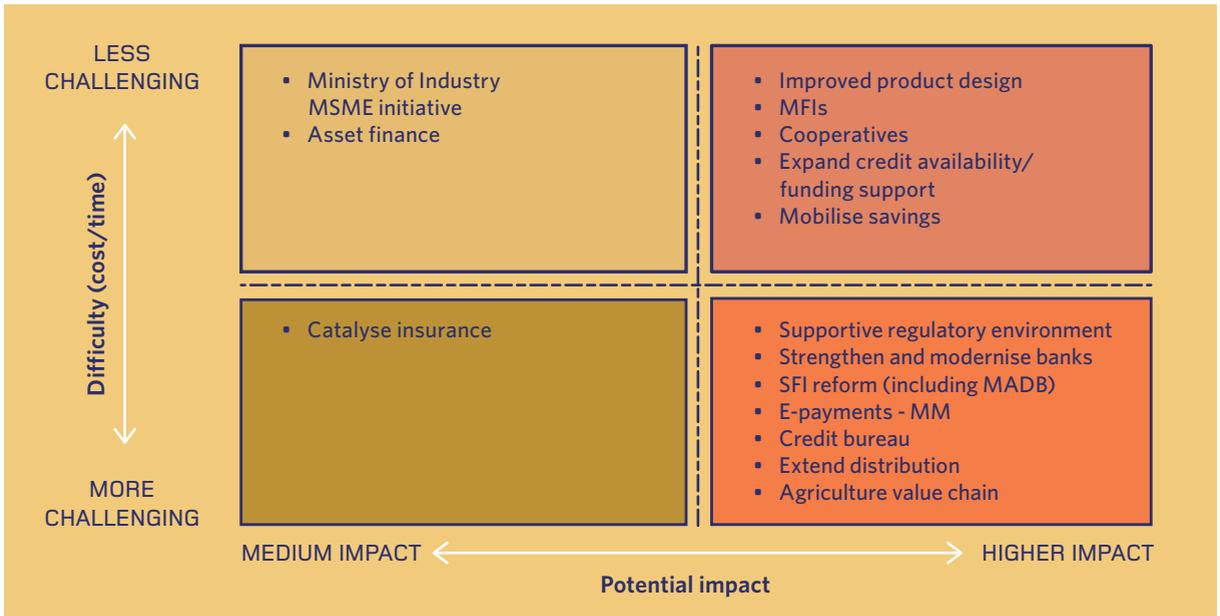


FIGURE 5: Prioritisation matrix derived from the financial inclusion roadmap: Myanmar
Source: MAP Myanmar (2014).

An important aspect for consideration is that the approval of the roadmap, while led by the country's finance ministry, should be cross-ministerial, and also ideally at the national cabinet or presidential office level. This allows the roadmap to be binding – or at least guiding – for a variety of stakeholders, including policymakers and regulators in different ministries, private-sector players, development partners and others. Linking to the government agenda is crucial, given the important role of government as an enabler of financial inclusion and the fact that the country government is MAP's primary partner. Thus, it is important to anchor financial improvement initiatives in key government pronouncements and policies, including the national development plans; financial sector development plans or policies; national manifestos; the international (global and regional) commitments, growth and jobs agenda; as well as softer national aspirations such as expanding digital financial services.

Providing needed structure and direction. The MAP roadmap and action plan ensure the activities undertaken are relevant at the highest level of government, and provide a framework for managing and implementing them over time. With its evidence base, recommendations and priorities, the roadmap gives a clear sense of the in-country financial inclusion mission and the range of possible focus areas for

improvement; it summarises the range of actions that could be adopted by the government, regulators, meso-level institutions, development partners, and market participants to achieve the desired financial inclusion objectives. Determining the optimal number of priority areas entails balancing the need for focus with the need for inclusivity; typically, 5–10 priorities are identified, each encompassing a broad range of activity (see Figure 4 for an example from MAP Myanmar).

Identifying priority projects

Inevitably, some of the possible interventions captured on the roadmap are long-term goals requiring funding beyond what is available, and/or (for various reasons related to in-country realities) are unlikely to happen even with funding or buy-in.

Prioritising of the roadmap initiatives is done on the basis of a range of criteria, typically:

- Potential impact – number of households that would potentially be supported as a result.
- Barriers to intervening – how challenging it would be, especially in terms of cost and time.
- Extent to which the priorities mesh with existing government policy objectives.

ENABLING MANAGEMENT AND DELIVERY STRUCTURE



FIGURE 6: MAP structure and processes to support implementation of financial inclusion strategies

- Constraints/opportunities for existing providers, and levels of provider interest shown.
- Existing pockets of innovation and initiative that might be capitalised on.
- The country's existing regulatory environment.

Prioritising those interventions that are likely to make a strong impact in less time is fundamental to ensuring interest, commitment and focus while making the best use of limited capacity, budgets and resources. The MAP team provides guidance based on experience to help stakeholders prioritise quick wins, make 'small bets', adopt an iterative approach and proceed via rapid cycles of trial-and-error learning, which make it possible to demonstrate proof of concept and keep building government capability to continue working in the financial inclusion space (see Figure 5).

Notes 2 and 4 of the current volume include more detail on MAP's work with country governments and local stakeholders to prioritise financial inclusion projects based on the in-country data: in Lesotho with regard to remittances and cross-border money payments (with the learnings being extended and adapted to Mozambique and Zimbabwe in the first instance, and the DRC and Malawi thereafter); across the SADC region with regard to credit; and in Nepal with regard to savings.

Putting structure and coordination in place

The MAP management and delivery structure allows implementation to be aligned with government operations and to proceed in an orderly and accountable fashion, with regular monitoring and reporting. Typical elements of coordination include (see Figure 6):

- Roles such as that of the country coordinator and the 'in-country champion'.
- Bodies such as the host ministry, a National Steering Committee, and some kind of in-country secretariat evolving into a special group on implementation.
- Defined research, implementation and M&E processes, including the roadmap and the action plan.
- The identification and implementation of one or more priority projects through which implementation is achieved.

The *national* level of coordination is the main focus of the MAP process in-country. Policy and regulatory interventions are driven at this level, as well as this level being the most effective for local development partner coordination. The primary

coordination and direction are provided by the finance ministry and the central bank, often supported by a country-level development partner, with MAP providing coordination and facilitation back-up support combined with technical support in selected areas.

The coordinating role of the MAP hub

The MAP hub, led by UNCDF, is a central hub of technical resources, into which the in-country and cross-country learnings feed. While the MAP hub functions mainly at the global and cross-country levels, at the country level it plays a valuable structuring and coordinating role:

- Overseeing project management in-country.
- Assisting with managing the broad range of partnerships convened via the MAP platform.
- Developing, overseeing and sharing learnings from MAP activities.
- Checking for a consistent approach to MAP implementation and quality.
- Undertaking global advocacy of learnings and overseeing knowledge management of MAP outputs.
- Overseeing marketing and branding of MAP in terms of consistent messaging.
- Exploring potential new areas of content and technical innovation, where possible/necessary.
- Managing costs of the MAP implementation.

The value of a financial inclusion secretariat.

MAP has found that having a structure within government such as a secretariat or an inter-ministerial steering committee is a helpful complement; government retains ownership and keeps focused on the coordination process, and its financial inclusion mandate does not become

diffused. The existence of a secretariat means dedicated staff are able to focus on financial inclusion, drawing on more senior government officials as needed. The secretariat can be housed in the ministry of finance, in the central bank, or in the president's/prime minister's office, depending on the local political economy and context.

Whether the in-country structure selected is a secretariat or an inter-ministerial steering committee, its main purposes is usually to ensure implementation of the financial inclusion roadmap through overseeing and coordinating the activities of the various stakeholders. The secretariat is mandated to work with all institutions in the public and private sector to enhance financial inclusion. It typically has an initial tenure of about three years and its membership comprises: key government ministries and agencies involved in financial inclusion; and representatives of development partners supporting financial inclusion in the country (see Figure 7).

Focusing resources on delivery and outcomes.

Working with the secretariat or inter-ministerial steering committee, MAP negotiates clear and very detailed objectives with regard to the body's role and responsibilities. That body is also provided with clear guidelines on the nitty-gritty of processes and procedures, including basic protocols for meetings and consultation, number of meetings per year, clarification of responsibility for meeting costs and so on, thus eliminating any potential confusion. MAP aims to focus available resources on delivery and outcomes rather than process and procedure.

Bolstering government capacity for self-determination

While MAP's entire development partnership in-country is premised on supporting state capacity to deliver, specific strategies include getting a financial inclusion 'champion' on board, filling in capacity gaps via strategic partnerships, building technical capacity, and helping government make the most of funding and resources provided by other development partners.

Tapping into existing goodwill. The use of champions to drive discrete sections of the action plan has been found to be useful, with many MAP implementation teams identifying the selection of a suitable champion as a critical success factor for national implementation. However, given the potential drawbacks of reliance on an individual,

INTER-MINISTERIAL STEERING COMMITTEE

Purpose:

- To provide oversight for the implementation of the Financial Inclusion Roadmap in Myanmar
 - Broad based membership under chairmanship of the Ministry of Finance and Revenue
 - Oversee and coordinate activities of the various stakeholders in the area of financial inclusion
- Custodian of the National Strategy and Roadmap for Financial Inclusion
- Mandated to work with all institutions in the public and private sector to enhance financial inclusion
- Initial tenure of 3 years

Membership:

- Key government ministries and agencies involved in financial inclusion
 - Sector regulators including FRD, Central Bank of Myanmar, and the Ministries of Finance, Cooperatives and Agriculture
 - Ministries involved in financial inclusion including Industry, Livestock and Rural Development, Foreign Affairs, National Planning and the Attorney-General Office
- Representatives of Development partners supporting financial inclusion in Myanmar
 - World Bank, UNDP-UNCDF, LIFT Fund, Asian Development Bank, International Monetary Fund

FIGURE 7: Salient details of the Inter-ministerial Steering Committee: Myanmar | Source: MAP Myanmar (2014).

MAP puts the emphasis on building the capacity and sustainability of financial inclusion units rather than individuals.

Supplementing government capacity through strategic partnerships. Processes of change call for strong leadership, coordination and catalytic effort on the part of the process leaders (often the ministry of finance or the central bank). Given government capacity gaps, however, strategic partnerships have a crucial supplementary role to play in order to:

- Fill in capacity and shorten the learning curve.
- Provide complementary technical skills.
- Create synergies (e.g. branding, operational delivery).
- Enable delivery.

Building technical capacity. The MAP country coordinator plays a valuable role in building technical capacity in-country by organising

stakeholder workshops, especially involving personnel from the central bank, the finance ministry, regulators, and government departments. Typical focus areas for technical capacity-building sessions include strategy and planning, change management, and information-sharing on specialist financial inclusion-related topics such as mobile money, consumer protection, risk-based versus rule-based AML/CFT/KYC and so on.

Consolidating and optimising the contribution of development partners. MAP keeps a close eye on the local political economy and the need to rationalise national processes to make the most of existing resources and capacity, helping government to coordinate existing and new development partnership contributions:

- *Mobilisation and consolidation of scarce funding for impact:* supporting the finance ministry to coordinate the alignment of existing and new development partner efforts with the financial inclusion strategy/roadmap so that impact can be achieved faster.

- *Fundraising*: identifying key areas highlighted in the research that are not covered by development partners (i.e. funding gaps), and/or identifying where funding to important areas is approaching its end and there is a need either to encourage existing donors to renew their efforts or to identify new donors.
- *Ongoing M&E*: using the consumer data to monitor the efficacy of development partners' efforts with regard to promoting the successful implementation of the roadmap.

Providing a platform for engaging diverse stakeholders, forging strategic partnerships and catalysing action

MAP provides a platform for government to engage diverse local stakeholders; it is in the stakeholder engagement process that the priority problems identified are turned into projects and implemented to bring about improvements at national, service provider and consumer levels. The MAP platform plays a valuable coordinating role, bringing together on a regular basis players – including different departments within government – that would otherwise work independently on various aspects of financial inclusion. Government is supported to tap into and make the most of available local knowledge and existing pockets of innovation and to become more aware of and responsive to how and where policy and regulations need to evolve to keep up with existing and potential market growth.

Responding innovatively and promptly to market gaps. A key MAP assumption is that to be successful in low-income markets, financial products must be specifically designed to fit the characteristics of that market, rather than being miniature versions of products for higher-income markets. A further, related assumption is that significant advances in financial inclusion in a particular market require business model innovation, whether in product or distribution. In order for government and stakeholders to be able to take the initiative and respond promptly as market gaps become evident, flexibility is vital and is therefore emphasised in the stakeholder engagement process.

Employing a variety of tools to catalyse action in the public and private sector. Traditionally, government and regulators have depended on the legal and regulatory framework to enforce

The MAP stakeholders

MAP is designed to support the national authorities in bringing together and engaging a broad range of stakeholders from the public and private sectors. A challenge faced in driving a national financial inclusion agenda is that the stakeholders are diverse and dispersed, centred on several government departments (e.g. finance and trade), the bank and non-bank regulators, regulated and non-regulated institutions, as well as forums and institutions that serve consumers, MSMEs and so on. As attention moves away from microfinance, and as the financial inclusion agenda, influenced by ongoing innovations in technology and distribution channels, moves beyond traditional providers, new public policy actors are needing to be included: the ministries of telecommunications, agriculture, social welfare/rural development, trade and industry, agriculture, and foreign affairs (the latter regarding diaspora matters). Stakeholder engagement is also needing to encompass providers and players in new value chains/networks: insurance companies, mobile network operators, technology companies and agricultural suppliers.

preferred behaviour among stakeholders, which although often resulting in compliance has not been the best way to catalyse market development activity and innovation. In addition, market actors may sometimes simply be unable to comply (e.g. with directives to increase their coverage in rural areas). Development partners, on the other hand, depend on the funding incentives in their control to encourage positive behaviour in market actors, as well as technical assistance to help institutions understand and grasp the positive potential of serving low-income segments in innovative ways.

The MAP programme combines these two approaches, helping to lead the government, regulators, development partners and market players in constructive dialogue to unlock bottlenecks and address important financial

inclusion issues. This is a powerful complement to the regulatory route, potentially accelerating market development without putting an additional burden on market players. While structures such as the steering committee and the secretariat support the process, the shared protocols in the form of the roadmap and action plan help to bring the diverse stakeholders together and encourage stakeholders to contribute their best thinking. The roadmap helps to mobilise and keep stakeholder focus and energy on the priorities and, with stakeholders convening regularly, progress is made on designing, trialling and adjusting interventions.

You've got to give it away to keep it. A mix of competitive peer pressure and exposure to new information and thinking spurs new actions and solutions from the regulators and market players. One area, however, in which MAP is researching and refining its approach is in how to establish higher levels of trust among the platform's private-sector providers, who – unlike developers in the 'sharing economy' of an open-source software-development platform, for instance – would usually be in competition and for whom devising innovative ways to meet consumer needs would usually mean a competitive edge in the marketplace. MAP is working on ways to present a compelling business case to private-sector contributors for 'giving away' some of their intellectual property and expertise in exchange for strengthening their businesses and the market overall.

Using data and M&E to minimise the gap between intention and implementation

As the priority projects are implemented, a relevant and stakeholder-accepted M&E framework helps to highlight any gaps between the plans and realities on the ground. The MAP M&E framework broadly comprises: implementation indicators that are directly related to the in-country roadmap; mechanisms for collecting and storing nationally relevant financial inclusion data; and means of facilitating learning and sharing at country level. The key players in the M&E process are relevant government agencies, donors, sector regulators, providers and other stakeholders (e.g. consumer bodies).

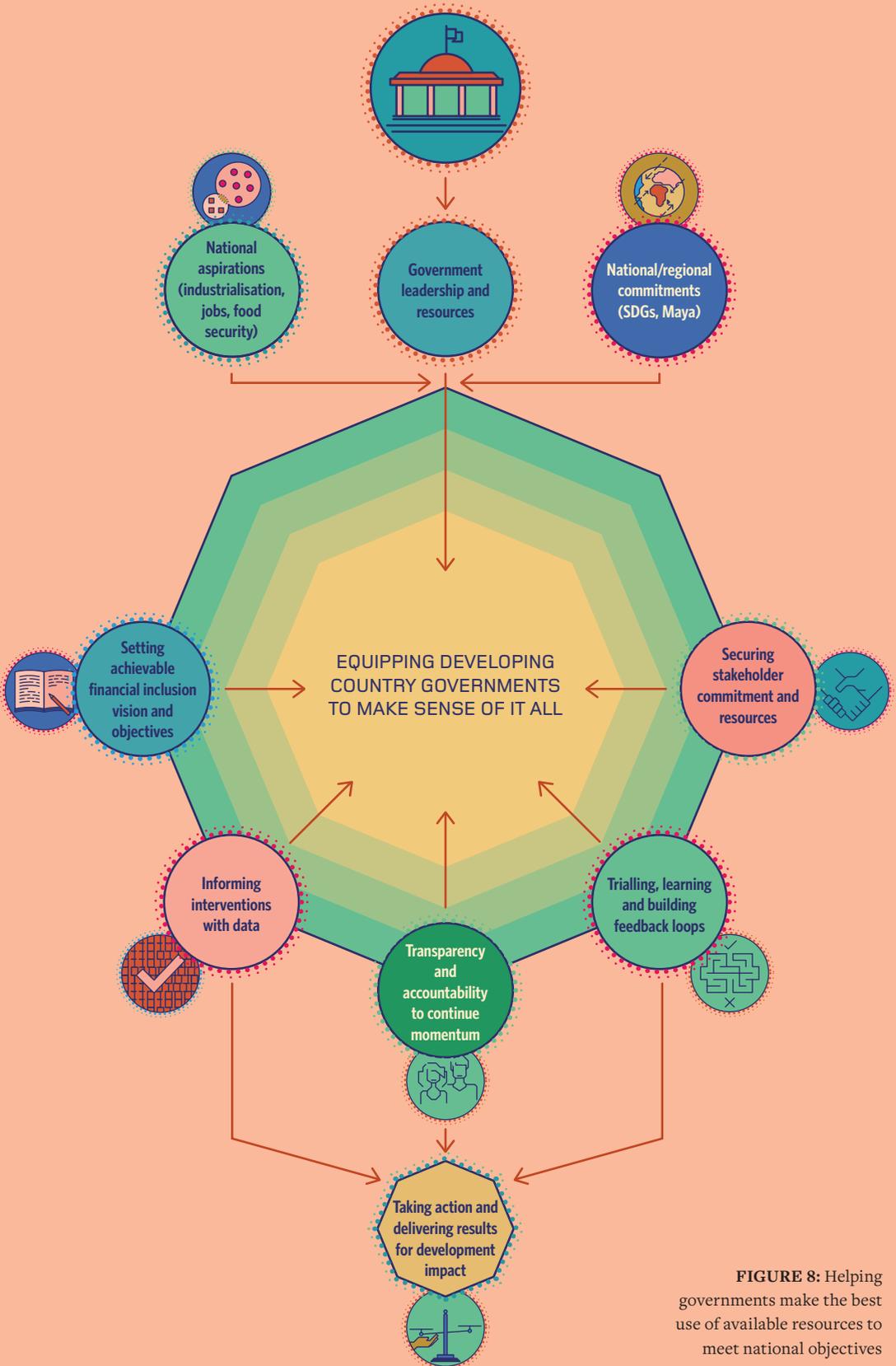


FIGURE 8: Helping governments make the best use of available resources to meet national objectives

Supporting countries to realise their financial inclusion ambitions

The active assistance MAP provides to developing country governments in the preparation and implementation of national financial inclusion strategies and roadmaps is already helping many to build their capacity for delivery on their national ambitions. The structures, processes and technical know-how and capacity-building of the MAP programme help to anchor improvement projects locally, increasing the likelihood of national ownership, building in continuity, and strengthening countries' potential for self-determination (see Figure 8).

Aligning priorities and actions with stakeholder interests. MAP emphasises entrenching ownership through financial inclusion priorities and actions that:

- Resonate with government – through key overarching visions, principles and objectives.
- Resonate with development partners – by retaining focus on key areas that they are interested in and focused on.
- Emphasise sustainability of financial service providers and market development in general.
- Identify and make the best of available local expertise and existing pockets of energy, will and innovation.
- Keep the focus on delivering improved levels of service to meet identified consumer needs.

An unwavering commitment to the country's consumers. MAP's reputation as a development partner rests firmly on the programme's steadfast consumer-centredness, which underpins the entire partnership with government in-country – from research, to project design, trialling, course-correction, implementation, M&E and assessment of success.

Commitment to strengthening participating countries' capacity for self-determination. Learnings from one participating project or country can be – and are being – reused with adaptation in other settings. But the reality that MAP, as a financial inclusion development partner, acknowledges front and centre is this: country-specific problems call for the capacity of that country's government to be built in taking the lead to harness high-quality consumer data and engage local stakeholders in innovating customised, locally relevant solutions.

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About UNCDF

UNCDF is the UN's capital investment agency for the world's 47 least developed countries (LDCs). With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. This last mile is where available resources for development are scarcest; where market failures are most pronounced; and where benefits from national growth tend to leave people excluded.

UNCDF's financing models work through two channels: savings-led financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localised investments – through fiscal decentralisation, innovative municipal finance, and structured project

finance – can drive public and private funding that underpins local economic expansion and sustainable development. UNCDF financing models are applied in thematic areas where addressing barriers to finance at the local level can have a transformational effect for poor and excluded people and communities.

By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty with a focus on reaching the last mile and addressing exclusion and inequalities of access. At the same time, UNCDF deploys its capital finance mandate in line with SDG 17 on the means of implementation, to unlock public and private finance for the poor at the local level. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile, UNCDF contributes to a number of different SDGs and currently to 28 of 169 targets.



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