Appendix A: Methodology Used to Identify the Financial Inclusion Portfolio

For World Bank Lending and AAA, using Business Warehouse, IEG downloaded a list of all Bank Lending projects and analytic and advisory activities (AAA) approved between FY07 and FY13. Given that projects may contain up to five sectors and up to five thematic codes, IEG developed a preliminary list of Financial Inclusion projects by isolating those which contained **at least one** of such relevant **sector codes** such as: Payments, Settlements, and Remittance Systems (FG); Microfinance (FH) & MSME-Finance (Expired - FE); Credit Reporting and Secured Transactions (FR); General Finance (FZ) and **thematic codes** such as: Financial Consumer Protection and Financial Literacy (96); Other Financial Sector Development (98) & Other Financial and PSD (Expired - 44).

For each of these projects, IEG systematically reviewed relevant appraisal documents to identify the project's intention to promote financial inclusion. In addition, IEG performed a series of systematic keyword searches utilizing IEG's components database which includes component descriptions of all World Bank Investment Lending approved since the late 1990's as well as the DPAD database of Prior Actions for DPLs. Keywords used include, but are not limited to, microfinance, microcredit, access to finance, micro-insurance, mobile, remittance(s), payment(s), deposit(s), and inclusion.

For IFC Investment, using IFC's Management Information System (MIS) extract, IEG filtered projects by commitment dates FY07-13 and also screened and filtered out rights issues, B-loans, and so on. IEG isolated projects which were coded as containing one of the following key sector codes using the variable " Sector Code" (O-AA; O-AC; O-AD; O-AE; O-AI; O-AK; O-CA; O-CB; O-FA; O-HA; O-IH; O-JA; O-JB; O-JC; O-JD; O-LA; O-LB; O-MA; O-MB; O-MC; O-ME; O-MG). The vast majority of these codes are clustered in the Financial Markets Industry Group.

In addition, IEG utilized the "SME Type" flag to exclude those projects which were coded as "SE" or "ME" and that were not flagged as containing a micro component in the recent "Targeted Support to SMEs" evaluation database. Thus, IEG reviewed projects with a relevant tertiary sector code and where the "SME Type" flag was coded as either "MI" for micro or "N/A" for not applicable. For each of the identified projects, IEG systematically reviewed the Board Report (as well as other project documents) to identify language describing the intention to promote financial inclusion.

For IFC Advisory Services, using IFC's Advisory Services Operations Portal (ASOP) project listing and project product listing, IEG filtered projects with approval fiscal years between FY07-FY13. Given that projects may contain one or more products, IEG developed a preliminary list of Financial Inclusion projects by isolating those which contained at least one of such relevant products (A2F-Other; Agribusiness Finance; Business Regulation; Collateral Registries/Secured Transactions; Credit Bureaus; Discontinued Product- Other Payment Systems and Remittances; Farmer and SME Training; GEM Access to Finance; Housing Finance; Insurance; Leasing; Microfinance; Retail Payments and Mobile Banking; SBA-Other; SME Banking; Sustainable and Inclusive Investing; Trade Finance).

IEG also performed a series of systematic keyword searches utilizing ASOP memo listing fields such as PDO, project description, and strategic relevance. In addition, IEG included projects that were identified as containing a micro component in the recent "Targeted Support to SMEs" evaluation database. Keywords used include: microfinance, micro-credit, access to finance, micro-insurance, mobile, remittance(s), payment(s), deposit(s), inclusion, and so forth

For MIGA, using MIGA's operations portal, IEG retrieved a list of all projects for the period FY07-FY13. Although projects maybe composed of one or more contracts of guarantee that may be issued over time, IEG defines projects as the collection of contracts of guarantee under one project identification, catalogued by the original fiscal year of issuance. Thus, projects with multiple guarantees count as one project in the database, and project amounts reflect the sum of all guaranteed amounts for each project. For the purposes of this evaluation, this includes projects that received MIGA support for the first time between FY07 and FY13 or projects that received MIGA support for the first time during the evaluation's FY07-13 scope (this includes those projects that had received MIGA support in the years prior to the evaluation's scope). To determine which projects would be relevant to the evaluation, IEG began by reviewing each project's description via the Project Brief, available on MIGA's website and identified projects with language within these project briefs that describes the project's intention to promote financial inclusion.

Appendix B: Evaluation Methodology

The evaluation questions were answered through a combination of the following methodologies: (i) a comprehensive literature review, (ii) a review of policy and strategy documents at country and corporation levels, (iii) a portfolio review of World Bank Group projects and activities, and (iv) 15 country reviews of which 10 were desk reviews based on portfolio data and Country Assistance Strategy Completion Report Reviews, and 5 purposively selected country case studies including a field mission. The approach was nonexperimental, combine qualitative and quantitative methods and draw on external and internal research data, such as the World Bank's Enterprise Surveys, household survey data where financial inclusion variables have been included and the data of Microfinance Information Exchange (MIX).

IEG conducted a portfolio analysis to identify and categorize the characteristics, objectives, and components of the activities covered by this evaluation and to analyze their results. World Bank Group activities were integrated into a database to assess their components and objectives for strategic relevance and complementarity. This database represented the basis for the subsequent analysis of results achievement, when the various success indicators from IEG microevaluations were added to these data. Complementary data of the World Bank Group's own monitoring and evaluation systems were be used as well, with the understanding that these have not been subject to an independent IEG validation.[56]

Relying primarily on the available microevaluation data, IEG analyzed results achieved at project closure for World Bank lending projects and at the point of operational maturity for IFC and MIGA projects. For World Bank projects, Implementation Completion and Results Reports and their IEG reviews were the primary source of results information, complemented by Project Performance Assessment Reports and conducted for about one-quarter of projects two years after their closure. For IFC Investment Services and MIGA, this evaluation largely relied on Extended Project Supervision Reports, Project Evaluation Summaries, and Project Evaluation Reports conducted at operational maturity, usually about two years after financial closure. To the extent monitoring data are available for IFC's investments throughout the entire lifetime of the investment; these were used to extend the assessment of sustainability beyond maturity in the context of mission country case studies.

At the country-level the coherence of the solutions developed by the World Bank Group were covered through country reviews. IEG carried out these studies to identify drivers of success; assess nonlending and advisory work, including AAA that might have provided diagnostics of the country's financial sector and its inclusiveness or barriers to inclusiveness; and address issues of complementarity, sequencing, and synergies. A key question as the Bank Group moves to a new, more integrated 'solutions bank' model (recognizing that this level of integration was not the prevailing model during the evaluation period) is the extent to which critical constraints and opportunities were identified through regional, country-level or subnational diagnostics, the extent to which activities were aligned to an identified country results framework and to the comparative advantage of respective World Bank Group institutions, and the extent to which performance information was used for mid-course correction and learning. Country Assistance Strategies and their Completion Report Reviews (CASCRs and CASCRRs) were used to assess the question whether the Bank Group has mobilized the best solutions and personnel in combinations appropriate to country needs.

To this end, IEG conducted 15 desk-based reviews of which five were developed into in-depth country case studies involving field missions. Desk reviews were based on available portfolio data, project records and micro evaluation evidence. IEG's missions to five of these countries allowed IEG to systematically assess additional country specific drivers, gather information on effects to the beneficiaries, and assess the sustainability of interventions in the longer term, that is, beyond project closure.

The selection of country cases was first criteria-driven with subsequent purposive selection of field-based cases. Given the above rationale, country case studies can only be a fruitful source of knowledge, if they address countries with a certain minimum number of Bank Group financial inclusion interventions. This does not imply that interventions in countries with overall lower activity levels are less important. Indeed they may yield equal insight and provide opportunities to learn from innovative approaches; however, as all projects were analyzed at the portfolio level, the evaluation gave them due consideration. Selection of the larger group of 15 desk review countries follows a criteria-based sampling methodology. Applying these criteria to all 116 client countries (in financial inclusion), yielded a list of 13 eligible countries. To achieve a better regional balance, one additional country was added for the Middle East and North Africa (Lebanon) and Europe and Central Asia Regions (Kyrgyz Republic), bringing the total number of desk reviews to 15 countries with a significant financial inclusion portfolio. (Table below). In total, country cases covered 300 financial inclusion interventions of which 88 were subject to project level evaluations already. Selection criteria were:

1. Presence of at least three of the total five types of financial inclusion interventions (lending, investments, advisory, guarantees, AAA/technical assistance/economic and sector work);
2. Availability of at least one project level evaluation report for each of these types of interventions (for example ICRRs, XPSRs, PCRs, or Project Evaluation Reports);
3. Complementary nature of interventions, that is, work that aims at improving the enabling environment and those funding micro finance institutions;
4. Geographic and regional considerations;
5. Income level considerations, and
6. Maturity of the countries' enabling environment for financial inclusion.

The multiple country case studies design allowed answering the evaluation questions for both the "common case" as well as the "critical case". Credit focused interventions dominated the entire Bank Group portfolio in financial inclusion. The selected 15 countries represented a cross-section of both credit-dominated portfolios (the "common case"), for example those of Morocco, Lebanon, Brazil, and so forth) as well as portfolios with relative high share of interventions that aimed at broadening the financial inclusion agenda to also cover payments, savings and insurance (the "critical case"), for example Tanzania, Indonesia or Mexico. These two cases allowed investigating the requirements for broadening the financial inclusion agenda as well as into success factors.

Table. Case Study Countries

Name	Region	Income Level (2013)	World Bank Lending	World Bank AAA	IFC Investment	IFC Advisory	MIGA Guarantee	Total
Ghana	AFR	LM	2 (1)	0	3 (2)	5 (3)	0	10 (6)
Kenya	AFR	L	3 (2)	2	3 (0)	6 (1)	0	14 (3)
Tanzania	AFR	L	3 (1)	2	4 (1)	7 (4)	0	16 (6)
China	EAP	UM	3 (3)	1	15 (1)	15 (3)	0	34 (7)
Indonesia	EAP	LM	5 (3)	1	7 (1)	8 (3)	0	21 (7)
Azerbaijan	ECA	UM	2 (1)	0	7 (2)	5 (3)	0	14 (6)
Kyrgyz Rep.	ECA	L	3 (2)	3	5 (0)	4 (1)	0	15 (3)
Brazil	LCR	UM	9 (4)	2	11 (1)	4 (1)	0	26 (6)
Colombia	LCR	UM	2 (2)	0	11 (5)	4 (2)	1	18 (9)
Mexico	LCR	UM	11 (5)	0	8 (1)	4 (2)	0	23 (8)
Lebanon	MNA	UM	1 (1)	1	1 (0)	4 (2)	0	7 (3)
Morocco	MNA	LM	5 (3)	0	3 (1)	7 (3)	0	15 (7)
Afghanistan	SAR	L	3 (1)	2	3 (1)	7 (2)	2	17 (4)
India	SAR	LM	13 (2)	4	20 (2)	38 (7)	0	75 (11)
Pakistan	SAR	LM	3 (1)	2	3 (1)	8 (4)	3	19 (6)
Total Number of Projects			68 (32)	20	104 (19)	126 (41)	6	324 (92)

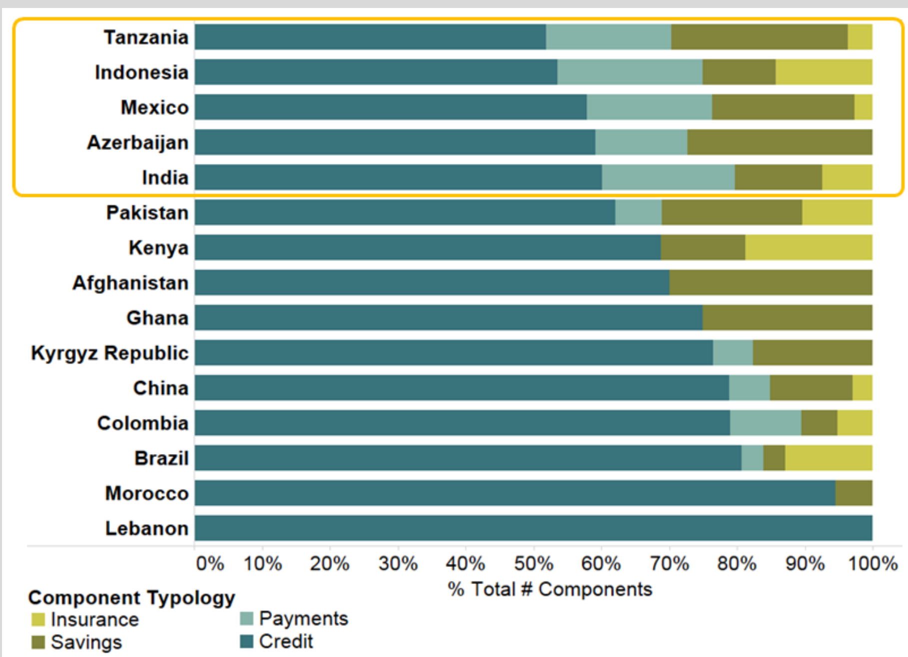
Sources: World Bank and IEG.

Note: Shaded countries have been selected for field based studies. Regions: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; LCR = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia.

Of these 15 countries, five were chosen for additional field studies, based on a purposive selection: Azerbaijan, India, Indonesia, Mexico, and Tanzania. These five field based case studies took a look at historical context as well, at times dipping back farther than 6-7 years to understand context, especially when drawing from earlier CASCRs and the like. Consideration for the purposive selection of these four countries were geographic and regional considerations as the Bank Group portfolio is relatively evenly spread across most regions (see annex B, Figure B.2). Beyond these considerations, the proposed field visit countries have the most diverse portfolios which will enable the evaluation to test its hypothesis and evaluation questions on the spectrum of financial services. They are also rich in evaluated projects.

The assessment of World Bank nonlending activities followed a pragmatic approach. The World Bank's AAA, including economic and sector work, nonlending technical assistance, trust fund support and reimbursable technical assistance, are not integrated in an overall results framework. Therefore evaluation benchmarks, that is, "objectives" against which these activities could be assessed, have not been established. In its evaluation, IEG usually adapts a pragmatic approach, that is, make reasonable assumptions about what nonlending work was trying to influence. As many nonlending activities also lack proper documentation, the evaluation focused on the major pieces where sufficient documentation can be retrieved. In general, results of nonlending were only covered for countries that will be studied in depth in the five country case studies—and to the extent that they are referred to in Country Assistance Strategy Completion Reports Reviews.

Figure. Diversity of Financial Inclusion Interventions in the Selected 15 Country Cases



Source: IEG portfolio analysis.
Notes: Highlighted countries were selected for field based cases.

Appendix C: Country Case Study Methodology

GUIDING PRINCIPLES

The purpose of country case studies is to assist in building the theory of change, contribute to the body evidence on the qualitative aspects of the evaluation, to provide contextually-specific evidence on factors of success and failure, and to provide a richer, "textured" sense of how things work in practice. Country cases are conducted to:

- **Answer questions of "how" and "why,"** that is, to obtain the necessary contextual information and insights to identify drivers of success and failure; we **do not aim at telling a "rating story"** based on country cases! It is more or less irrelevant if World Bank Group performed well or not in 20 or 50 percent of the country cases, as their sample size will never make them representative, but the way things worked and the reasons they worked are extremely important;
- **Country case studies are rooted in a theory of change –** that is, how did World Bank Group believe that its inputs would affect outcomes, with what impact and through what mechanisms. In countries with complex portfolios or subnational strategies, there may be multiple "sub-cases" each reflecting its own theory of change.
- **Collect information on the effectiveness of World Bank Group non-lending work** (AAA, policy advice, and so forth) and whether stated or implied objectives were achieved; traditionally evidence on outcomes from non-lending work is weak to non-existent on World Bank Group records; **To assess the sustainability in the longer term**, including the performance of financial institutions that World Bank Group supported beyond project closure (World Bank) and operational maturity (that is, after XPSRs were prepared) ;
- **To assess complementarity, synergies and coordination** (including sequencing) of World Bank Group interventions which may not be evident from country or project level documents;
- **To get a better understanding of what other players were active** in the country FI agenda and, based on this;
- **Be in a better position to assess World Bank Group's actual contribution;** to this end a systematic approach to contribution analysis will be piloted in this evaluation - see later under Section III, and Annex I. This requires utilizing the case study **to better understand non-project factors that contributed to or constrained the success of World Bank Group interventions**, including actions taken by Governments, other donors and NGOs.
- **To assess beneficiary effects** as these are usually not covered in World Bank Group project level evaluations. This evaluation will apply a concerted effort to assess beneficiary effects in five countries. Data may be of quantitative nature (that is, on the increased supply of FI services or increased access to financial services), or of qualitative nature (that is, on challenges and success factors); the latter is expected to be assessed through structure interviews and focus groups. See Annex II.

Country cases have to be selective, if case study portfolios are too large. If, due to size or geographic limitations, not all interventions can be reviewed in detail, look at a sample instead. Such a sample should be chosen purposively – in coordination with the TTLs – based on these principles. The sample should:

- Mirror the overall portfolio composition in terms of World Bank Group entities engaged and in terms of types of interventions, weighted towards engagements where staff and resource commitment was highest;

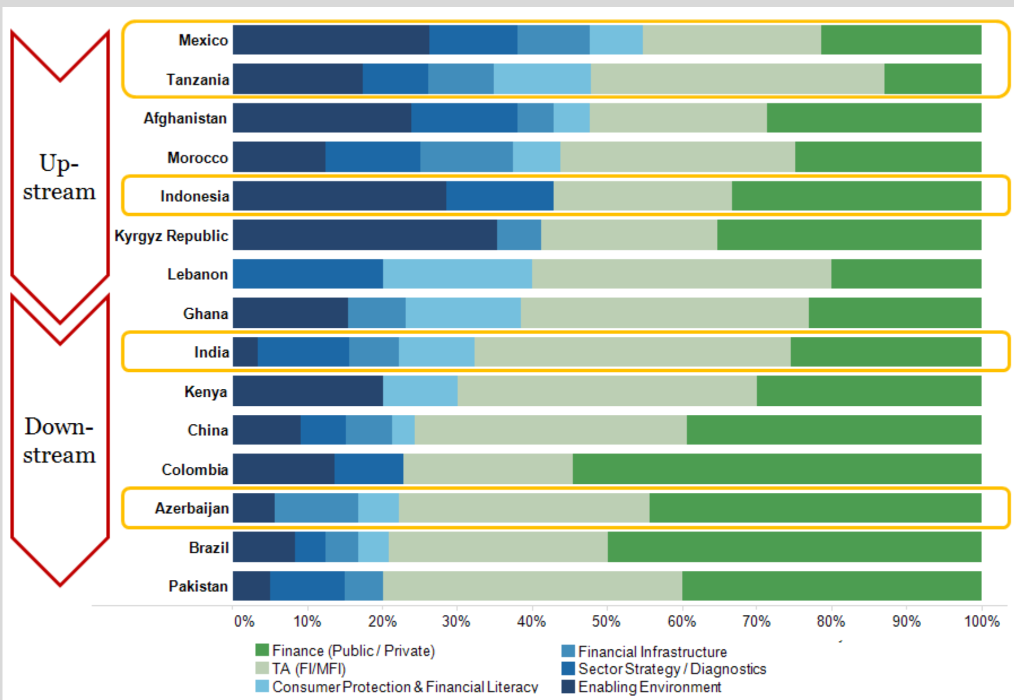
- Allow for a rich learning experience with regard to the country's FI agenda, for example as AAA work and subsequent lending form a cluster of interventions. This means within portfolios, weighting field attention towards engagements where learning potential is highest.

The mission-based country case studies contribute to a larger body of country-based evidence. In total 15 countries are studied in detail during the FI evaluation; five of there were chosen for additional field studies, based on a purposive selection: **Azerbaijan, India, Indonesia, Mexico, and Tanzania** (see Approach Paper for selection process and criteria).

These five field based case studies take a look at historical context as well, at times considering activities and events beyond the timeframe of the evaluative period (FY 07-13), especially when drawing from earlier CASCRs and the like. To better understand the historic context and do justice to the long term nature of policy interventions, the mission teams were asked to consider previous country strategies and identify FI interventions that *exited* during FY03-07 and include them in the case, where they are relevant.

The five mission-based case studies allowed testing hypotheses for policy-focused interventions and finance-focused interventions. These five countries provided an opportunity to learn from portfolios that focus more heavily on policy advice ("upstream" advice) as well as from those that provide mostly "downstream" support, that is, direct support in the form of technical assistance and finance through financial intermediaries. (See figure below). In most cases, there was a mix of upstream and downstream interventions, but a relative emphasis on one or the other.

Figure. Focus of Bank Group Financial Inclusion Interventions in the Selected 15 Country Cases



Source: IEG portfolio analysis.
Notes: Highlighted countries were selected for field based country cases; all others are desk-based reviews only.

Template for Country Case Study Report

Section I: The country situation and experience with financial inclusion

- **The economic context.** (DESK) Political economy and macroeconomic developments FY07-FY13 relevant to financial inclusion (FI), for example, from EIU reports or the CAS, and so forth
- **The country's experience with implementing its FI agenda**. (DRILL DOWN) Provide a snapshot of the essential milestones achieved with regard to establishing an enabling environment, shortcomings that the current enabling environment still has and why these persist.

  GENDER: Identify gender-relevant enabling environment features (strengths and shortcomings) and answer questions such as.[57]
- Key data on FI in the country (number of unbanked, regional, gender and financial infrastructure issues, and so forth); milestones thus far achieved in rolling out an FI agenda (for example, overall number of MFIs, major players). Classify country as "nascent", "emerging", "developed" or "mature" based on EIU classification (where available).

  GENDER Indicators: Land ownership for women (percent), women in labor force – are potential indicators of economic opportunities for women (owning assets may provide them access to collateral, and so forth)

Section II: The World Bank Group's role and relevance

- **Evolution of the World Bank Group FI strategy.** (DESK 1-2) How did the country's FI strategy evolve in World Bank Group country strategies (CAS, ISN)? Identify the strategic pillar in the various CASs and the relevant context. Did the FI strategy evolve over time and if so how? Has the World Bank Group approach changed over time (for example, seen a shift in the mix of tools) and if so why? Was the World Bank Group responsive to changes of country priorities?

  → Provide timeline / overview table of World Bank Group FI interventions (DESK 15)

  → GENDER: describe the evolution of gender focus in the CASs during the evaluation timeframe? Is there any recognition of gender disparities and FI in the CASs and if so when did this start (FY) and how (pillar? Cross cutting theme?)
- **Alignment and consistency of the World Bank Group's own programs and interventions.** (DESK 3-4 and 16): What is the explicit or implicit theory of change by which World Bank Group interventions contribute to intended developmental impact? Describe the respective strategies (or approach / programs) for FI of the three World Bank Group institutions. In what aspects did they differ from each other? Have World Bank Group interventions been part of a programmatic approach (as opposed to one-off interventions)? Have World Bank Group interventions been complementary to each other? What is the evidence that the World Bank Group's interventions have been properly sequenced? Are there differences between what was planned originally at the country strategy level (for example, in CPS/CAS') and the implementation of the program (GENDER: if gender activities were described in CAS documents, where these present in subsequent projects or activities)?
- **Alignment and consistency of the World Bank Group with other players.** (DRILL DOWN 3-4) Based on your field assessment, describe the respective strategies (or approach / programs) for FI of other major players, including the government and other donors/actors. How well did the the Bank Group's strategy (or approach / program) align vis-à-vis *other* players, for example, government / donors / foundations / other? (score 1-4, where 1 = unsatisfactory and 4 = satisfactory) Again, look for complementarity and sequencing. Is there evidence that the Bank Group's approach adequately

coordinated with other players? (→ USE THIS PART TO BUILD YOUR CONTRIBUTION ANALYSIS, SEE Section III below and ANNEX I)

GENDER: Is the World Bank Group a major player on gender issues in the country? If not, who is? Do other donor/donors have a comparative advantage over the Bank Group?

- **Using diagnostic tools and analytical work.** (DESK 10-11) What diagnostic tools and analytical work did the Bank Group use to understand challenges and opportunities in FI in the respective country (GENDER: identify relevant country gender diagnostics – that is, Country Gender Assessment. Did findings translate into project/programs?)? Did the use of such tools differ at the strategic level compared to those tools used at the project level? To what extent where there differences between tools used at the strategic level versus project level or between the different types of Bank Group interventions (WB lending versus IFC investments)? To what extent were country strategic and project-level understandings of challenges and opportunities aligned?

- **Addressing country priorities and constraints.** (DESK 5-8) Was financial *exclusion* described as a binding constraint to poverty eradication or inclusive growth? Which constraints did World Bank Group strategies (CPS/CAS) and reports identify? Did CPS/CAS propose to address them? How well were they actually addressed (score 1-4, where 1=unsatisfactory and 4 = satisfactory)? Please provide answers separately for:
    - World Bank Group's *upstream* support that aimed at improving the enabling environment ; and
    - World Bank Group's *downstream* support, that is, those that provided funding for the supply of financial services.

Section III: Effectiveness

NOTE: Contribution analysis will be used in field-based country cases to help identify the extent to which World Bank Group interventions actually contributed to the observed development results. See Annex I for detailed approach.

Effectiveness of upstream work. To what extent were World Bank Group upstream interventions (that is, those that aimed at creating an enabling environment) effective and why?

- To what extent have World Bank Group interventions been successful in creating or strengthening the enabling environment? For lending operations, assess as to whether such upstream interventions achieved their stated objectives at project closure? For AAA work, make reasonable assumptions with regard to what the AAA work was intended to influence and if such influence materialized (may also include effects on subsequent downstream work). Use score 1-4, where 1=unsatisfactory and 4 = satisfactory. (DESK 12)

  GENDER: if the project was a gender-relevant intervention, did it capture gender-disaggregated data? Did it achieve its stated objectives in this area? Did AAA work have (or intended to have) gender-related influence or effects?
- In your field assessment, also analyze success *beyond* the time of project closure or report delivery (for AAA / TA). Judge at the time of your country visit as to whether upstream objectives were achieved eventually, given the longer period or whether previous achievements were reversed? Answer separately for the various elements, for example, support for building legislation, regulation, oversight /supervision, financial infrastructure, and so forth Use score 1-4, where 1=unsatisfactory and 4 = satisfactory. (DRILL DOWN 12)
- Based on *contribution analysis* (see annex I), assess the extent to which World Bank Group has contributed to changes in the enabling environment. (DRILL DOWN)

- o Based on stakeholder interviews and your field assessment, what drove success and failure in achieving upstream objectives? What can be learned from cases where upstream interventions were particularly successful or failed? (DRILL DOWN 12) Did the upstream intervention clearly lead to any downstream activity by either World Bank Group or others?

Effectiveness of downstream work. To what extent were World Bank Group downstream interventions, that is, those providing funding and technical assistance/advisory services to financial institutions or other relevant service providers, effective and why? *Where possible, provide answers separately (or at least indicating) if funding was provided through public channels, directly to financial institutions or indirectly through apex or intermediaries (that is, public > indirect / public > direct / private > indirect / private > direct).*

- o To what extent has such financial support (for example, through lines of credit, loans, investments and/or guarantees) helped to established well-functioning and sustainably operating institutions that provide financial services for low-income households and microenterprises? (DESK 13)

  GENDER: For gender-relevant projects, did they target women, girls, women-headed households, or women-entrepreneurs?
- o To what extent was World Bank Group advice / technical assistance effective in improving or worsening the performance of financial service providers? Was such advice complementary to investment / lending operations and in appropriate sequence? (DESK 14 and 16)
- o Can you reveal evidence in your field work that World Bank Group interventions contributed to changes in access to payments, savings, credit, and insurance for the poor and for microenterprises? Look for positive as well as negative effects. Has such access been of the needed quality and affordability, adequately protected consumers from deception or exploitation, and been embedded in a stable financial system? To what extent can effects be attributed to World Bank Group interventions (→ use Contribution analysis again, see Annex I) And has such access led to increase / decreased in use? (DRILL DOWN 17)
- o Is there evidence that such funding has increased / decreased the supply or quality of financial services to the poor and microenterprises? To what extent can effects be attributed to World Bank Group interventions (→ use Contribution analysis, see Annex I) (DRILL DOWN 18) (GENDER: see gender-disaggregated indicators if available)
- o Is there evidence that the increased supply of financial services supported poor households (GENDER: see gender-disaggregated indicators if available) to improve their livelihood, increase and/or smoothed their income and consumption, and/or allowed risk mitigation? Is there evidence that the increased supply of microfinance services supported microenterprises to grow and increase their employment, sales, investment, or productivity? Or can other negative effects be observed? (DRILL DOWN 18) (→ USE BENEFICIARY ANALSIS, ANNEX II)

Section IV: Efficiency

Efficiency. Are World Bank Group interventions in inclusive finance efficient instruments, from both a program and institutional perspective?

- o Based on field data, assess to what extent has support to inclusive finance actually reached the poor and microenterprises? Did it reach them at a reasonable cost? Do some approaches exhibit greater cost-efficiency than others? (DRILL DOWN 19)

GENDER: analyze in a gender-disaggregated way if data is available. Are there any differences, for example, in reaching women-headed versus men-headed households? Are there any added (or reduced) costs and / or efficiencies?

- o What is the utilization rate of support provided (for example, lines of credit, guarantees, and other instruments for inclusive finance)? (DRILL DOWN)

GENDER: analyze in a gender-disaggregated way if data is available.

- **Sustainability of results:** Is there evidence that the World Bank Group interventions will results in sustained financial inclusion (access and usage of financial services)? In your field visit, assess such sustainability beyond project closure. (DRILL DOWN)
  - For IFC and MIGA projects, one indicators of sustainability is the financial soundness of the supported financial institutions (for example, MFI). Assess their profitability beyond project closure (for example, by means of supervision reports). To what extent were subsidies the reason for good return? (DRILL DOWN)
  - Are subsidized World Bank Group activities meeting the target rate of return? After subsidization of World Bank Group comes to an end, can it reasonably be expected that benefits in correcting market failure will endure? Is there sufficient awareness of subsidization and its affordability and fiscal implication? (DRILL DOWN)
  - Are there any concerns raised over environmental or social (including gender-related) consequences of the World Bank Group activities? Were such consequences assessed and/or monitored as part of the activity?

GENDER: If the project addressed gender issues in financial inclusion, does the community feel that project impact would last after the project closes? Were gender dynamics altered only during the project duration? Was there a change in household dynamics if women were given access to financial instruments through World Bank Group programs? Did this affect women at the community level or household level? (DRILL DOWN)

Section V: Work quality and coordination

Is the World Bank Group effectively managing factors within its control? Complement data provided in the records with field assessment:

- Is the World Bank Group meeting its established work quality standards in preparation, implementation, and supervision? How does performance vary by country conditions and the presence or absence of complementary or prior interventions? (DESK 21)
- Are World Bank Group monitoring and reporting standards related to financial inclusion interventions adequate for accountability and learning? Is Bank Group management using the resulting data to improve performance and outcomes? (GENDER: check for gender-disaggregated indicators if available) (DESK 22 + indicators)
- Are the FI interventions of the three World Bank Group institutions adequately coordinated? Consider the different views from the Country Office and the various stakeholders (MOF, other substantive ministries, implementation partners). Please provide specific examples of where coordination worked and where it was insufficient and why. Please refrain from referring to a general lack of coordination. (DRILL DOWN 23, BUILD ON / LINK TO ITEM 4 ABOVE)
- Is there evidence that the three World Bank Group were leveraging synergies across their types of interventions, for example, through adequate coordination, or exploiting the comparative advantage of the three institutions and their respective tools / instruments, or through sequencing of their interventions? To what extent have complementary interventions contributed to the effectiveness of assistance? Has the presence or absence of multiple activities and/or sequenced activities influenced outcomes? (DRILL DOWN 23)
- What can we learn from successful or failed World Bank Group coordination across the various units contributing to the inclusive finance agenda? Which mechanisms of coordination (shared strategy, shared projects, formal or informal communication, and so forth) are most and least effective? (DRILL DOWN 23 / 24?).

APPENDIX C
COUNTRY CASE STUDY METHODOLOGY

CONTRIBUTION ANALYSIS

Contribution analysis was used in field-based country cases to help identify the extent to which World Bank Group interventions actually contributed to the observed development results. Mayne (1999) defines contribution analysis as "[a] specific analysis undertaken to provide information on the contribution of a program to the outcomes it is trying to influence." Contribution analysis attempts to explore and perhaps demonstrate what Hendricks (1996) calls "plausible association"; whether "a reasonable person, knowing what has occurred in the program and that the intended outcomes actually occurred, agrees that the program contributed to those outcomes?" (Mayne 1999).

A central challenge in evaluating the World Bank Group's program effectiveness in promoting financial inclusion is that it is never the only cause of observed outcomes and impacts. Instead, activities contribute to observed outcomes that are also influenced by local and global policies, events, and activities, both positive and negative. Contribution analysis provides an explicit framework to consider the plausible association of interventions or programs to outcomes while accounting for the various other factors that may have influenced observed outcomes.

Within a given context, where there is a challenge attributing outcomes to Bank Group activities, contribution analysis starts from a theory of change with a clear results chain linking World Bank Group activities to outcomes to impacts which explicitly acknowledges any underlying assumptions, risks to the outcome, and other influencing factors outside of the direct control of the World Bank Group. After gathering all existing evidence available to test the theory of change, the evaluator assembles and assesses the contribution story, relating observed actions of the intervention or program to the observed outcomes. This begins to allow the evaluator to determine the credibility of the "story" and the main weaknesses. Further evidence gathering can explore areas where the story about the contribution of the intervention to results is less credible or clear. For example, field work can clarify what occurred in what sequence, how reasonable the initial assumptions in the theory of change were, and what the role of external influences and other contributing factors was, all in service of determining the contribution of World Bank Group activities. Using this evidence, the story can be strengthened and substantiated. See below figure for a visualization of the concept.

Mission team applied contribution analysis using a sequenced methodology. After constructing the results chain for the interventions in a given country, the team made explicit the risks, assumptions, and other contributing factors that may influence observed outcomes and impact. Desk work and interviews established the initial story about the contribution of the Bank Group program in each country to observed changes in financial inclusion. The six steps of contribution analysis are:

Set out the attribution problem to be addressed. Has the Program influenced the observed result? Is it reasonable to conclude that the program has made a difference? What conditions are needed to make this type of program succeed?

Develop a theory of change and risks to it. Develop the program logic/results chain describing how the program is supposed to work. Identify as well the main external factors at play that might account for the outcomes observed. This theory of change should lead to a plausible association between the activities of the program and the outcomes sought. The theory of change must include the assumptions made in the results chain and the inherent risks as well as external influences such as donor pressure, influences of peers and resourcing levels.

Gather the existing evidence on the theory of change. It is useful to first use existing evidence such as from past related evaluations or research, and from prior monitoring, to test the theory of change.

Assemble and assess the contribution story, or performance story, and challenges to it -- why it is reasonable to assume that the actions of the program have contributed (in some fashion, which you may want to try and characterize) to the observed outcomes.
How credible is the story? Does the pattern of results observed validate the results chain? Where are the main weaknesses in the story?

Seek out additional evidence. Having identified where the contribution story is less credible, additional evidence is now gathered to augment the evidence in terms of what results have occurred, how reasonable the key assumptions are, and what has been the role of external influences and other contributing factors.

Revise and, where the additional evidence permits, strengthen the contribution story. With the new evidence, you should be able to build a more substantive and so more credible story, one that a reasonable person will be more likely to agree with. It will probably not be foolproof, but the additional evidence will have made it stronger and more plausible.

The field missions will be used to validate this story and fill in missing information required to understand how other (positively and negatively) contribution factors came into play and how reasonable were the assumptions underlying the hypothesized results chain. In the end, the aim for each country is to have a highly credible and well-evidenced account of the contribution of the World Bank Group program to financial inclusion.

Source: Excerpted from http://betterevaluation.org/plan/approach/contribution_analysis

Figure. Contribution Analysis

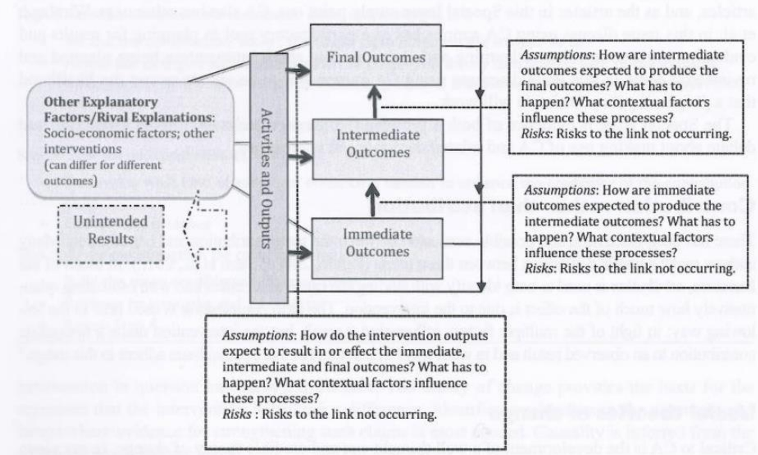


Figure 1. Displaying a theory of change.

Terms:

Assumptions are events and conditions that need to happen for the link to work. They are developed from a mix of stakeholder and social science theories and research.

Risks are external event and conditions that could put the causal link at risk.

Other Explanatory Factors are other factors or conditions that might help explain the occurrence of the observed result other than the influence of the intervention.

Unintended effects are positive or – more usually – negative unanticipated effects that occur as a result of the interventions activities and results.

Source: Mayne 2012 *Contribution Analysis: Coming of Age?* Evaluation Volume 18, Number 3, July 2012, Sage Publications p. 274

OVERVIEW BENEFICIARY ANALYSIS – FOCUS GROUPS

Missions to five case studies countries allowed IEG to systematically gather information on the effects of World Bank Group interventions on beneficiaries. The Theory of Change (see main report) defines as immediate outcomes access (or improved access) to financial services, including for the poor and microenterprises, meeting quality criteria of availability, stability, convenience, and so forth Final outcomes are welfare effects, such as income smoothing, improved standard of living, investments in health and education, increased sales or employment or productive investments (the latter few mainly for micro enterprises).

APPENDIX C
COUNTRY CASE STUDY METHODOLOGY

For the five mission-based country case studies, beneficiary analyses were conducted for the five field based case studies, the primarily focus was on qualitative methods. At a minimum, mission teams conducted a series of structured interviews themselves during the field visit. These interviews were complemented by focus groups as a more formal and rigorous approach to data collection and analysis. Steps to conduct focus groups included:

1. **Identify suitable institutions** (for example, academic institutions, think tanks, consultants) who could assist in conducting a series of focus groups (mission leads, jointly with TTLs)
2. **Develop research questions** and key topics to be assessed. For example, in case the World Bank Group supported an Agent Banking Model in the respective country: *What is (are) the biggest constraint(s) in accessing formal financial services?* (TTLs and mission teams)
3. **Identify a suitable project** with a defined beneficiary group. Select *one* project with well-defined project parameters and a delineated sphere of influence. (Mission team)
4. **Develop target group blueprint**: With the beneficiary group selected, identify the sub-groups that can help you answer the research questions. These subgroups should be internally homogeneous and suitable to respond to the research questions. To this end, select primary and secondary variables to delineate the population of the focus groups. For example: Aware / non-aware of the Agent Banking offering, user / non-user, male / female, distance to village (> or < 1km). Define variables that need to be controlled, for example, urban / rural, income level, education (Mission team).
5. **Recruit participants**, preferably through the contracted institutions. Note that this may pose logistical challenges and require a long lead time as we are targeting low-income household and microenterprises. (Contracted institution / consultant)
6. **Conduct and document** focus groups. Analyze data and prepare report. (Contracted institution / consultant)

Source: *Conducting Effective Focus Groups in the Field – The GDI Mini Manual*, by Janet Mancini Billson and Kyra M. Chamberlain, Group Dimensions International, 2013

LIST OF POTENTIAL STAKEHOLDERS TO BE INTERVIEWED

- Government: MOF, relevant line ministries (housing, health, and so forth)
- Other Major FI players, including local Development Banks (Asian, African Doing Business, and so forth), the UN offices, major foundations
- Financial inclusion task force / unit with MOF or other entity that spearheads FI agenda
- Banking regulator and banking supervision / oversight bodies
- Central Bank
- National micro finance banks / institutions
- Other agencies, municipalities, ministries involved in FI agenda, if decentralized
- Credit Bureaus
- Recipients of World Bank AAA support
- Beneficiaries
- Industry associations dealing with FI
- CSO organizations dealing with FI issues
- Consumer protection agency and or Transparency International local office
- IFC IS, IFC AS and MIGA clients of FI projects (that is, financiers)
- Other investors who were and were not successful in investing in MFI
- Banks and other financiers
- Academia / think tanks
- World Bank country office / TTLs, potentially also formed World Bank Country Directors / staff
- IFC country office / TTLs

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Endnotes

[1] Based on Global Findex 2014 data as in Demirguc-Kunt, Klapper, Singer and Oudheusden. 2015, 2011 World Bank Findex data; and IFC 2010.

[2] The President's statement especially emphasized electronic payments as an entrée to the financial system. "As early as 2020, such instruments as e-money accounts, along with debit cards and low-cost regular bank accounts, can significantly increase financial access for those who are now excluded." However, he also emphasized the importance of a range of services: ""When low-income workers or poor families gain access to basic financial services, they gain a foothold on the first rung of the ladder toward prosperity. Access to savings accounts, credit or remittances can help families afford essential services like water, electricity, housing, education and health care. When firms gain access to financial services such as credit or insurance, they can reduce business risks, expand their firms and create more jobs." Source: http://www.worldbank.org/en/news/press-release/2013/10/11/universal-financial-access-vital-reducing-poverty-innovation-jim-yong-kim

[3] Recognition was given to inclusive finance in milestone reports issued in 2013 by the United Nations Secretary-General and his High Level Panel of Eminent Persons on the Post 2015 Development Agenda (Source: http://www.unsgsa.org/priorities/key-initiatives/post-2015-development-agenda).

[4] Consistent with IFC usage of this term, these include microenterprises of less than 5 employees and very small enterprises of less than 10 employees.

[5] At the country level, the Global Findex data show sharp disparities in the use of financial services between high-income and developing countries. The share of adults in high-income countries who are "banked" is more than twice that in developing countries. In low-income countries formal account penetration stands at only 24 percent, compared to 89 percent in high-income countries. Looking more closely at the individual level, data also show significant variations. Wealthier adults tend to make greater use of formal financial services; in developing countries, adults in the highest 20 percent of income earners are more than twice as likely to have an account as those in the lowest 20 percent Disparities in the use of financial services based on many of these parameters exist also in developed countries, but they are more pronounced in developing countries. In other words, if you live in a developing country, it matters more whether you are poor, have a low level of education, or live in a rural area.

[6] Insurance includes micro-insurance. Payments include person to person (P2P), person to business (P2B) and government to person (G2P) payments, including international remittances.

[7] It would provide little benefit (and potentially great cost), for example, to try to increase the numbers of those who hold an account with the formal sector if they do not use it. By contrast, focusing only or mainly on access may distort incentives. In this context, by formal, IEG means established under and governed by law, whether or not the law is well-enforced.

[8] In some usage, financial inclusion also includes financial services for SMEs, a topic covered in an earlier IEG evaluation. This evaluation does not include support for SMEs in its scope.

[9] For the methodology used to identify the evaluative portfolio, see Appendix A.

[10] Although this would depend on the interaction of supply and demand.

[11] I.e. costs that are independent of the amount of deposit or credit, the number of transactions of a client, or the number of clients served in a branch or by an institution.

[12] An additional 108 financial inclusion projects evaluated between FY07-13 were identified, but these were approved prior to 2007 and are thus not included in Table 2 (8 IFC AS, 32 IFC Investment, and 68 World Bank lending). However, they will be included in the evaluated portfolio. The difference in coverage between the committed and evaluated portfolios are clearly represented in the evaluation.

[13] But not including SMEs.

[14] For these master contracts, its subprojects were recorded as a single project for each host country except for Ukraine, Georgia, and Serbia, where each host country had more than one guarantee and thus the collection of guarantees for a host country counted as one project.

[15] Commissioned by IEG and conducted by Prof Thorsten Beck (Beck 2015, forthcoming).

[16] For example, Hsie and Klenow (2009) show that 90 percent of all enterprises in India never grow. De Mel, McKenzie, and Woodruff (2010) show that only 30 percent of microenterprise owners in Sri Lanka have characteristics like large firm owners, whereas 70 percent are similar to wage workers.

[17] For a more in-depth discussion, see Aghion de Armendariz and Morduch 2007.

[18] See for example Beck, Behr and Güttler (2013) who presents evidence from two MFIs in Albania and Bolivia that lend to both men and women.

[19] Formally incorporated in 2002, the Microfinance Information Exchange (MIX) is a nonprofit organization that facilitates collection and exchange of public data designed for microfinance practitioners. MIX receives periodic financial statements and various operational metrics voluntarily from a set of MFIs in developing countries. MIX has been accumulating these annual (and in some cases quarterly) data since at least 1995, providing an important source of information on the size, nature, and performance of the microfinance sector. By 2011, some 1,650 MFIs were reporting data to MIX (compared to three in 1995). Typically there is a considerable reporting lag (of up to three years), especially with smaller institutions. Using the MIX data as a key data source for the evaluation helped IEG better understand the practices and performance of microfinance institutions, as well as observe their response to the global financial crisis and longer-term trends over time. It was also a major source in analyzing the strategic relevance of World Bank Group resources allocation, as MIX data provide a sense of the size of the microcredit market in a given country (see Chapter 2).

[20] Generally the literature takes the average loan size as a proxy for the extent to which micro finance services reach the poor, that is, assuming the smaller the volumes of, for example, credit the higher the likelihood that such credit reaches the poor.

[21] Commissioned for this study and conducted by Prof Thorsten Beck, Professor of Banking and Finance at Cass Business School in London.

[22] http://www.worldbank.org/en/news/press-release/2015/04/17/world-bank-group-coalition-partners-make-commitments-accelerate-universal-financial-access

[23] For example see Ashraf, Karlan and Yin 2010; Bruhn and Love 2014; Bruhn and others 2013; Bruges and Pande 2005; Karlan and Zinman 2010.

[24] According to MIX data 2012.

[25] In the relevant loan segment, according to IFC and McKinsey data (IFC 2010), classified as "very small", "micro" and "informal".

[26] With KfW expected to decrease its ambitions, IFC is even expected to move up to number 1.

[27] Most data distributions show "positive skewness," that is, they are skewed to the lower end (left end) because many country have very low level of inclusion according to these measures. Therefore data were transformed using the Natural Log. As a result, countries on the left (including those on the left in Figure 2.3) have actually *very* low inclusion rate.

[28] IEG's analysis of MIX data showed that the relative share of the various legal forms of MFIs (NGOs, NBFI, credit unions, and so forth) is about the same in lowest, low, middle, and high inclusion countries.

[29] Over 70% of the 250 microfinance clients had at least two loans from different MFIs at the same time. In addition, about 16% had also borrowed from individual lenders. Major reasons for multiple borrowing were insufficient loans from MFIs, loan recycling, and family obligations. Over 70% of the respondents had problems in loan repayment because of multiple pending loans. The study found that education level and number of dependents of the respondent significantly influenced the number of loan contracts. In order to control the incidences of multiple borrowing the study recommend that MFIs should devise a way of sharing clients' loan information. In addition, MFIs should provide adequate loans so as to avoid the practice of clients to reapply to other MFIs to meet their requirements. Some form of training should also be provided to help clients distinguish between business and family matters. (Mpogole et al. 2012).

[30] Having a loan is associated with higher employment growth rate than a microenterprise without a loan. Using data from the enterprise survey, IEG sought to example employment growth, that is, increase in employees since the creation of the firm, controlling for firm age), using a series of explanatory variables. The controls for firm characteristics, initial size, age, sector and a range of other factors, captured in dummy variables. Other things being equal, an informal enterprise having a loan is associated with an 8.1 percent higher employment growth rate than a microenterprise without a loan. Older firms appear to grow faster but this is due to the fact that firms that exited are no longer surveyed; in other words, only the survivors are surveyed, resulting in a bias.

[31] Press release on 2015 Spring meeting: http://www.worldbank.org/en/news/press-release/2015/04/17/world-bank-group-coalition-partners-make-commitments-accelerate-universal-financial-access

[32] CGAP's outcomes or impacts have to date not been rigorously evaluated due to lack of any results management framework and/ or activity or project level evaluations and IEG validations thereof. In fact, the 2011 IEG assessment pointed at the weak M&E system and that the development of a results management system would be on its way.

[33] Banks are the only authorized deposit-taking intermediary. 80% of their branches are located in urban areas.

[34] This case offers an interesting example of the importance of taking a holistic view of constraints and the importance of addressing them in a self-reinforcing fashion. The regulation of banking agents and mobile banking without the simplified account opening procedures in conjunction with the no-frills accounts would likely have a much more limited impact in reaching out to the unbanked.

[35] The 80 percent frequency in Technical Notes for FSAPs found in the sample of countries reviewed in this IEG evaluation exceeds the about 60 percent country coverage found by the Finance and Markets GP. They looked at all FSAPs that have been undertaken since the inception of the program through 2013.

[36] As opposed to IFC advisory work that addresses upstream or policy issues; these are dealt with in Chapter 3.

[37] This paragraph reports the findings of IEG's statistical and econometric analysis of the relationship of the project portfolio and country characteristics to changes in financial inclusion of the bottom 40% as measured by FINDEX 2011 and 2014, and with respect to project development outcomes evaluated by IEG.

[38] This description is derived from the FPD website in 2013.

[39] See M. L. Melly Maitreyi *New A.P. faces Rs.15,000-cr. Deficit.* The Hindu.

[40] The Business Standard. *Banks spent Rs 2,000 crore for opening accounts under Jan Dhan Yojana: IBA chairman says opening an account costs Rs 140 against estimates of Rs 80* (The Business Standard, February 3, 2015).

[41] Prianka Singhal *Making Jan Dhan Yojana work* (The Financial Express, December 19, 2014).

[42] Country features are unlikely to drive development outcome ratings. As we have seen in Chapter 2, both IFC investment and – to an even greater extent – World Bank lending support countries with very low inclusion rates. Chapter 2 assessed to what extent World Bank Group is focusing its support on countries that are in greatest need, that is, countries with low financial inclusion rates. According to the analysis presented there, World Bank Group, including IFC, is strongly gearing their support toward countries with very low inclusion rates and where markets reach the poor, as evidence by a low average loan size. World Bank lending is even more concentrated in these countries which likely pose specific challenges to IFC investment and World Bank lending. However, the level of inclusiveness does not lend itself to explain the differences in development outcomes: As World Bank lending is even more concentrated in lowest inclusion countries, but at the same time exhibit higher development outcome ratings, it is unlikely that these country features drive development outcome ratings.

[43] For example IFC invests also into global or regional holding companies. These lend on to their local subsidiaries without issuing loans themselves and hence without reporting to MIX. Note that the local subsidiaries are captured in the MIX market data.

[44] Once these clients were identified, the average loan size for IFC Clients versus the rest of MIX Market clients was computed over a seven year period (2006-2012). In order to obtain a complete and balanced dataset, any clients that had missing values for the variable of interest were excluded, and then any clients that did not have data for period of interest were also excluded. Given these specifications, the number of clients observed was reduced to just over 450 from over 2200 clients that had reported average loan size at least once within the period 2006-2012. Also on the IFC side, the number of MFIs reporting such a balanced data set over 2006-2012 was limited and shrank the number of observations to between 20 and 30. The analysis is hence not statistically representative.

[45] That reported data consistently during FY06-12.

[46] Using a mobile device such as a mobile phone, a tablet, or a point-of-sale (POS) terminal.

[47] China is not included in this list because since GSMA currently researching this market to understand the nature of the services offered and the underpinning regulation. More information on China will be presented in the 2014 Mobile Financial Services State of the Industry Report.

[48] 42 markets with existing regulatory barriers include Argentina, Armenia, Bangladesh, Botswana, Cambodia, Cameroon, Chad, Chile, Congo Brazzaville, Dominican Republic, Egypt, El Salvador, Gabon, Georgia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Jordan, Mauritania, Mauritius, Mexico, Mozambique, Myanmar, Nepal, Nigeria, Pakistan, Panama, Qatar, Serbia, Solomon Islands, South Africa, Sudan, Syria, Tunisia, UAE and Venezuela.

[49] Members are CPMI central banks, non-CPMI central banks active in the area of financial inclusion, the IMF, and international development banks.

[50] The Partnership for Financial Inclusion states its objectives as follows: (i) bringing financial services to 5.3 million people in Sub-Saharan Africa, (ii) developing sustainable microfinance business models to deliver large-scale low-cost banking services, (iii) helping to accelerate the development of mobile financial services, and (iv) sharing lessons learnt in Sub-Saharan Africa with the rest of the world.

[51] As per GSMA posting on January 15, 2015, Of the 89 markets where mobile money is live, only 47 markets have an enabling regulatory approach, while in the other 42 markets regulatory barriers still exist.

[52] As per the survey and qualitative research conducted by InterMedia for The Financial Inclusion Insights (FII) program, Ninety-four percent of the respondents out of 428 mobile money users in Pakistan have not registered their own accounts, and preferred to conduct OTC transactions through an agent's account, September, 2014.

[53] Mexico - Strengthening the Business Environment for Enhanced Economic Growth Development Policy Loan (P112264).

[54] As per 2014 MMU Stats of the Industry Report, at least 11 providers reported generating more than US$1 million in revenues during the month of June 2014, compared to 8 providers in 2013. This is still a small percentage since 255 mobile money services are available in developing countries.

[55] Mid-term Evaluation of the MasterCard Foundation and International Finance Corporation Partnership for Financial Inclusion for Sub-Saharan Africa, Oxford Policy Management (OPM) and PHB Development, April 2015.

[56] Including PCRs = Project Completion Report; PIMs = Post Implementation Monitoring reports (both IFC Advisory Services); IFC investment supervision and monitoring reports. World Bank AAA work for this period was not subject to IEG validation, so self-evaluation is the only source of information.

[57] For example, what is the legal structure like on gender – does customary law prevail over Constitutional law? Was there gender-based legislation that allowed better economic access for women (land ownership, employment opportunities, access to credit, vocational training, and so forth)? In case of unequal access to property, has government made efforts to pass legislation for equal property rights to women? Has there been effective implementation of such laws?