IOM – A means to measure impact of programming in the Financial Sector
Who are we...

- FSD Africa created by DFID in late 2012

- Regional financial inclusion and financial sector development programme

- Based in Nairobi, but pan sub-Saharan in scope (including non-DFID office countries)

- Mandated to foster development inclusive, efficient and robust financial markets in SSA using a market facilitation approach

- Incorporated as a CLG in Kenya.
What do we do...?

Three main areas of work:

- **Finance for all** > access to financial services > increased resilience + increased access to economic opportunity + improved livelihoods

- **Finance for growth** > efficient mobilisation and allocation of capital to real economy > inclusive economic growth

- **FSD network support** > collaboration, capacity building, best practice sharing, harmonised approach to corporate governance and M&E > increased value for money for DFID + stronger contributions to financial sector development
The FSD Network


+ Leading proponent of ‘making markets work’ approach

+ Specialises in a number of themes from agriculture finance and savings groups to payments, SME finance and capital market development.

+ Represents a collective investment of £320+ million by DFID; Bill & Melinda Gates Foundation; SIDA; DANIDA; Foreign Affairs, Trade and Development Canada; RNE (Netherlands) and World Bank.

+ Spends £40+ million per year, predominantly through grant instruments

+ Employs over 130 full time members of staff and a wide range of consultants

+ Currently three corporate governance structures: Trust, CLG, Contracted Out
What is Impact Oriented Measurement (IOM)?

- An approach on Monitoring and Results Measurement for FSDs and FSD-like organizations
  
  [Link](http://www.fsdAfrica.org/knowledge-hub/documents/developing-an-impact-orientated-measurement-system/)

- Facilitates measurement of results of complex multi-faceted market development programmes

- Aims to;
  
  i. Facilitate understanding of FSD programmes’ contribution to improved livelihoods
  
  ii. Support generation of an evidence base of what works/what does not

- Draws from experience from DfID, the World Bank, Mastercard Foundation, Gates Foundation, DCED, CGAP, FSDs and OPM
**The Approach**

**Principle 1: Aligning monitoring with measuring impact**

1. Routinely monitored indicators are designed to be useful for impact evaluation
2. Periodic assessments of critical causal links within the ToC are embedded in regular M&E activities
3. The ToC is a ‘living’ guide; as evidence is collected, it will need to be reviewed and revised
4. Measurement frameworks are evolving and focus on learning
5. Evidence gathered will feed into ex post IE
**Principle 2:** Using the FSD ToC as a strategic framework for planning and IE

- **Final impact:** Poverty Reduction → Economic Growth
- **Financial sector outcomes:** Financial Inclusion
- **Outputs:** Changes in market: core (supply/demand; supporting function (infrastructure/services); rules and norms
- **FSD Inputs:** TA, grants, loans, research, convening power
**Principle 2: Using the FSD ToC as a strategic framework for planning and IE**

- **Final impact**
  - External factors affecting success
  - Unintended consequences?

- **Financial sector outcomes**
  - Which level to focus on?
  - Expected causal pathways operating?

- **Outputs**
  - Relative impact on pathways?

- **FSD Inputs**
  - Role of market development approach?

**Financial Inclusion**

- Changes in market conditions; demand; supporting function (infrastructure/services); rules and norms

**Financial Sector Development**

- Poverty Reduction
- Economic Growth

- TA, grants, loans, research, convening power

- External factors affecting success

- Expected causal pathways operating?
The Approach

**Principle 3: Assessment of change in inclusive financial markets**

- It is necessary to recalibrate our use of the term ‘impact’
- IOM approach does not focus solely on the long-term final impact
- FSDs and their stakeholders need to decide how far along their ToC they need to measure impact, and where to concentrate resources

**Impacts of interest for an FSD**

- Overall financial sector development
- Financial inclusion
- Market development
- Improved livelihoods
Principle 4: Measuring systemic change

Assessment of systemic change vs focus on direct impact of a specific project

Systemic change refers to the structure or dynamics of a system

Systemic change drives sustainability and scale
Principle 5: Measuring change from the perspective of both the FSD programme and the sector/market system
IOM added value

- Provides a coherent and robust approach to developing the evidence base for IE while providing real-time evidence for programme adaptation

- Provides a robust evidence base for interrogating numbers within the logframe.

- Can provide evidence on whether the programme ToC is working and what adjustments may be required

- Highlights broader changes in the sector (‘sector tracking’) to strengthen FSD narrative