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Sida Decentralised Evaluation

FCG Sweden

Evaluation of the Financial Sector Deepening Trust (FSDT) Tanzania Strategy 2016–2020

Final Report

Evaluation of the Financial Sector Deepening Trust (FSDT) Tanzania Strategy 2016–2020

**Final Report
September 2021**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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Abbreviations and Acronyms

AFR	Access to Finance Rwanda
BMGF	Bill Melinda Gates Foundation
BoT	Bank of Tanzania
COO	Chief Operations Officer
DAC	Development Assistance Committee
FSD	Financial Sector Deepening
FSDK	Financial Sector Deepening Kenya
FSDT	Financial Sector Deepening Trust
FSP	Financial Sector Provider
HSNP	Hunger Safety Net Programme
M4P	Making Markets Work For Poor
M&E	Monitoring & Evaluation
MEL	Monitoring, Evaluation & Learning
MIAF	Microinsurance Acceleration Fund
MoFP	Ministry of Finance and Planning
MSD	Market System Development
MSME	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
NBC	National Commercial Bank
NGO	Non-Governmental Organisation
NFIF	National Financial Inclusion Framework
NGO	Non-Governmental Organisation
NIDA	National Identification Authority
NIN	National ID Numbers
OECD	Organisation for Economic Cooperation and Development
OPR	Output to Purpose Review
PAR	Project Approval Request
PIC	Programme Investment Committee
PST	Project Strategy Team
SACCO	Savings and Credit Cooperation
SME	Small and Medium-sized Enterprises
TIRA	Tanzania Insurance Regulatory Authority
ToC	Theory of Change
ToR	Terms of Reference
USD	United States Dollars
VfM	Value for Money

Preface

This evaluation was commissioned by the Embassy of Sweden in Tanzania through the Sida Framework Agreement for Evaluation Services, and conducted by FCG Sweden.

The evaluation team consisted of Jonas Lövkrona (Team Leader), Tiina Pasanen, and Joel Mwakitalu. The Draft Evaluation Report was quality assured by Derek Poate, whose work was independent of the evaluation team. Annefried Muller provided project management support.

Executive Summary

Established in 2004, the Financial Sector Deepening Trust (FSDT) is part of the FSD Network, a group of nine FSD programmes operating across Africa. The overall goal of FSDT is to contribute to “sustainable improvement in the livelihoods of poor households through reduced vulnerability to shocks increased incomes and employment achieved through providing greater access to financial services for more men, women and businesses”. The work is rooted in the Making Markets Work For the Poor (M4P) approach with FSDT acting as a market facilitator – combining funding, technical assistance, research, capacity building and partnership work. Sida has been supporting FSDT since 2009.

The objective of the evaluation was to assess the implementation of FSDT’s Strategy with a focus on the period 2016-2020, and considering experiences and lessons from Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR). The evaluation was conducted for accountability and learning purposes and is expected to inform decisions on the design and implementation of the next FSDT strategy. The primary intended users of the evaluation are FSDT and development partners.

In line with the ToR, the evaluation was utilisation-focused and permeated by a gender perspective. Data was collected through a desk review, key informant interviews and an on-line survey. A sample of 12 projects was selected and assessed through Contribution Analysis, complemented by rubrics. The main limitations of the evaluation was the lack of data on market system change and benefits generated for ultimate target groups. Due to time and budget constraints, as well as Covid-19 restrictions, extensive in-country primary data collection was not possible.

The main conclusions and recommendations of the evaluation are summarised below.

Relevance

FSDT’s Strategy has been largely relevant to national priorities and partners’ needs. Women, and in particular youth, have been less targeted than other groups over the strategy period as a whole but have in recent years received increased attention, although the number of women and youth projects has remained very limited. The role of learning has been strengthened but needs more attention, including from a gender perspective. The evaluation shows that the FSDT Strategy was directly aligned with the National Financial Inclusion Framework 2014-2016 (NFIF 1) and, although to a lesser extent, with the subsequent NFIF 2, covering the period 2018-2022. FSDT has supported several key initiatives identified in these strategy documents, and perhaps as a result, project partners, especially government partners, perceive that the support has been highly relevant to their needs. In some

cases, concerns were raised about short project timelines and lack of funds to ensure adequate project completion.

With regard to ultimate beneficiaries, the Strategy has, in line with NFIF 1 and NFIF 2, given significant priority to expanding financial services for MSMEs and small-holder farmers. While poor women were not targeted initially, a number of initiatives have been developed and implemented over the past two years that could be further built on in the future. At the same time, these projects represent a small part of FSDT's project portfolio and more should be done to ensure systematic gender mainstreaming. The needs of youth are still not being addressed in an intentional way. The limited availability of data on women (and youth) makes it difficult to improve and adjust programming to maximise the benefits for these groups. Although the role of learning has been strengthened, learning from what doesn't work remains a challenge for FSDT, and FSD programmes in general.

Effectiveness

Available evidence suggest that FSDT has, in particular, contributed to key policies and regulations but outcomes have also been observed in terms of strengthened market infrastructure and new products and services. However, due in part to limitations in FSDT's M&E system, the significance of the results achieved and the realisation of outcome targets is difficult to capture. Progress have been made in addressing VfM-related concerns but several shortcomings remain. The evaluation indicates that FSDT's work at the macro level, i.e. influencing new or improved policies and regulations, have yielded some significant market system outcomes. This includes the adoption of NFIF 2 and the Microfinance Act, which provides better protection of consumers, a majority of women are farmers, women, and youth. FSDT has also contributed to the strengthening of market infrastructure, such as the rollout of national ID numbers, which addresses another significant barrier to financial inclusion. New products and services supported by FSDT have resulted in improved (access to) and use of financial products and services by MSMEs, households and individuals. At the same time, the data generated by FSDT's M&E system does not give a clear picture of the overall progress achieved against expected market systems outcomes and the impact on ultimate beneficiaries, including women and youth.

The level of political will and the capacity of market actors are identified as the most important external factors that have influenced results in both a positive and negative way. Internal factors include FSDT's support, the expertise of its staff and consultants, and the close relationship with government, and have mainly been of an enabling nature. The most critical constraining factor has been the reduction in funding over the past two years. Covid-19 is also deemed to have had an impact on financial inclusion and programming over the past year, although this is not always recognised by project partners and the Government of Tanzania in particular.

FSDT has been subject to regular reviews and assessments, which have generated a large number of recommendations for improvement, including in relation to Value for Money (VfM). While evidence suggest that FSDT has addressed a majority of these recommendations, progress has, for various reasons, been slow and uneven, and several critical issues warrant further attention. This includes shortcomings in relation to budgeting, project/partnership management, analysis of systematic constraints, synergies and collaboration, and, not the least, M&E.

As many other FSD and M4P programmes, FSDT is facing challenges relating to its role as a market facilitator. Prompted by previous reviews and in line with M4P thinking and principles, FSDT has increasingly prioritised macro and meso-level projects. At the same time, meso/micro and micro-level projects are still numerous and absorb a significant amount of funds. FSDT is also implementing and co-implementing a large number of projects, which may limit its ability to build national capacity and ownership among market actors. While projects are managed relatively systematically, a more programme-based approach would likely increase overall effectiveness.

Despite the differences in national contexts, the “light” benchmarking done with FSDK and AFR shows that there may be important lessons to learn from these FSDs, in particular FSDK. This includes approaches to institutional strengthening and sustainability, research and analysis of systemic constraints, project/programme design and planning, governance and quality assurance, and cross-project learning and collaboration.

Sustainability

Ensuring and enhancing sustainability comes across as the single most important challenge facing FSDT. This especially pertains to the work with the private sector but also extends to the viability of FSDT itself, given declining donor funding.

Even though partners perceive that their capacity and practices have significantly improved thanks to FSDT’s support, this does not automatically translate into ability to deliver without it. Strategies and plans to enhance sustainability typically exists but are not necessarily implemented in practice. In general, changes in policy and regulations are deemed to be more sustainable than new products and services. In several cases identified by the evaluation, new products or services were either not (yet) fully implemented or scaled up, and it is not always clear whether there is sufficient capacity, commercial potential and/or funding to do so in the future. It is also noted that, given the decline in donor funding and the absence of other income sources, the sustainability of FSDT itself is at risk.

Recommendations to FSDT (summarised from Chapter 6)

Strategy and focus:

1. FSDT should ensure that the next five-year strategy is closely aligned with NFIF 2, its priorities and targets, as well as the new Financial Sector Development Master Plan 2021-2030, in order to promote national ownership and sustainability.

2. FSDT should, in line with NFIF 2 and the 2017 FinScope, increasingly target poor women and youth through a strategic approach that recognises the holistic nature of barriers to financial inclusion.
3. FSDT should prioritise interventions that are of a transformative nature (such as TIPS, NIN, FSR, Microfinance Act), and therefore stand a better chance of contributing to market system change.
4. FSDT should, similar to other FSDs, assess the impact of Covid-19 on financial inclusion, which should be possible with the government's changing stand on the pandemic.
5. FSDT should critically reflect on its role as a market facilitator, and adjust its programming accordingly, including by reducing its role in the implementation of projects.
6. FSDT should treat sustainability as an objective in its own right and take several measures to that end (see Chapter 6).

Programme management and operations:

7. FSDT should further strengthen project management systems and capacities, while moving to a more programme-based approach that could help to ensure that projects are managed in a more coordinated way and synergies are capitalised on.
8. FSDT should further strengthen the role of MEL to ensure that the next strategy is implemented in a more adaptive, evidence-informed and learning-oriented manner.
9. FSDT should identify and address any gaps in the budgeting and internal financial reporting system at both programme and project level with a view to keep overhead rates at agreed levels, ensure more realistic financial planning, and promote VfM.
10. FSDT could capitalise more on the practices, experiences, and lessons learnt of the wider FSD network, including FSDK and AFR, especially with regard to programming approaches, cross-project learning and collaboration, and governance.

Partnerships and resource mobilisation:

11. FSDT should strengthen donor relationships to secure funding for the new strategy, while also exploring more sustainable sources of income.

Recommendations to development partners

1. Development partners are encouraged to support FSDT through the ongoing process of change, including the implementation of the recommendations set out in this evaluation.
2. Development partners should nominate PIC representatives who have a good understanding of M4P and are committed to invest time and effort in ensuring adequate guidance and oversight.
3. Development partners should, in line with aid and development effectiveness principles, work in a more coordinated manner, including through the PIC, and commission joint evaluations and reviews with a focus on learning.

1 Introduction

1.1 BACKGROUND AND PURPOSE

The Financial Sector Deepening Trust (FSDT) in Tanzania was established in 2004. It is part of the FSD Network, a group of nine FSD programmes operating across Africa. The overall goal of FSDT is to contribute to “sustainable improvement in the livelihoods of poor households through reduced vulnerability to shocks increased incomes and employment achieved through providing greater access to financial services for more men, women and businesses”.¹ The work is rooted in the Making Markets Work For the Poor (M4P) approach, which focuses on systematic, sustainable, and scalable/large scale change.

Sida has been supporting FSDT since 2009. This evaluation is mandated by the current Grant Agreement between Sida and Rex Advocates, the Trustees of the FSDT, which expires in June 2022. The evaluation is conducted for both accountability and learning purposes and is expected to inform decisions on the design and implementation of the next FSDT five-year strategy, which is currently being developed. The primary intended users of the evaluation are FSDT and development partners. Secondary users include FSD Network members and other stakeholder groups.

1.2 EVALUATION OBJECTIVE AND SCOPE

The main objective of the evaluation was to assess the implementation of FSDT’s Strategy, which was launched in 2013 but revised in 2016 and extended to June 2021. The scope is mainly limited to activities implemented during the period 2016-2020. However, in line with the Terms of Reference (ToR), the evaluation also considered experiences and lessons from the wider FSD Network, through a “light benchmarking” with the Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR).²

1.3 EVALUATION CRITERIA AND QUESTIONS

The evaluation was guided by the OECD/DAC criteria of relevance, effectiveness, and sustainability, and the evaluation questions defined in the ToR, which are presented in Table 1.

¹ FSDT Strategy Paper 2013-2018. Revised June 2016.

² Initially, the evaluation was expected to provide a second opinion on the draft of the next FSDT strategy, but since this draft was not completed in time for the evaluation this task was discarded.

Table 1 Evaluation criteria and questions

Effectiveness	<ul style="list-style-type: none"> • To what extent has the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups? (Especially concerning poor women and youth target groups) • Which concrete improvements within the field of financial inclusion in Tanzania can be observed that can be attributed to the work of FSDT? • Value for money: to what extent are the results consistent with the costs of FSDT for the period? • Has the FSDT M&E system delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning? Is the data disaggregated per sex? • Has the model of service delivery – i.e. a combination of in-house projects and forwarding of funds to third parties – been conducive to achieving results? • To what extent is FSDT behaving like a market facilitator? What are the opportunities for improve in a Making Markets Work for the Poor (M4P) approach?
Relevance	<ul style="list-style-type: none"> • To what extent have the intervention objectives and design responded to the intermittent beneficiaries (i.e. financial services providers) and to end beneficiaries (i.e. poor men, women and youth) needs and priorities? Emphasis on women and youth in poverty. • To what extent has lessons learned from what works well and less well been used to improve and adjust project/programme implementation – especially in a gender perspective?
Sustainability	<ul style="list-style-type: none"> • To what extent are the net benefits of the FSDT 2016-2020 strategy likely continue beyond the end of the period?
Others	<ul style="list-style-type: none"> • Which success stories and failures can be observed and learned from, from the work of Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR)? • How does the structure and governance of FSDK and AFR differ from FSDT and what is the impact of these structural/governance differences on effectiveness and strategy impact?

For each of the evaluation questions defined in the ToR, sub-questions and indicators have been defined by the evaluation team. These are presented, along with methods and sources, in the evaluation matrix attached as Annex 2.

1.4 STRUCTURE OF THE REPORT

Following the executive summary and this introduction (Chapter 1), the report describes the evaluation object (Chapter 2) and the evaluation methodology (Chapter 3). Chapter 4 is the main part of the report. This chapter presents data, analysis and findings related to each evaluation criteria, with a focus on the evaluation questions. Findings are highlighted in bold font, normally in the beginning of a paragraph. The report ends with a concluding chapter (Chapter 5) and a set of key recommendations to FSDT and its development partners, including the Embassy/Sida (Chapter 6). Supporting documents and data are provided in the annexes.

2 Evaluation object

2.1 COUNTRY CONTEXT

Tanzania has made progress in increasing the access to and use of financial services. Data from the FSDT-led FinScope surveys shows that the share of the population who have or use bank services increased from 9 percent in 2009 to close to 17 percent in 2017. The use of other formal financial services, such as mobile money services, insurance services, pension services and microlender services, has increased from 7 percent to 49 percent over the same period. Meanwhile, the reliance on informal services decreased from 29 percent to 7 percent. The share of the population who are financially excluded decreased from 55 percent to 28 percent.³ Apart from the greater proximity of financial services to where people live, the expansion of mobile financial services has been a major contributing factor to this development.

Nevertheless, progress appears to have slowed down since 2013. The share of those financial excluded in 2017 is practically the same as in 2013 (27 percent). The increase in use of bank and other formal services was also relatively modest.⁴ One key challenge is how to reach out to the part of the population who are still excluded. This includes rural people, smallholder farmers, women and youth. In this group, lack of literacy and low, and inconsistent, cash flow constitute major barriers to financial inclusion. Among women, these barriers are compounded by discriminatory cultural norms and beliefs. The 2017 FinScope survey also records an increase in the population without reliable identification. Of those who are financially excluded, more than a quarter do not have identification documents.⁵

2.2 OVERVIEW OF FSDT AND THE STRATEGY

FSDT was established in 2004 to support the development of inclusive and sustainable financial markets as a means to contribute to the improvements in the livelihoods of poor people, including farmers, women, men, youth and other marginalised groups in rural and urban areas. In line with this overall purpose, the FSDT Strategy sets out four strategic objectives:⁶

1. Improved policy, institutional, legal and regulatory framework, and data gathering for dissemination for delivery of financial services;
2. Enhanced market infrastructure and support services for financial service providers;
3. More and better financial services available to meet the needs of urban and rural enterprises;

³ National Financial Inclusion Framework 2018-2022. A Public-Private Stakeholders' Initiative.

⁴ Ibid.

⁵ FSDT (2017a).

⁶ In some documents referred to as outputs or key results areas.

4. More and better financial services available to meet the needs of poor urban and rural households and individuals.

The Strategy recognises four dimensions of financial inclusion – access, usage, quality and welfare, which resonates with the Making Markets Work For Poor (M4P) approach (also known as Market System Development (MSD)). The underlying idea of the M4P approach is to bring about systematic, sustainable and scalable/large scale change that ensures that poor people benefit from growth and economic development.

In 2016, the FSDT Strategy was revised and the work divided into five thematic areas: SME finance, agriculture and rural finance, digital finance, insurance and consumer protection, and research. Women and youth were initially considered cross-cutting, but was in 2018 adopted as a sixth theme. Within each theme, FSDT works to address a set of market constraints, which are largely synonymous with the barriers of access to financial services identified in the National Financial Inclusion Framework (NFIF) 2014-2016 – Tanzania’s first official policy and strategy for financial inclusion. In general, the FSDT Strategy is closely aligned with the NFIF 2014-2016 and the subsequent NFIF 2018-2022, which involved a shift in priority from access to usage of financial services.

FSDT has different modalities to influence change. As part of the evaluation a reconstructed Theory of Change (see Annex 3) was developed that categorises the modalities as follows:

- Financial instruments (grants, loans, subsidies and guarantees)
- Co-creation of projects and solutions
- Market facilitation (convening, advocacy and engagement support)
- Thought leadership and evidence generation
- Targeted capacity strengthening and technical assistance

A total of 51 projects, which have been geared towards different strategic objectives, themes, and levels (macro, meso and micro), have been implemented and/or supported by FSDT over the strategy period. Implementing partners include government agencies, financial service providers (FSPs), other private institutions, and (to a lesser extent) NGOs.

FSDT has a yearly planning cycle involving the preparation of annual business plans and budget and annual reports and financial statements. Monitoring and evaluation is based on a logframe and an accompanying data collection system. FSDT has been subject to numerous external reviews and assessments during the strategy period, including a Mid-Term Review (MTR) in 2016, Output to Purpose Reviews (OPR) in 2017 and 2019, a Governance Review in 2018, and three donor-commissioned assessments in 2020. In 2021, apart from this evaluation, another Governance and Organisational Review has been launched and is still on-going.

2.3 GOVERNANCE AND MANAGEMENT STRUCTURE

The governance structure of FSDT consists of a Programme Investment Committee (PIC) and an Investment Sub-Committee. The overall fiduciary responsibility for FSDT rests with the Trustees (currently Rex Attorneys). While the PIC is mainly composed of donor representatives, the Sub-Investment Committee includes a diverse range of market experts. The Sub-Investment Committee is mandated to approve investments in projects not exceeding USD 2 million.

Day-to-day operations are managed by the FSDT Team, which is led by the Executive Director of FSDT, supported by the Operations Director. The organisational structure is made up of theme-based sub-teams and supporting teams (administration, communication and M&E). Financial management is outsourced (to Deloitte Consulting). At the beginning of 2021, FSDT had 20 employees but due to financial constraints (see Section 4.2.2) the staff capacity was significantly reduced⁷ in June.

2.4 FUNDING

FSDT's income mainly consists of grants from development partners. In 2019/2020 the total income amounted to USD 6.9 million, up from USD 6.5 million in 2018/2019 but down from USD 7.8 million in 2017/2018 and USD 8.7 million in 2016/2017. The main donors in 2019/2020 were Sida, Bill Melinda Gates Foundation (BMGF), Government Affairs Canada, and the Embassy of Denmark.⁸

⁷ The contracts of six of the 20 employees, including the Executive Director, expired on 30 June. Some others employees became part-time consultants and the remaining ones had their contracts extended to the end of the year.

⁸ FSDT Annual Reports and Audited Financial Statements for the years 2016/2017-2019/2020.

3 Methodology

3.1 OVERALL EVALUATION APPROACH AND METHODS

The overall evaluation approach and methods were first outlined in FSG Sweden's Technical Proposal and then elaborated on in the Inception Report, which was approved on 29 May 2021.

In line with the ToR, the evaluation was conducted through an **utilisation-focused approach**. This means that the evaluation team has considered how each step in the evaluation process will affect the use of the evaluation, and sought to ensure that FSDT benefit not only from the deliverables (reports) but also from the process as such. During the inception phase, the FSDT Team was consulted on several issues (such as on the project sample) and invited to provide comments and suggestions on the Draft Inception Report. An on-line workshop was organised to seek inputs from the FSDT Team to a reconstructed Theory of Change (ToC) for the evaluation. Several FSDT staff members were moreover included among the key informants of the evaluation. The PIC and development partners also had opportunities to engage with and influence the evaluation, especially during the inception period. Their written and verbal comments on the Draft Inception Report were all considered and incorporated. The FSDT Team and the Embassy also received the Draft Evaluation Report for comments and suggestions.

To assess results and programme effectiveness, the evaluation team applied **Contribution Analysis, including rubrics**. Contribution Analysis is not a strict methodology as such but rather a set of broad steps that help to frame and structure the analysis, and to assess FSDT's contribution.⁹ As noted above, the Contribution Analysis started with the evaluation team (together with FSDT) reconstructing the existing ToC in order to specify the change pathway and make assumptions more explicit. Supported by the FSD network's guidance on ToC for M4P programmes,¹⁰ the following outcome levels were included:

- Initial outcomes (changes in FSDT partners);
- Market system outcomes (broader market changes);
- Financial sector outcomes (core supply and demand reflecting a well-functioning, inclusive financial system); and

⁹ The steps are the following: 1) Set out the attribution problem to be addressed; 2) Develop a theory of change and risks to it; 3) Gather the existing evidence on the theory of change; 4) Assemble and assess the contribution story, or performance story, and challenges to it; 5) Seek out additional evidence, and; 6) Revise and, where the additional evidence permits, strengthen the contribution story.

¹⁰ See FSD Africa (2016): Developing an Impact-Oriented Measurement System A Guidance Paper for Financial Sector Deepening Programmes, and FSD Africa (2018): VFM Design, Analysis and Reporting: A Practical Guide.

- Impact / development outcomes (improved economies and lives).

The reconstructed ToC is included in Annex 3. Section 4.2.1 (FSDT's contribution to outcomes) particularly focuses on market system outcomes and categorises findings based on market system outcomes identified in the reconstructed ToC.

Rubrics were used to add rigour and structure to the Contribution Analysis. Rubrics are a type of assessment scales. In brief, they are tools that can be used to ensure comparability of ratings across sites (and those that make those ratings) and to effectively synthesise diverse evidence. In other words, they help to be systematic and transparent about 'how good is good enough. They are found especially useful when evaluating complex, 'hard to measure' issues or phenomena. M4P programmes aiming to influence systemic, large scale changes fall in this category. Further information on the Contribution Analysis and rubrics is provided in Section 3.4 and Annex 6.

The evaluation was permeated by a **gender perspective**. The FSDT is based on the premise that there is a significant difference in terms of women's and men's opportunity to use financial services, and that the challenges or barriers in this respect have to be factored into the design of interventions. The ambition set out in the FSDT Strategy is that the FSDT should drive data initiatives that aim to show progress made in reaching out to women and the challenges they are facing, and, where feasible, promote innovations for solutions specifically targeting women. The realisation of this ambition was explored as part of the desk review, interviews, portfolio analysis, and the project case studies.

3.2 PROJECT SAMPLE

As mentioned above, FSDT supported a total of 51 projects during the period 2016-2020. To keep data collection and analysis at a manageable level, the evaluation team selected a sample of these projects for in-depth review. The ambition was to arrive at a purposive sample that reflects the existing balance of the number and volume of projects by:

- Programme objective (strategic objective 1-4)
- Programme sector (macro, meso, meso/micro and micro)
- Thematic area (Insurance and consumer protection, research, SME finance, agriculture and rural finance, digital finance, and women and youth)
- Category of implementing actor (FSDT, Government, FSP, Private, NGO)
- Status (ongoing or completed).

Based on the data collected through an initial portfolio mapping and consultations with the FSDT Team, a sample of 12 projects were eventually selected and agreed on. These were divided into 10 case studies (reflecting the fact that some projects are closely inter-linked). The project sample/case studies are presented in Table 2. Details on sample selection is provided in Annex 4.

Table 2 Project sample/case studies

Projects	Status	Implementing Agent(s)	Theme	Sector	Strategy Objective	Cost (USD)
NFIF	Completed	BoT & FSDT	All	Macro	1	2,500,022
Microinsurance Acceleration Fund	Ongoing	TIRA	Insurance & Consumer Protection	Macro	1	1,959,500
FinScope Tanzania	Ongoing	FSDT	Research	Macro	1	1,888,100
Alternative Product Development Process	Completed	FSDT	Agriculture & Rural Finance	Meso	1	250,000
Microfinance Policy Work + Microfinance Act 2018	Completed + Ongoing	FSDT, BOT, MoFP	Agriculture & Rural Finance	Macro	1	697,874
National ID strategy rollout	Completed	NIDA	Digital Finance	Meso	2	1,200,000
FinSights Lab	Completed	FSDT, Busara & Mastercard	Research	Meso	2	421,000
Capacity building for SME Focused Financial Service Providers	Completed	DCB Commercial Bank Plc	SME Finance	Meso/micro	3	250,000
Mobile Creditor Network platform	Completed	Credit Info	SME Finance	Meso/micro	3	60,000
Digital Savings Group + Support the Scaling of digital saving group	Completed + Ongoing	AKF + Vodacom	Digital Finance + Women & Youth	Meso/micro	4	354,000

3.3 METHODS AND TOOLS FOR DATA COLLECTION

Data collection was carried out through a mix of methods and tools to allow for validation, and, when possible, triangulation. The following methods and tools were used:

- Desk review of documents from FSDT and the Embassy, and collected from other sources
- Interviews with key informants
- On-line survey targeting FSDT project partners.

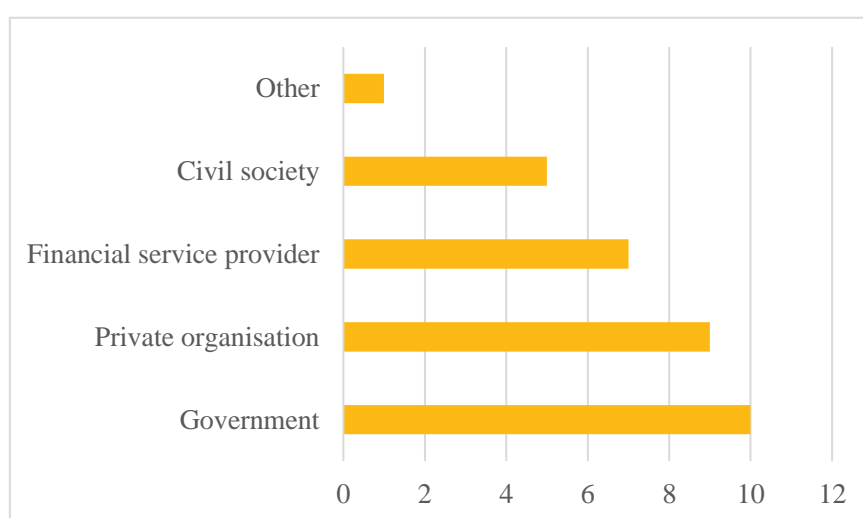
The desk review included: Government policies and strategies; FSDT Strategy and annual business plans; FSDT annual reports and audited financial statements; External reviews and assessments; FSDT research and related deliverables; FSDT policies, guidelines and manuals; Project sample data (e.g. project approval requests, progress and completion reports, FSDT contribution statements), and; Data pertaining to FSDK and AFR. The full list of documents collected and reviewed can be found in Annex 8.

Key informants for interviews were identified by the evaluation team in consultation with FSDT and other stakeholders. In total, 49 individuals (18 women and 31 men) were interviewed, including 14 FSDT staff members and consultants, 3 PIC/Investment Sub-Committee members, 18 project partner representatives, and 14 external stakeholders. A full list of key informants is presented in Annex 9. All the interviews

were semi-structured and based on interview guides tailored to different categories of key informants. The interviews were held both remotely (on-line) and face-to-face (in Tanzania).

The on-line survey was used as a complement to other data collection methods. The survey questionnaire was finalised with inputs from the FSDT Team and transferred into Qualtrics, an advanced online survey and analysis tool that creates user-friendly, succinct surveys that are easy to complete and analyse. The survey was sent to 65 project partner representatives, of which 32 (7 women and 35 men) completed it, giving a response rate of 49 percent.¹¹ A breakdown of different categories of respondents is provided in Figure 1.

Figure 1 Survey respondents by category



3.4 DATA ANALYSIS PROCESS

The data collected through the desk review, interviews and on-line survey was corroborated and analysed in different ways depending on the nature of the evaluation question (see Annex 2). The analysis of the project sample was complemented by an overall portfolio analysis, and qualitative judgement was applied to several questions. To answer the evaluation question about value for money (VfM), a simplified VfM analysis (against the standard indicators of the “3 Es”¹² approach) was used. Survey data was further analysed (mainly simple cross-tab analysis) by using statistical software Stata.

¹¹ The response rate can be considered relatively high for this type of partner survey though ideally it would be even higher. The results should be read as indicative. No conclusions are drawn from the survey alone.

¹² 3 Es = Economy, efficiency and effectiveness.

As mentioned above, the assessment of FSDT's contribution to change was based a Contribution Analysis conducted with the help of rubrics. The following three rubrics were applied to a selected set of outcome statements:¹³

1. Significance of change (extent to which an outcome/change can be considered significant or newsworthy)
2. Level of contribution (the role FSDT played in each outcome)
3. Strength of evidence (how confident the evaluation team is about the evidence base to make the above assessment)¹⁴

Each rubric includes a scale from high to low with a description what each level entails. For example, a 'high' score on significance of change means that the outcome/change is seen as important and newsworthy for financial inclusion in Tanzania. In turn, a 'low' score would imply that, while the situation has improved/there has been progress, the change is not considered significant in terms of bringing about transformational, systemic, large scale and/or sustainable results. The meaning of 'high', 'medium' and 'low' vary slightly across outcome types. The definitions do not necessarily capture all possible nuances of different types of outcomes under each category, but are meant to support the consistency of how the evaluation team has assessed the significance across cases (see Annex 6).

3.5 ETHICS AND PARTICIPATION

The evaluation was conducted in line with the OECD/DAC Guidelines on Quality Standards for Development Evaluation. Accordingly, the evaluation team adhered to the principles of impartiality, independence and credibility. The rights of confidentiality and anonymity were explained in the beginning of all interviews and in the cover message to the on-line survey. Informed consent was sought from interviewees by explaining the purpose of the evaluation and the interview, clarifying how any information associated with them will be reported, and asking them to confirm that they are willing to participate. The survey responses were anonymous and only the evaluation team has access to the full survey data, which is stored in compliance with European data legislation.

The use of a mix of different variables as a basis for the selection of the project sample has helped to avoid undue influence, although FSDT's comments and suggestions have also been taken into account.

As elaborated on above, the evaluation was utilisation-focused. Comments and suggestions were sought on various proposals and the deliverables, and were handled

¹³ Given the number of projects that FSDT is supporting or involved with, the evaluation team was not able to assess all potential changes but focused on a selected set of key outcome statements emerging from case studies.

¹⁴ These rubrics are modified from Aston (2020). The strength of evidence does not necessarily refer to the quality of evidence that FSDT provided but also whether the evaluation team was able to verify findings with partners or external stakeholders. Given the scope and limitations of the evaluation, the list of interviewees had to be kept limited.

in a systematic manner. A standardised comments and response matrix was used to capture comments on the Draft Evaluation Report, the evaluation team's response to these comments, and the changes made to the report.

3.6 LIMITATIONS

The boundaries of the evaluation were defined in the ToR and further specified and agreed on in the Inception Report. Given the limited resources for the evaluation, it was agreed that the focus of the data collection and analysis process would be on a sample of projects, rather than on the entire project portfolio. By using specific criteria designed to ensure a balance of projects by objective, sector, theme, etc., a purposive sample was arrived at. The portfolio mapping and on-line survey also helped to ensure that findings are balanced and have wider applicability. Nevertheless, it should be noted that more or different types of outcomes and other findings could have been found, had the sampling been broader or different.

Establishing FSDT's contribution to change was identified as a particular challenge at the outset of the evaluation due to the lack of data on market system change and benefits generated for the ultimate target groups. Some of this data was expected to come from the next FSDT-supported FinScope survey, which was originally planned for 2020/2021. However, this survey has not yet taken place for several reasons. Other surveys from which financial inclusion data could have been obtained, such as the National Multi-dimensional Poverty Index, have similarly been postponed, due to the Covid-19 pandemic and the national elections in 2020. The challenge of lack of data was in this evaluation at least partly overcome by the use of Contribution Analysis and rubrics. An important, initial step was the reconstruction of the FSDT ToC together with the FSDT Team, as noted above.

Due to time and budget constraints, and Covid-19 restrictions, extensive in-country primary data collection was not possible.

4 Findings

4.1 RELEVANCE

In this evaluation, the examination of the evaluation criteria of relevance has focused on the extent to which the objectives, design and operationalisation of the FSDT Strategy has responded to national priorities, partners' needs, and the needs of ultimate beneficiaries, particularly women and youth. It also assesses FSDT's learning capacity.

4.1.1 Alignment with national priorities and partner needs

This section discusses to what extent the FSDT Strategy is aligned with national priorities and how responsive individual projects are to the needs of project partners, including government agencies, financial service providers (FSPs), private organisations and NGOs. The national priorities are to a large extent articulated in the National Financial Inclusion Framework (NFIF) 2014-2016 (referred to as NFIF 1) and the second NFIF for the period 2018-2022 (referred to as NFIF 2). As elaborated on in Section 4.2.1, FSDT provided data and technical assistance for the development of both NFIF 1 and NFIF 2.

NFIF 1 was adopted by the National Council for Financial Inclusion, the overall policy making body for the national agenda on promoting financial Inclusion in Tanzania, following a stakeholders' consultative process. It is also guided by research, particularly the FSDT-led FinScope 2013 survey. NFIF's vision is that "all Tanzanians regularly use financial services and payment infrastructures to manage cash flows and mitigate shocks. These are delivered by formal providers through a range of appropriate services and infrastructure, with dignity and fairness".¹⁵ Based on this vision, NFIF identifies a number of key barriers, core enablers, priority areas, and indicators.

The FSDT Strategy was directly aligned with NFIF 1 and, although to a lesser extent, with NFIF 2. A revision of the Strategy document would have been warranted following the adoption of NFIF 2 to fully capture new data and priorities. The analysis presented in the FSDT Strategy elaborates on the key market constraints/barriers identified in the NFIF 1¹⁶, resulting in the identification of a number of sub-constraints. These constraints were re-validated by the 2016 Mid-Term Review (MTR) of the FSDT Strategy and, hence, provided the continued basis for the strategic direction of FSDT. The goal and purpose of the FSDT Strategy are directly linked to NFIF's vision. One distinction is the shift in focus from access to usage in the

¹⁵ Tanzania National Council for Financial Inclusion (2014).

¹⁶ As identified in the NFIF, the key barriers includes the macroeconomic environment and the legal and regulatory framework (macro level), information asymmetry for FSPs, financial incapability of customers, and lack of appropriate market infrastructure (meso level), and unmet demand and lack of suitable products addressing the needs of consumers (micro level).

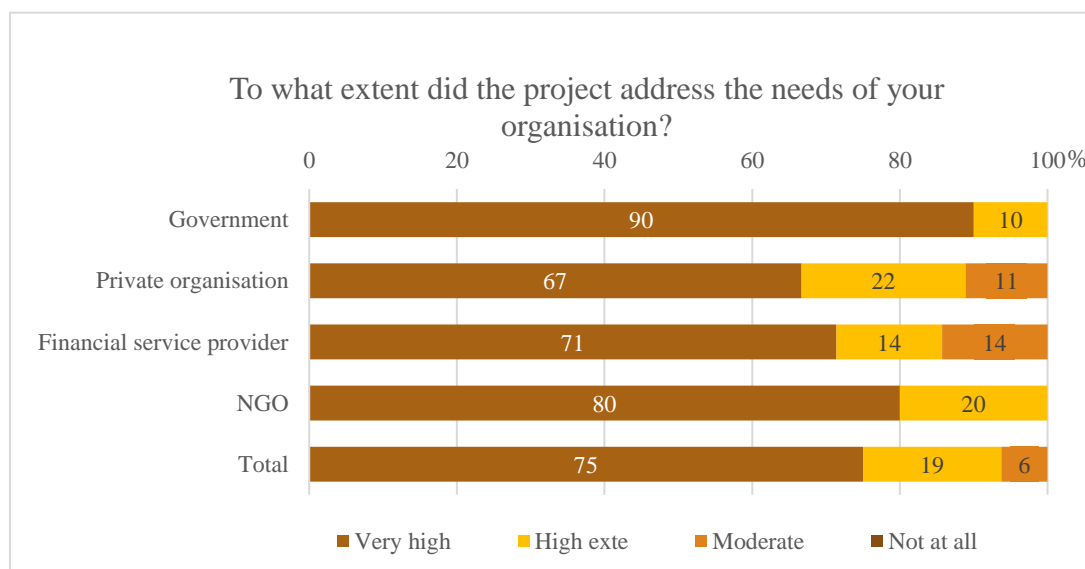
revised FSDT Strategy (2016). However, the same shift became national policy with the adoption of NFIF 2.

In general, NFIF 2 is more explicit than both NFIF 1 and the FSDT Strategy about identifying and separating aspects related to the demand and supply side and the special focus given to women and youth. NFIF 2 arguably also balances the role of the public and private actors to a greater extent than NFIF 1 and the FSDT Strategy. In addition, while supporting the continuation of efforts initiated during NFIF 1, NFIF 2 sets new priorities and targets, linking up with Tanzania's Vision 2025 and the second Five-Year Development Plan. Following the adoption of NFIF 2, FSDT introduced a new theme focusing on women and youth markets and modified the M&E framework. These changes were introduced in the Business Plan for 2018-2019. At the same time, the FSDT Strategy was left unchanged, which makes it less useful as guiding document. A revision of the FSDT Strategy could also have been expected as a result of the new data provided by the FinScope 2017 survey and the insights provided by the evaluation of NFIF 1.

FSDT's project portfolio has supported several key initiatives identified in NFIF 1 and NFIF 2 but resources have been thinly spread. The Implementation Action Plan of NFIF 1 sets out no less than 41 actions categorised according to core enablers.¹⁷ FSDT has supported a number of these actions, including some of the (potentially) more strategic ones, such as the implementation of a national identification database, revision of microfinance regulations, and the implementation of the National Financial Education Strategy. NFIF 2 put forward 20 nationwide initiatives, several of which are efforts initiated under NFIF 1 and have received continued support from FSDT. However, as also suggested by the 2019 OPR, there appears to be a need for improving the selection and prioritisation process within FSDT given the wide scope of the Strategy and the large number of projects.

Project partners, especially government partners, perceive that the FSDT support has been highly relevant to their needs. At the same time, concerns are raised about short project time lines and lack of funding to ensure adequate project completion. When asked if the FSDT project support addressed the needs of their organisations, 75 percent of survey respondents answered "to a very high extent", while 19 percent answered "to a high extent" and 6 percent "to a moderate extent". Likewise, almost two thirds of surveyed project partners are "very satisfied" with FSDT support, while 38 percent are "satisfied". Government partners generally appear more satisfied than other partners, as reflected in the fact that 90 percent of government respondents think that the project addressed the needs of their organisation to very high extent, compared to 67 percent of respondents from private organisations and 71 percent of FSPs (see Figure 2 below).

¹⁷ Proximity, robust e-platform, robust information and easy client on-boarding, and informed customers and consumer protection.

Figure 2 Addressing partner needs

Source: Evaluation survey

Among the partners interviewed for the 12 sample projects, a large majority similarly perceived that the FSDT support met their expectations. A negative or more mixed response was received from partners in two projects. In one of these projects, the project partner felt that FSDT did not completely understand their needs, and that the product developed with FSDT support was not user-friendly. In the second project, the issue was not so much about the relevance of the project but more related to dissatisfaction with FSDT's partnership approach. When asked for suggestions on how the partnership with FSDT could be improved, some other partners – who generally were happy with FSDT support – indicated that the project period was too short and sometimes the final part of the development of new product/ service was not funded.

In summary, project partners, especially government partners, perceive that the FSDT support has been highly relevant to their needs. This can be explained by the FSDT Strategy's close alignment with NFIF 1 and NFIF 2, and the number of NFIF key initiatives that FSDT has supported. At the same time some partners have raised concerns about short project timelines and lack of funding to ensure adequate project completion.

4.1.2 Responsiveness to ultimate beneficiaries

In this section, relevance is discussed from the perspective of the FSDT Strategy's responsiveness to the needs of ultimate beneficiaries, in particular MSMEs, farmer, women and youth.

As defined in the FSDT Strategy, FSDT's overall goal is to contribute to sustainable improvements in the livelihoods of poor households, primarily by "providing greater

access to financial services for men, women and businesses”.¹⁸ Specifically, the purpose is to contribute to the development of appropriate, affordable and accessible solutions that can be used by enterprises and low income people, including farmers, women, men, youth and other marginalised groups in rural and urban areas.

Promoting financial services responding to the needs of MSMEs and small-holder farmers have, in line with both NFIF 1 and NFIF 2, been a focus for FSDT over the strategy period. A large number of MSME/SME projects have been supported, although a majority of them have been relatively small. The focus on businesses, resonates with NFIF 1, which highlights that that MSMEs are the engine of growth in Tanzania but that only 20 percent of such MSMEs are served by formal financial institutions and nearly 70 percent do not use any financial services at all (citing 2010 data).¹⁹ NFIF 1 also notes that agriculture is the backbone of Tanzania’s economy and that there is a sizeable population involved in agri-business. At the same time, more than half of agri-business MSMEs are totally excluded from any formal and informal financial services.

In the FSDT Strategy, SME finance and agriculture (and rural finance) are singled out as priority thematic areas, alongside digital finance, research, and insurance and consumer protection. The particular focus on MSMEs is also reflected in one of the four strategic objectives of the FSDT Strategy (objective 3). During the period 2016-2020, FSDT supported a total of nine projects linked to this objective, corresponding to 4 percent of total project expenditures. However, projects related to SME finance as well as agriculture and rural finance have also been supported under other strategic objectives, and, in total, 17 projects fall under the theme of SME finance (see Figure 3 below). Yet, the cost of these project still only corresponds to 6 percent of total project costs during the period 2016-2020. In general, as further elaborated on in Section 4.2.5, considerable staff time have been used to administer and manage small projects of a limited time duration.

The needs of women and youth are increasingly being prioritised by the national policy framework and FSDT, especially since 2019. At the same time, the number of projects targeted to women and especially, youth, are still few and more needs to be done to ensure systematic gender mainstreaming. While the NFIF 1 targeted all Tanzanians, the priority was given to poor rural households and their enterprises as well as low income women and youth with a special focus on children. The NFIF 2, which also singles out women and youth as key target groups, includes specific sections dedicated to gender equality and youth. It elaborates on the barriers to women’s financial inclusion and, unlike NFIF 1, considers women as a pivotal market that deserves increased attention and not as a mere segment to be given preferential treatment. Accordingly, NFIF 2 seeks to promote financial education and financial literacy programmes for women and integrate gender issues into policies and other related national strategies. With regard to youth, NFIF 2 sets out to prioritise initiatives that will have an impact on youth in particular, including digital IDs, access to phones and life skills.

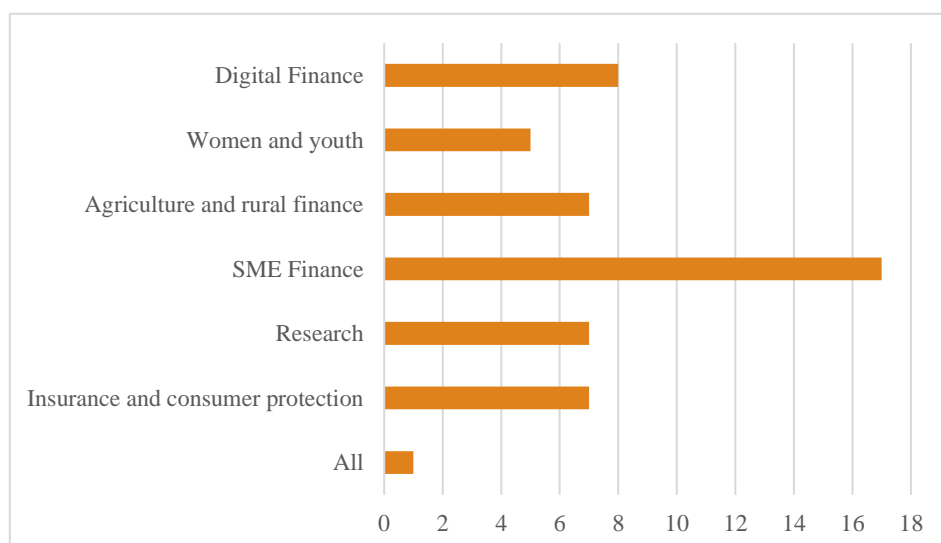
¹⁸ FSDT Strategy Paper 2013-2018. Revised June 2016.

¹⁹ Tanzania National Council for Financial Inclusion (2014).

The FSDT Strategy recognises the gender divide in the use of financial services and identifies some of the barriers to, and opportunities for, women's financial inclusion. It also includes a short section on youth and access to finance, describing the progress made and some of the remaining barriers. The commitment is made to drive data initiatives that aim to show progress made in reaching out to women and the challenges they are facing, as well as drive innovations for solutions specifically targeting women, when feasible. In addition, the FSDT Strategy pledge to support interventions that target youth.

In 2018, FSDT adopted a Women's Strategy, which was informed by a gender equality audit of FSDT and the FinScope 2017 survey. The FinScope 2017 survey was potentially the most important FSDT initiative from a gender perspective so far, since it unearthed that despite improvements in financial inclusion the gender gap was substantial, and for this reason, prompted FSDT to conduct a more detail gender gap report. The Women's Strategy has seven focus areas and has been implemented since early 2019, when FSDT recruited a gender advisor/Head of Women and Youth. Notable initiatives include the support provided to the Women's Affairs Committee established under the National Financial Inclusion Council (to promote gender-sensitive indicators), the work with the Ministry of Gender and Youth for incorporating aspects relating to financial inclusion in the National Gender Policy and its implementation plan, efforts to integrate a gender perspective in the national ID strategy roll-out, etc. The gender advisor has also started to conduct gender training for staff (interrupted by Covid-19) and has developed some tools (not completed).

In practice, the FSDT project portfolio included five projects (three are still ongoing) that directly targeted women and youth. These projects were all initiated in 2019 following FSDT's decision to establish women and youth as a new theme. Four of the five projects are focusing on women and the remaining one on youth (a youth awareness campaign). According to a FSDT spreadsheet on the project portfolio, several other projects have also targeted women and youth, but this is not always obvious. Three of these projects were among the sample of projects studied in-depth as part of the evaluation, and none of them were found to be intentionally designed to focus on women and youth. Rather, the assumption was that a large part of the individuals engaged in projects were women and youth.

Figure 3 Number of projects by theme

Source: Portfolio analysis

According to FSDT, it has been a challenge to convince implementing partners to prioritise women and youth in their projects. At the same time, as indicated by the survey, most projects partners (78 percent) believe that their projects address the needs of women and youth to a very high or high extent. As also highlighted in previous reviews, the lack of gender- and age-disaggregated data collected by FSDT makes it difficult to say how much projects have actually benefitted women and youth.

The FSDT Youth Strategy, which was also developed in 2018 is still in a draft format and has effectively not been implemented beyond the youth awareness campaign mentioned above and a recent call for proposals with a focus on youth initiatives under the FinSights Lab project. Four projects are in the very early stages of development/implementation.

In summary, the FSDT Strategy has been relevant to the needs of MSMEs and small-holder farmers, and increasingly, especially during the past two years, to the needs of women. At the same time, the amount of resources allocated to projects directly targeting these beneficiaries have been limited. Gender mainstreaming and the specific needs of youth have not yet been given adequate attention in the project portfolio.

4.1.3 Learning capacity

This section briefly discusses the extent to which lessons learnt from what works well and less well have been used to improve and adjust project/ programme implementation – including from a gender perspective. FSDT’s MEL system and capacity is further assessed in Section 4.2.3.

The role of learning has been strengthened over the years but needs more attention. Learning from what doesn’t work has been a particular challenge. As

elaborated on in Section 4.2.3, FSDT's MEL system is more geared towards accountability than for (internal) learning. This has been noted in several external reviews already.²⁰ At the same time, the role of learning has been strengthened in recent years. For example, following the MTR recommendations, a learning partner (ITAD) was contracted. Moreover, the current MEL team is well aware of the challenges and importance of learning, and has introduced improvements to enhance the role of learning e.g. in quarterly review meetings.

Learning from failures has been limited. It should be noted that this is a very common issue to any programme. FSDT's programme completion reports for less successful projects, for example, sometimes include only limited information about what actually took place, and instead, they repeat what was meant to happen from the design documents. Moreover, in some cases, there has been limited or no lessons learnt sharing within FSDT or beyond, even if it was a part of initial project design. This can hinder the sustainability of FSDT's work (see Section 4.3). In some cases, the plans for sharing lessons learnt were disrupted by Covid-19.

Limited data on women (and youth) hinders learning on how these groups have been impacted by FSDT's work, and thus, also limits how to improve it. While the most recent FSDT annual report does include a short section on women/ gender (as discussed in Section 4.2.3), there is limited data on women and youth. For example, in the logframe only a couple of new products and services include gender disaggregated data. While in many cases, women (and youth) belong to the groups that potentially – or sometimes very likely – benefit from new services or regulations, without proper data it is difficult to first have a clear understanding of the current situation, and secondly, to improve it.

In summary, the role of learning has been strengthened over the years but needs more attention. Learning from what doesn't work has been a particular challenge for FSDT.

4.2 EFFECTIVENESS

Effectiveness is about the achievement of objectives and results, including any differential results across groups. As elaborated on in Section 3.1., the assessment of effectiveness in this evaluation has been made with the help of Contribution Analysis and rubrics. The results of this assessment is presented in Sections 4.2.1 and 4.2.2. The subsequent sections seek to address the evaluation questions in the ToR about the quality of FSDT's M&E system, Value for Money (VfM), the model of service delivery, and FSDT's role as market facilitator.

4.2.1 FSDT's contribution to outcomes

This section focuses on the extent to which FSDT has contributed to (selected) outcomes defined in the reconstructed ToC. The section first briefly addresses the achievement of logframe targets, as reported on by FSDT, and then presents the key outcomes found in cases studies. Finally, a few non-case study projects that have potential for transformational impact are briefly described.

²⁰ See Retrospective Impact Assessment 2005-2015, 2016 MTR, 2017 OPR and 2019 OPR.

FSDT reports a high level of outcome and output achievement. However, the quality and realisation of logframe targets is debatable and difficult to verify in some cases. Gender disaggregated data is not consistently presented. According to FSDT's logframe (updated by the end 2020) all outcome indicator targets, and six out of seven output indicators targets, were achieved (in many cases exceeded) by the end of 2020. However, it is not clear whether all the outputs and outcomes (especially new products and services) have been fully implemented (yet). For example, the SME-banking model is included as an example of new solutions but according to the representative of the bank (that was meant to implement changes and new systems), nothing was implemented in practice due to various issues. Another example is M-Koba solution that is still in the piloting phase and has not been deployed in the market (and it seems that it is currently lacking resources to finish the process). Some new products are also included in more than one category, making it somewhat difficult to get a clear picture of FSDT's achievements. Also, as pointed out in Section 4.2.4, the fact that the financial delivery rate has been low for most of the period but targets were still achieved or exceeded, indicates that targets may not be ambitious enough. Gender disaggregated data is provided only for a few outputs and outcomes, and there is no age disaggregated data which makes it difficult to say how women and youth have been overall affected.

Presenting findings based on the restructured ToC categories (Annex 3) allows the evaluation to look at effectiveness in a more in-depth manner – not only which types of outcomes were achieved but whether they are significant, what is FSDT's role and how strong is the evidence base to make these assessments in the first place.²¹ A couple of findings are presented per category below. Additional outcomes observed in cases studies are included in Annex 7. The summary table at the end of the section provides all outcomes statements with rubric assessments.

1. Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)

Several important outcomes were observed under this category, most notably the adoption of NFIF 2 and enactment of the Microfinance Act in 2018 (followed by regulations in 2019), the adoption of 2019 Bank Assurance regulations, and a better understanding of the situation of women and youth, e.g. in terms of financial services used, existing barriers, and regional differences, achieved through the 2017 FinScope survey. These outcomes were also influenced by other actors but FSDT's support was often seen to speed up the process considerably. These outcomes also have potential to be sustainable and produce additional large-scale and transformational changes.²²

²¹ As explained in Section 3.4, the evaluation team used a set of three rubrics to assess each outcome claim: i) the significance of change, ii) the level of contribution FSDT has had in this change, and iii) the strength of evidence i.e. how strong evidence base we have to make these assessment. These rubrics are presented in Annex 6.

²² Annex 6 explains how the significance of change for the outcome of Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth) has been assessed. The definitions for level of contribution and strength of evidence remain the same for each outcome type.

Examples of outcomes:

A. Second National Financial Inclusion Framework (NFIF 2) 2018-2022 adopted by government, which, in line with the M4P approach, shifts the focus from access to usage and pays increasing attention to financial inclusion of vulnerable groups.

Level of significance: **medium**
Level of contribution: **high**
Strength of evidence: **high**

NFIF 2 is building on NFIF 1 which was the first national financial inclusion framework in Tanzania. NFIF 1 and NFIF 2 have spearheaded several policy and legal developments, including with regard financial education, financial consumer protection, instant payment system, financial service registers, national ID distribution, microfinance policy and regulation.

FSDT supported the action plan to implement and coordinate NFIF 1 activities, many of which were continued during NFIF 2. NFIF 2 is also based on the FSDT-supported FinScope survey 2017, which recorded improvements in access but significant gaps in usage, especially for women and youth. Several of the policy and legal developments spearheaded by NFIF 2 have been funded and in other ways supported by FSDT. In general, however, the implementation of NFIF 2 has been slow, mainly because of government change and Covid-19.

B. Enactment of the Microfinance Act 2018, followed by regulations in 2019, which have formalised microfinance activities and by doing so creating a conducive environment to develop and grow microfinance subsector including by providing better protection for consumers, a majority of whom are women, youth and rural farmers.

The previous Microfinance Policy (2000) lacked legal mandate and no real progress was made for many years. FSDT supported the development and enactment of both the Microfinance Act 2018 and subsequent 2019 Regulations, including a public awareness programme on the Act and Regulation. The formalisation of microfinance activities has resulted in legitimising four categories of microfinance service providers namely: Banks, depositing taking service providers; non-depositing taking service providers; financial cooperatives (SACCOs); and community financial groups.

Level of significance: **high**
Level of contribution: **high**
Strength of evidence: **high**

FSDT provided a range of support to the process: financial and technical support to partners; thought leadership in policy advocacy-related activities; evidence and insights through research and studies, and facilitated networking and collaboration opportunities between stakeholders. Regulating microfinance activities has significantly changed the subsector making it more supervised and thus, improving consumer protection. By May 2021 over 450 non-depositing taking service providers, 320 SACCOs and over 2,400 community financial groups had been licensed to operate. Though women, youth and rural farmers belong to the groups that typically use microfinance services, it is too early to say how much this has impacted them.

2. Enhanced market infrastructure that generates lower-cost products and services matching the needs of potential clients (including women and youth)

A couple of outcomes under this category were observed in case studies, mainly the rapid rollout of national ID numbers (NIN) and use of NIDA database, and the development of several microinsurance products through the Microinsurance Acceleration Fund (MIAF). While FSDT had a role in the development of many of these products, their uptake (including amongst women and youth) is not always clear.

Examples of outcomes:

A. 22 million people are registered in the NIDA database and 18 million NINs were issued by NIDA

FSDT support to NIDA rapid rollout of NINs have made the national ID platform (ID infrastructure) to effectively play the role of an enabler of financial market and financial inclusion. The support created a linkage to the NIDA ID database with different users including banks, Telcos and other government agencies utilising NINs digitally to offer services particularly Know Your Customer (KYC).²³ This has increased low value customers' access to services and potentially reduced client onboarding cost²⁴, though it is not clear whether this has happened (yet). FSDT provided technical support, funding and capacity building but there were also several other actors that played important roles.

Level of significance: **high**
Level of contribution: **medium**
Strength of evidence: **medium**

B. Several microinsurance products including digital solutions and products have been developed through MIAF

With FSDT's support, Fintechs and innovative microinsurance solutions have generated products and services matching the needs of potential clients (including women and youth). Examples of solutions developed include: Jamii Insurance, Dada card by Micro Health Initiative (MHI) and Process improvement for the Mobile Insurance Product (MILVIK). For example, Dada card provides access to health services and is one of the few products that is especially targeted to girls and young women. According to FSDT, over 1000 policies are issued via Dada card and approximately 120,000 policies via MILVIK. FSDT's role was to provide funding via a challenge fund.

Level of significance: **high**
Level of contribution: **high**
Strength of evidence: **medium**

3. Improved (access to) and use of financial products and services by MSMEs

In this category one clear outcome was observed through case studies: more than 10,000 individuals who aspire to grow savings and start and grow their businesses

²³ refers to the process of verifying the identity of your customers, either before or during the time that they start doing business with you.

²⁴ refers to the process of welcoming new clients into your business.

(MSMEs) have taken up a new loan type (Kua Nasi) that was supported by FinSights Lab. More outcomes could have been observed, had more case studies been selected.

A. More than 10,000 individuals who aspire to grow savings and start and grow their businesses (MSMEs) have taken up a new loan type

The loan type (Kua Nasi) was developed and piloted with FSDT support through FinSights Lab and launched in the market by the National Bank of Commerce (NBC). This new product allows MSMEs, such as food vendors, motorcyclists, saloon owners and small industries, to save and access low-interest loans to grow their business. While the number of new loans can be considered high, it is not certain whether these individuals had access to other loans before the new product, or not.²⁵

Level of significance: **high**
Level of contribution: **high**
Strength of evidence: **medium**

4. Improved (access to) and use of financial products and services by households and individuals (including women and youth)

A few important outcomes were observed in this category, including the development of new loan type for farmers; previously ‘unbanked’ individuals being able to demonstrate good credit history through new data sharing service; and savings group members having access to, and making use, of mobile-based digital solutions for financial services. FSDT’s contribution was assessed to be medium or high in these outcomes. Since some of these new services are still in relatively early stages of implementation, it is difficult to assess their uptake and sustainability. Their impact on youth and women is also not clear.

Level of significance: **medium**
Level of contribution: **medium**
Strength of evidence: **medium**

Examples of outcomes:

A. More than 15,000 farmers have accessed a new loan type that only have to be paid back after the sale of their produce

The loan type (Shambani) was developed and piloted with FSDT support through FinSights Lab, and launched in the market by NBC. The loan was designed to fit the farmers’ farming cycle. Women and youth have not been specifically targeted and no disaggregated data on how these groups have benefitted is provided.

B. An increasing number of savings group members, including women, in Tanzania have access to, and make use, of mobile-based digital solutions to save, request loans, receive loans, make loan payments, and receive share-outs. The digital solutions are perceived as safer and more efficient than earlier practices.

²⁵ given the time and resource restrictions, it was not possible to interview any potential users for this evaluation. Thus, all outcomes related to new products are lacking the user perspective and the evaluation relies on the partner and stakeholder interviews to understand the scale of uptake or use.

FSDT has supported a series of projects with different partners involving Tanzania savings groups, since 2017 focusing on digital solutions. In cooperation with Aga Khan Foundation and Selcom (a payment aggregator), 12 savings groups (women constitute 60-70 percent of members) accessed and have continued to use a software product developed and tested with FSDT support.

Level of significance: **medium**
 Level of contribution: **high**
 Strength of evidence: **medium - high**

However, the commercial viability of the product has not been proven and the project therefore not scaled-up. A subsequent project (a partnership with Vodacom) is currently being piloted and has resulted in the on-boarding of more than 5,000 savings groups (with a total of 90,000 members – 72 percent of whom are women) to a similar digital product. Given the products are still in implementation phase, it is too early to make assessments about the sustainability and scale-up.

5. Strengthened market system where market actors increasingly collaborate and co-produce solutions and products

Under this category, a couple of outcomes were observed in case studies: agri-finance actors who used to work more in silos are now collaborating along value chains, and; a microinsurance technical working group that co-developed new solutions. While it is not clear whether the collaboration would continue for the agri-finance actors without FSDT's facilitation support, the technical working group (initially formed for a project) has continued its activities and work after FSDT's support ended.

A. Increased coordination and collaboration in agriculture financing has led to the development of 'integrated value chain financing' approach which is expected to accelerate new products and innovation.

Actors in agriculture financing used to work more in silos and collaboration was limited. According to stakeholders, FSDT has cultivated strategic (public-private) partnerships to create synergies and to bring actors together. FSDT has also financed several value chains studies that form the evidence base for strategic engagements. In many ways the collaboration and sharing is still in the beginning and without FSDT's facilitation support it might not continue.

Level of significance: **medium**
 Level of contribution: **medium**
 Strength of evidence: **medium**

B. Formation of Microinsurance Technical Working Group led to strengthened collaboration among microinsurance stakeholders that enabled them to share experiences, solutions, and products.

Several collaborations in delivering microinsurance solutions have emerged by banks and insurance brokers including that of NBC, Strategies Insurance, and ACCLAVIA Insurance Brokers to deliver AFYA SALAMA insurance policy.

Level of significance: **medium**
 Level of contribution: **medium**
 Strength of evidence: **medium**

Improved policy, legal and regulatory environment in mainstream insurance and microfinance helped the MIAF funded by FSDT to ignite Fintech and innovation efforts in microinsurance in Tanzania, which led to growth in insurance penetration from 13 percent in 2013 to 17 percent in 2017. FSDT claims to have contributed about 2 percent of the change. Though the working group was formed for a project, according to stakeholders and partners, it led to the emergence of new solutions which might not have happened without the group. After FSDT's support ended, members have kept the group ongoing and active. Among other things, the working group has organised study dissemination sessions, is working on relevant strategies and action plans, and raised funding for the Microinsurance Coordinator to support the group's work.

Non-case study projects that have potential for transformational impact on financial inclusion

Given the limited resources for this evaluation, some other FSDT projects that have potential to introduce transformative, sustainable and/or large-scale changes were not selected as case studies, and thus, were not included into the rubric analysis either. However, given their importance, two of them are briefly presented here.

The Financial Services Registry (FSR) is a searchable public records of firms, individuals and other bodies that provide financial services and are, or have been, regulated by the financial services regulator. This kind of registry has not existed in Tanzania before, making it difficult for regulators to monitor and supervise provision of financial services including money laundering activities. FSDT supported the project by providing funding (used e.g. for hiring a technical consultant and for facilitating a collection of all financial access points in the country), technical advice and training for FSPs and as well as facilitating stakeholder engagement throughout the process. According to the 2019 OPR, several key informants agreed that this was one of the projects that will have a huge impact on financial inclusion in Tanzania. After the launch in 2020, the system is being used, data validation is ongoing and more FSPs are being registered to use the system.

The Tanzania Instant Payment System (TIPS), is another initiative that may bring large scale changes. To address inadequate and expensive payments system infrastructure and high cost of payments in the market, FSDT supported the Bank of Tanzania (BoT) to develop the payment ecosystem environment that would help drive financial inclusion by providing an inclusive payment infrastructure for everyone. BoT staff interviewed by the 2019 OPR acknowledged that without FSDT, the development of TIPS would have taken much longer, and that the contribution of FSDT to that date had been "really significant". It is worth noting that implementation of TIPS was halted for several months. The work has since resumed and TIPS was expected to be rolled out from July 2021.

Only a limited number of unintended consequences were found in case studies. In some projects there were small ripple down effects, such as regarding the Microfinance Act, which led to a situation where other laws have to be amended to align with it.

Unintended negative consequences were observed in the National ID roll-out project. For instance, youth below 18 who were accessing financial services before introducing mandatory NINs were eliminated from accessing mobile phone and financial services because they do not qualify to have NINs.

In summary, based on the Contribution Analysis, FSDT has contributed to new or improved policies and regulation. This includes NFIF 2 which sharpens the focus of government policy on excluded groups, including poor women and youth, and the Microfinance Act, which provides better protection of consumers, a majority of women are farmers, women, and youth. While several new policies are still in the implementation phase, they have potential to bring about transformational impact on financial inclusion in upcoming years. Other market system outcomes are also observed, especially regarding market infrastructure and new products and services, but generally it is difficult to assess their uptake due to data limitations and the fact that several projects are still on-going or have only recently been completed. Among the 12 market system outcomes observed in case studies, FSDT's contribution was assessed to be 'high' in 6 cases and 'medium' in 6 cases which highlights the important role that FSDT played in the emergence of these results. In all cases, there were also other factors influencing the outcomes but FSDT's support was often seen to speed up the process considerably.

Table 3 Summary table of rubrics assessments on key outcomes found in case studies

Types of changes		Examples of key outcomes	Significance of change	Level of contribution	Strength of evidence
Market system outcomes	Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)	Second National Financial Inclusion Framework (NFIF 2) 2018-2022 adopted by government, which, in line with the M4P approach, shifts the focus from access to usage and pays increasing attention to financial inclusion of vulnerable groups.	Medium	High	High
		The situation of women and youth, e.g. in terms of financial services used, existing barriers, and regional differences, is better understood and addressed by the policy, institutional and regulatory framework thanks to Finscope 2017 analysis.	Medium	High	High
		Enactment of the microfinance Act 2018 followed by regulations in 2019 have formalised microfinance activities and by doing so creating a conducive environment to develop and grow microfinance subsector including better protection for consumers whom majority are women, youth and rural farmers.	High	High	High
		The enactment of the 2019 Banc Assurance regulations led banks to play the role of distribution of insurance services.	Medium	Medium	Medium
	Enhanced market infrastructure that generates lower-cost products and services matching the needs of potential clients (including women and youth)	22M people are registered under NIDA database and 18 million NIN were issued by NIDA.	High	Medium	Medium
		Several microinsurance products including digital solutions and products have been developed through microinsurance acceleration fund.	High	High	Medium
	Improved (access to) and use of financial products and services by MSMEs	More than 10,000 individuals who aspire to grow savings and start and grow their businesses (MSMEs) have taken up a new loan type	High	High	Medium
	Improved (access to) and use of financial products and services by households and individuals (including women and youth)	Previously 'unbanked' individuals who take micro and small loans (through mobile creditors) have been able to demonstrate good credit history through a new service, and thus have better access to subsequent loans.	Medium	Medium	High
		More than 15,000 farmers have accessed a new loan type that only have to be paid back after the sale of their produce	Medium	Medium	Medium
		An increasing number of savings group members, including women, in Tanzania have access to, and make use, of mobile-based digital solutions to save, request loans, receive loans, make loan payments, and receive share-outs. The digital solutions are perceived as safer and more efficient than earlier practices but are still in implementation phase.	Medium	High	Medium /high

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Strengthened market system where market actors increasingly collaborate and co-produce solutions and products	Increased coordination and collaboration in agriculture financing has led to the development of ‘integrated value chain financing’ approach which is expected to accelerate new products and innovation.	Medium	Medium	Medium
	Formation of Microinsurance Technical Working Group led to strengthened collaboration among microinsurance stakeholders that enabled them to share experiences, solutions, and products.	Medium	Medium	Medium

4.2.2 Factors influencing the contribution to outcomes

This section provides a summary of factors influencing FSDT's contribution to outcomes, identified through the 10 case studies (covering the 12 sampled projects), the on-line survey of project partners, and interviews with external stakeholders. Both enabling and constraining factors have been identified. It should be noted that FSDT's model of service delivery also influence the contribution to outcomes. This issue is dealt with separately in Section 4.2.5.

External factors

Political will and the capacity of market actors have been two of the most important external factors influencing the achievement of results, both from a positive and negative perspective. The impact of Covid-19 on financial inclusion and programming is less recognised. Political will, commitment and support has been identified as a critical enabling factor in several case studies (NFIF project, National ID roll-out, Microfinance Act). It is also a factor that was highlighted by several survey respondents in the comments boxes. Political support has been obtained at the highest level of government (NFIF, National ID roll-out) as well as from the management and staff of individual government ministries and agencies (BoT, MoFP, NIDA). Interviews indicate that the political support has increased over the strategy period, culminating in the passing of important changes in the policy and regulatory environment, including with FSDT support. At the same time, political factors have also constrained progress and results. In particular, the 2020 national general elections caused delays in project implementation (FinScope, Digital savings groups, NFIF).

A second, important external factor has been the capacity of market actors. This has in some cases been a constraining factor as the government capacity to develop and implement new policies and regulations has been limited and the reliance on external expertise high. At the same time, several survey respondents commented that the knowledge, skills and dedication of their staff had been a positive factor. The case studies suggest that the lack of financial resources to implement policies and regulations and for scaling-up pilot projects has been a common challenge, however.

Perhaps surprisingly, Covid-19 does not seem to have been an especially critical factor, at least not judging by the surveys and interviews conducted. Only two of the 29 survey respondents who commented on the question relating to internal and external factors mentioned Covid-19. According to interviews, Covid-19 contributed to the decision to postpone the next FinScope survey and in the project on scaling up the digital savings group Covid-19 delayed the organisation of meetings and trainings.

Internal factors

FSDT's support, especially in financial terms, the capacity and expertise of its staff and consultants, and the strong relationship with government have been key to the achievement of results. The failure to maintain donor relationships and

funding is deemed to be the single most important constraining factor. The support from FSDT, especially the funding, is deemed to have been critical for the achievement of results. This is reflected in most cases studies as well as in the responses to the on-line survey in which 31 percent answered that the financial support was among the most useful types of support. However, the other types of support provided by FSDT are also recognised, especially the analysis and research, which has influenced government policy and work (e.g. NFIF, Microfinance Act) and influenced changes in practices among private sector actors (e.g. customer research). One of the reasons why the financial support has been so important may be found in the general lack of cost-sharing by the government, which also give rise to concerns about the sustainability of results (see Section 4.3).

Another enabling factor has been the commitment, capacity and expertise of FSDT staff and consultants. This is emphasised in several case studies, in interviews with external stakeholders, and in the responses to the on-line survey. In the survey, FSDT's skills in terms of research, market facilitation, project management, and stakeholder coordination are particularly highlighted. This is in line with the findings of the 2019 OPR. The 2019 OPR also found that although FSDT technical staff are organised into overlapping themes, synergies and collaboration within themes are not being fully realised with projects often being led by a single team members with minimal inputs from others. Interviews indicate that this is still the case. Some interviews also suggest that technical staff have not been sufficiently empowered, indicating shortfalls in talent management.

The strong relationship with government has also been an important factor. FSDT has been working closely with BoT and MoFP, among other government agencies, for many years, and has become a trusted and close partner. Some interviewees argue that FSDT is, in fact, too close to the government, and that a co-dependence has emerged whereby the government relies too much on FSDT's support and FSDT's role as an independent market facilitator could be questioned. However, the case studies suggest that good relations have also been built with some private sector actors, and FSDT has been able to connect different types of actors to each other. As shown by the portfolio mapping, eight of 51 projects are implemented through FSPs and other 13 by other private sector entities. On the other hand, the relationship with civil society appears under-developed as only two projects have had NGO partners.

Perhaps the most noteworthy constraining factor is the decrease in funding to FSDT. While FSDT had a strong and diversified funding base in the past, no new funding has been mobilised since 2018, the initial end date of the FSDT Strategy. Since then, FSDT has been operating based on no-cost extensions of donor agreements. When the last strategy extension came to an end in June 2021, FSDT could not renew the contracts of several staff members, and hence, these staff members had to leave. Interviews indicate that the inability to fundraise is connected to the critical findings of previous reviews and assessments, and donor's dissatisfaction with FSDT's follow-up and reporting (see Section 4.2.4 for further details). The current situation also underscores FSDT's unhealthy dependence on donor funding.

In summary, a number of factors have influenced the achievement of outcomes and the effectiveness of FSDT's support. The level of political will and the capacity of market actors are found to be among the most important external factors that have influenced results in both a positive and negative way. Covid-19 is deemed to have had an impact but is less recognised as a factor by stakeholders. Among internal factors, FSDT's support, the expertise of its staff and consultants, and the close relationship with government are deemed to be the most important. The failure to nurture donor relationships is deemed to be the single most important constraining factor.

4.2.3 M&E system and capacity

In this section, the strengths and weakness of FSDT's M&E system is discussed. This includes an assessment of the ToC and logframe of the FSDT Strategy and the extent of gender-disaggregated data collected and used for programming purposes.

FSDT has improved several MEL processes and practices since 2016. During the past few years, FSDT has re-developed the ToC and logframe for the Strategy, conducted staff training on M&E, designed tools and templates such as a project completion report template, improved quarterly review meetings, etc. Following the MTR recommendations, FSDT also hired a learning partner (ITAD) in 2019 to support the MEL work. Among other things, the learning partner has produced one Output to Purpose Review (OPR) and an accompanying Learning Brief (2020) that assesses the progress towards Strategy objectives. The learning partner has also supported FSDT e.g. in the revision of MEL tools and templates and the development of the new strategy and MEL manual among other things.

Even though increased attention have been given to MEL, findings in this evaluation are aligned with previous external reviews and assessments, indicating a number of improvements are yet to be fully implemented. While the MEL improvements that FSDT has implemented should be recognised – together with the notion that getting MEL 'right' for any M4P programme is challenging and requires considerable investments in time and resources – there is room for improvement, for example on how changes in partners behaviour, and sustainability and scale, are tracked and how the evidence is used for adaptive management and decision-making. It is noted that a majority of the MEL findings (and recommendations in Chapter 6) have been iterated in previous external reviews. The similarity of the recommendations indicates a slow progress on some MEL aspects, and likely insufficient resources allocated to MEL in spite of the increased attention.²⁶ Based on the discussions with FSDT, it is expected that many of the outstanding MEL issues will be addressed in the next strategy.

FSDT's ToC is similar to the logframe. This may have limited its use and usefulness for learning. The ToC for 2016-2020 is very closely linked with the logframe, and maybe thus, it lacked defining pathways to change/ a proper programme theory of how change happens, as well as assumptions. As a general rule, listing all the individual projects in ToC is not necessary, especially if they are presented instead of

²⁶ There may be several reasons why recommendations from previous reviews have not been fully implemented such as several shorter no-cost extensions that may limit long-term planning but an analysis on those reasons is beyond the scope of this evaluation.

how activities and/or ways of working are contributing to initial/ intermediate outcomes. The importance of identifying underlying assumptions for each causal linkage has been brought up in a number of previous reviews. Moreover, it is not clear whether ToC has been used for internal reflection and learning, or whether it has been adapted (periodically) based on increased understanding and evidence. This point was noted already in the Retrospective Impact Assessment 2005-2015.²⁷

The ToC's alignment with M4P concepts and thinking is somewhat limited, and it is not fully aligned with the ToC model developed for FSD programmes.²⁸ For example, it is missing initial outcomes such as changes in partners' behaviour. In the new MEL manual, the ToC elements that should be included are better articulated and more attention has been paid how key M4P concepts (e.g. adoption, adaption, replication etc) should be considered in results chains for individual projects. A new ToC for FSDT Strategy 2.0 was developed in April 2021. It shares some of the weaknesses with the previous ToC such as a) listing all interventions instead of articulating FSDT's activities and ways of supporting partners as a set of outputs, b) it is missing initial outcomes such as changes in partners' behaviour, and c) assumptions for each level are not articulated.

The current FSDT logframe does not give a clear picture of the overall progress.

The categories in the FSDT logframe are overlapping and thus, several solutions or products supported by FSDT are included in several instances as both outcomes and outputs. Some are included more than twice (e.g. Rural Health Insurance). While many new products or services can in principle represent several logframe categories, it can give an unclear picture about the overall progress, what has been achieved by FSDT and the significance of change. Logframe also seems to be intervention/ project-focused in a sense that majority of outputs or outcomes are typically what one project has worked on (products, services, policies). Moreover, as noted in Section 4.2.1, it is not clear whether all products or solutions are implemented as they are recorded in the logframe. This point is linked with the insufficient project follow-up by FSDT that is discussed in Section 4.3, and also mentioned in almost all the previous reviews.

Tracking progress towards market system outcomes, and sustainability and scale, in a systematic manner across all projects and thematic areas is yet to be realised.

Linked with the previous point, a lot of FSDT's work and MEL is focused on project level and less attention has been put into programme or market system level. For example, quarterly reviews seem to be mainly about tracking progress on each individual project (outputs, outcomes, budget etc.). Annual reports are following the logframe format and thus, focus on counting the number of outputs and outcomes (e.g. key policy changes, products, services) and whether the target numbers have been achieved. This can incentivise FSDT to be involved in several, and likely too many, projects and partnerships, instead of focusing on a few in a strategic manner.

FSDT has achieved a number of important high-level outcomes and these achievements have been accordingly recorded in logframes and OPRs. However, there is no mechanism that tracks progress towards market system changes in a systematic manner

²⁷ The report states (at p.72) that: "The ToC should be interrogated on a regular basis, informed by regular market analysis of the systemic constraints to financial sector development."

²⁸ see FSD Africa (2016).

across FSDT's areas of work, how partners are changing (adapting) their behaviour in response being engaged with FSDT's work, or how non-partners or competitors are copying in (crowding in). In addition, due to weaknesses in project follow-up, there is limited understanding and evidence whether new products or services have been fully implemented, scaled up or replicated by others.

It should be noted that developing and implementing MEL system that tracks how market system actors are behaving and how markets are responding requires time, resources and management buy-in, as well as close collaboration between the MEL, programme and management teams. This is challenging for many M4P programmes. However, not having a system for this means that this type of behaviour – and how it changes – is not properly captured or understood. This point has also been raised in the several previous reviews.

Capturing how youth and women have been included or impacted by FSDT's work has been challenging beyond the few projects that are intentionally focused on women and youth. The limited analysis and/or gender and age disaggregated data has been brought up by several previous reviews. In the most recent logframe (October 2020), only a few achievements listed (outputs and outcomes) include any gender disaggregated data.²⁹ This indicates a slow progress to implement the women and youth focused work and data collection. However, a new gender advisor has recently been hired by FSDT and is likely able to support the teams on the topic, especially how women and youth considerations and data needs are intentionally included into the projects and/or programme areas from the outset.

FSDT has been subject to a large number of external reviews, some with overlapping ToRs and time periods, indicating a lack of donor coordination and consideration of aid effectiveness principles. In general, the MEL system is more geared towards accountability than for (internal learning). As described above, FSDT has been subjected to several external reviews. Sometimes the review periods are overlapping or reviews even taking place at the same time (e.g. this evaluation and governance review are happening at the same time). This potentially indicates a lack of donor coordination to evaluate FSDT's work, though the evaluation team recognises that often donors have different funding periods and thus, different accountability requirements. Nonetheless, being subjected to reviews that take place almost at annual basis can distract staff time from the implementation work, and might also waste both donor and programme resources. In general, as further discussed in Section 4.1.3, more attention and resources are dedicated to accountability (for donors) and less for internal learning and reflection.

In summary, while FSDT has given increased attention to MEL since the beginning of the Strategy, a number of improvements suggested in previous reviews have not been fully implemented yet. The current FSDT logframe does not give a clear picture of the overall progress (including on women and youth) and a system to track progress

²⁹ For example, under the indicator called 'the Number of new solutions deployed in the market by FSPs supported by FSDT' 12 projects are listed. Of those, only four projects (Vicoba Digital Platform, Dada card, M-koba and Banking agency model) include information on how many / the percentage of women who have been trained or are using new products or services. Other logframe categories have even less this information and there is no age disaggregated data. While this may be enough to meet gender targets in the logframe, it comes across as insufficient for a programme that has been recommended to gather evidence on how women (and youth) are being affected by FSDT's work for several years.

towards market system outcomes, and sustainability and scale, in a systematic manner across all projects is lacking. Frequent donor-commissioned reviews and assessments makes it difficult for FSDT to shift the focus from accountability to learning.

4.2.4 Value for Money

This section provides an overall assessment of Value for Money (VfM) building on the “3 Es” approach – i.e. covering economy, efficiency and effectiveness. It draws on the FSD Africa Value for Money Framework, which was produced in 2018 following a consultative process among FSDs and with the aim of ensuring a more consistent approach to VfM assessment and reporting across the FSD network³⁰, as well as previous reviews and assessments, which have addressed various aspect of VfM.

The share of overhead costs is currently higher than recommended but similar to those of FSDK and AFR. Successive reviews and assessment show weaknesses, but also progress in addressing, other economy indicators. Economy relates to the cost and value of inputs and tends to include an assessment of administration and overheads management, fiduciary risk management, procurement, consultant selection, etc. FSD administration and overheads management is analysed in-depth in a recent (March 2021) consultancy report, triggered by a new requirement imposed by FCDO that FSDs should limit their overhead expenditures to 15 percent of total funding. The same recommendation has been made by the PIC of FSDT. It is noted that the administration costs were defined and approved by PIC in 2014 following a detailed review and analysis. Based on FSDT’s latest annual financial statement (June 2020), the consultancy report finds that FSDT’s overhead ratio stands at 19 percent, i.e. four percent higher than the agreed threshold. This could be compared to FSD Kenya’s overhead ratio of 22 percent and AFR’s of 18 percent.³¹ FSDT is using another formula for calculating overhead costs and reports that the share of such costs increased from 11 percent in 2016 to 18 percent in 2019, but then dropped to 14 percent in 2020.³²

With regard to fiduciary risk management it is noted that FSDT has a relatively comprehensive set of administrative policies and procedures, including in relation to financial management and control, procurement, and HR management, which are deemed to help ensuring that costs are managed within reasonable levels. Project consultants are recruited based on approved ToR and in line with established procurement policies and procedures. Approval processes have been defined and authorisation limits established. The fact that the role of finance manager has been outsourced and all payments need to be signed by the Trustee provides additional checks and balances. However, previous reviews and assessments highlight a number of concerns relating to salary levels and benchmarking, single source procurement, the accountability of travel costs, internal audit, etc. FSDT appears to have addressed some of the issues, and is on track to address others. Many of the outstanding recommendations are expected to be implemented as part of the ongoing governance

³⁰ FSDT Tanzania has recently developed its own VfM guide along the same lines. This guide is still in a draft form and is expected to be applied to the new FSDT strategy from 2021.

³¹ Cenfri (2021).

³² While the consultancy report defines overhead costs as the ratio of total programme management costs to total expenditures, FSDT uses the formula governance expenditure divided by total project costs. The calculations of FSDT could not be verified by the evaluation team.

and organisational review, which has been expanded in scope and now constitute a comprehensive change management exercise.

FSDT's own reporting points to a high level of output achievement. An assessment of efficiency indicators gives a more mixed picture of efficiency, with shortcomings noted in budgeting and project/partnership management. Efficiency focuses on the relationships between inputs and outputs. According to FSDT's logframe six out of seven output indicator targets have been achieved and, in four cases, exceeded. However, as elaborated on in Section 4.2.3, the logframe does not give a clear picture of the overall progress towards market systems outcomes, what has been achieved by FSDT and the significance of change.

The financial delivery rate has been low for most of the period (with the exception of the first year). In 2020 and 2019, 66 percent and, respectively, 65 percent of the FSDT budget was spent. In 2017, the delivery rates was as low as 50 percent.³³ This indicates that FSDT's budgeting and planning capacity needs to be strengthened and supports the impression that targets are not very ambitious (since they could be achieved despite the fact that financial delivery was low).

An assessment of some other key efficiency cost drivers reveal both strengths and weaknesses. For instance, FSDT has a standardised and updated guidelines for programme and project management requiring all projects to have annual and quarterly work plans and budget that are regularly monitored. At the same time, previous reviews indicate shortcomings in the monitoring of indicator targets and, as also reflected in the case studies of this evaluation, project follow-up is inconsistent. In some cases, FSDT discontinued its engagement with projects before the launch of new products and services, and, hence, did not sufficiently safeguard sustainability and scale-up (see Section 4.3 for more details). Partnership management is another example. As indicated by the case studies and the on-line survey, most project partners have highly appreciated the engagement with FSDT. In a few cases, however, interviews point to a lack of trust, accountability and clarity in project management. While partners are subject to due diligence, partner selection criteria and exit plans are missing. As further elaborated on in Section 4.3., the capacity of partners to fully implement and scale up products has not sufficiently been assessed.

FSDT similarly reports a high level of effectiveness, which to some extent is supported by the contribution analysis conducted as part of the evaluation. At the same time, FSDT's performance across objectives/results areas has been uneven and shortcomings have been noted in relation to several key effectiveness drivers. The evaluation has assessed FSDT's contribution to selected outcomes (see Section 4.2.1) but not the achievement of the outcome targets in the FSDT logframe. FSDT itself reports that all five outcome indicator targets were achieved (four of them exceeded) by the end of 2020, but, as already noted above, there are shortcomings in the design of the logframe and data gaps, which calls for a more nuanced view.

The analysis and assessment in this report indicate that the most significant results have been achieved under objective 1 (policy, legal, regularity framework and data) and objective 2 (financial sector infrastructure). These are also the areas of the FSDT

³³ FSDT Annual Income and Expenditure Reports 2016-2020.

Strategy that are geared towards macro and meso initiatives. Objective 3 (access to finance for MSMEs) and objective 4 (access to finance for households and individuals) have mostly been pursued through projects at the meso/micro and micro level, which tend to be less transformative in nature. In many cases, as shown by the case studies, the impact (with regard to changes in market systems) and sustainability of these projects are generally less clear. Yet, some 65 percent of the project funding has been allocated to objectives 3 and 4.

In general, it is likely that more focused investment, across a more limited number of macro and meso projects of a longer time duration would have led to greater effectiveness and sustainability. Similar arguments are put forward by the 2016 MTR and the 2019 OPR. An assessment of key effectiveness drivers also reveal a need for continued improvement with regard to analysis of systemic constraints (e.g. the capacities, incentives, and performance of market actors to deliver the requisite functions and rules), and synergies and collaboration within FSDT (see Section 4.2.2). Monitoring and results management (see Section 4.2.3) is another area that deserves increased attention, also from an effectiveness point of view.

Governance is an important effectiveness driver that remains an area of concern due to weaknesses in communication and reporting, frequent rotation of PIC members, PIC member's lack of understanding about M4P, among other issues. Governance is an area that has been covered at length in previous reviews and also by an ongoing governance and organisational review process. While FSDT's governance structure is fundamentally sound, interviews indicate that there have been a lack of communication between the senior management, PIC and Investment Committee. While some steps have been taken to address this shortcoming, PIC members are still dissatisfied with the reporting (both in terms of quality and timeliness) from the management. This has affected PIC's ability to provide adequate oversight. In addition, the PIC has been heavily dominated by development partner representatives, who have rotated frequently and, according to some interviewees, have not always had the necessary subject matter knowledge and not challenged the management in a coordinated manner.

In summary, a number of areas for improvement that are critical for ensuring VfM have been identified. This includes the relatively high overhead costs of FSDT and weaknesses in governance, budgeting/planning and monitoring, project management and, to some extent, partner relationships. Several of these capacity constraints have been highlighted in previous reviews.

4.2.5 Model of service delivery

This section discusses to what extent FSDT's model of service delivery – the management and composition of the project portfolio – has been conducive to achieving results.

Projects are managed relatively systematically and with a focus on certain themes but are not designed or implemented as inter-related parts of larger programmes. This holds back the ability of FSDT to plan for, and achieve, longer-term outcomes. FSDT has a detailed programme and project cycle management policy that provides guidance, defines roles and responsibilities and outlines the process of project

identification, project formulation and appraisal, project implementation and project completion. The approach to programme management is less clear. While FSDT strategy focuses on six themes, these themes are not managed as programmes, i.e. group of projects that are planned and managed in a coordinated way. Although projects have ToCs, they tend to be oriented towards the delivery of activities and outputs. This is especially the case for small projects of a limited time duration.

FSDT has supported 51 projects over the strategy period 2016-2020. The portfolio analysis conducted as part of the evaluation shows that most of the projects and resources have been focusing on objective 1 (policy and regulations) and objective 4 (financial services for poor households and individuals). Nine projects but only four percent of the funds have been directed to objective 3 (financial services for MSMEs). Six projects and 10 percent of funds have been directed to objective 2 (FSPs and the strengthening of market infrastructure).

While the investment in macro and meso-level projects has increased in line with previous recommendations, the share of funds spent on meso/micro and micro-level projects is still significant. Considerable efforts is spent on managing small projects of a limited time duration. There has been a fairly balanced spread of projects across macro, meso and micro levels. Some 41 percent of funds have been spent on meso/micro and micro level projects. These projects are mainly designed to contribute to objectives 3 and 4 and appear to have generated less market system change than meso and macro projects contributing to objective 1 and 2.

Figure 4 Number of projects by sector

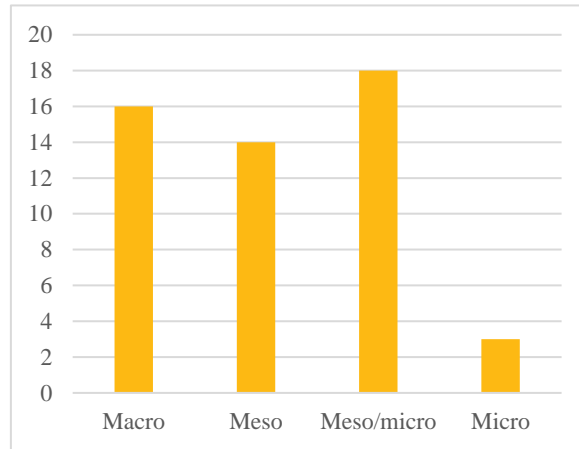
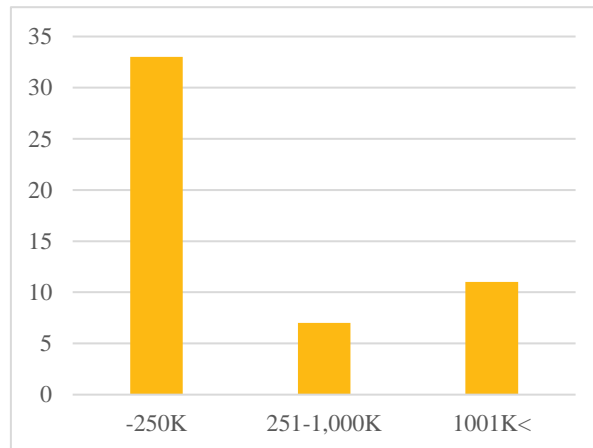


Figure 5 Number of projects by budget size (USD)



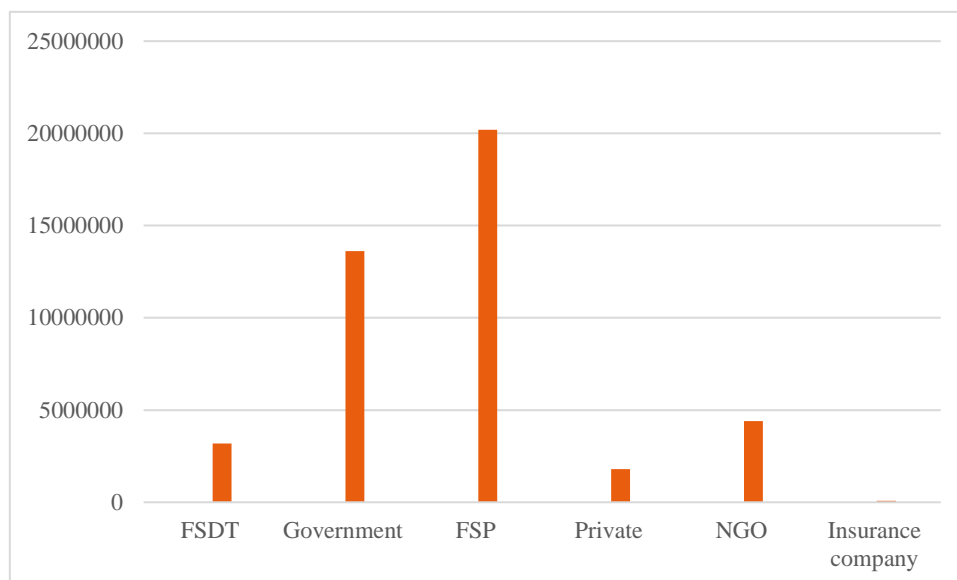
Source: Portfolio analysis

In 2016, as conveyed by the 2016 MTR, 52 percent of funding went to micro level projects, 33 percent to meso projects, and 14 percent to macro projects. Hence, there appears to have been a slight increase in the share of funding of macro and meso level projects (from 47 percent to 58 percent). At the same time, it is noteworthy that a majority of projects (33 of 51 projects) have a budget of less than USD 250,000. The number of projects by sector and budget size is illustrated in Figure 4 and 5.

FSDT is heavily involved in the implementation of the project portfolio, which may limit its ability to build national capacity and ownership among market actors. The portfolio analysis furthermore shows that a large majority of projects (41 projects) have been implemented through or in cooperation with partners, including private organisations and FSPs (21 projects), the government (17 projects), and NGOs (2 projects). FSDT has implemented 10 projects itself and co-implemented another 7 projects, including a majority of the projects directed to objective 1. While the M4P approach may warrant some self-implementation, especially to provide thought leadership, evidence and technical assistance, a large number of fully or partly self-implemented projects would imply that FSDT becomes more of a market actor

than market facilitator. Development partners have also expressed concern for the significant amount of activities conducted internally at FSDT.

Figure 6 Value of project by implementing actor (USD)



Source: Portfolio analysis

In summary, the assessment of FSDT's model of service delivery shows that FSDT has increasingly prioritised macro and meso projects that have the potential to bring about market system change. At the same time, the project portfolio still contains a significant number of, mostly uncoordinated, small and short-term projects at the meso/micro and micro level. In addition, a relatively large number of projects have been implemented or co-implemented by FSDT. This may make it more difficult to ensure national ownership and sustainability.

4.2.6 Realisation of the M4P approach

This section discusses how well FSDT is making use of its various mechanisms for influencing change, and more generally is behaving like a market facilitator, in line with the M4P approach. Box 1 lists some of the challenges that are commonly found in the M4P programme implementation.

FSDT is guided by M4P, and more broadly, Market System Development (MSD) approach which aims to understand and influence markets so they perform better for poor people. As stated in the FSDT Strategy: *“Overall, the FSDT will tackle constraints to and realise opportunities for market development with the aim of building a more inclusive and sustainable financial system in Tanzania. All interventions must be consistent with developing markets for pro-poor finance, at the level Macro, Meso and Micro levels.”*³⁴ Generally, acting as a facilitator and a catalyst for market systems changes is challenging. M4P and MSD programmes need to balance several roles and functions, and manage a diverse set of partnerships and (often competing) expectations.

³⁴ FSDT Strategy Paper 2013-2018. Revised June 2016.

It requires not only technical expertise but excellent partnership management skills too. Moreover, while the rationale and principles for M4P and MSD programmes are clearly defined,³⁵ there is no blueprint how it should be applied in practice – it is meant to be a flexible approach based on the partners’ needs, contexts and the maturity of markets.

Box 1 Common M4P challenges

Common M4P / market system development challenges include (but are not limited to):

- How M4P principles are applied in practice depends on the context; there is no blueprint or one way to do it
- The role of short-term market facilitator: The aim is to stimulate and catalyse changes but not lead the implementation work or become a permanent market actor. This means that a large part of success depends also on the partners and their motivation, capacity and skills.
- Managing the partner expectations: Partners may have been used to a different or more ‘traditional’ development support where e.g. co-funding is not required.
- Managing several partnerships at the same time: On top of using a considerable time on facilitating and managing partnerships, some of partnerships may need to be finished during the implementation. To exit partnerships in a constructive manner requires skills.
- Balancing the type and intensity of support: Too much support may erode partners’ sense of ownership but too little support can mean that partnership does not lead to behavioural changes.
- Demonstrating causality and attribution: given the market facilitator role, programmes (and evaluations) tend to struggle how to attribute changes to an intervention rather than to the market system in general. Getting MEL ‘right’ for M4P programmes requires a considerable time and effort, as well as constant learning and adaptation.

Compared to the starting point, the focus has increased on addressing systemic constraints and influencing changes at macro level. While in the original FSDT Strategy the articulation of M4P approach is very brief (one paragraph), the M4P thinking has increased during the evaluation period. The revised strategy (2016) articulated FSDT’s M4P thinking and strategies in a more detailed manner, and as the 2016 MTR concluded: “*Evidence of M4P thinking in the annual planning process and investment decisions is best seen in the steady consolidation of the programme portfolio towards Outputs 1 and 2, with increasing focus at the macro and meso level, which aim for sustainable systemic change.*”³⁶ The budget allocation for macro level work has indeed increased over the time. Still, as shown in Figure 4 above, the number of meso/micro and micro projects during the strategy period was still significant.

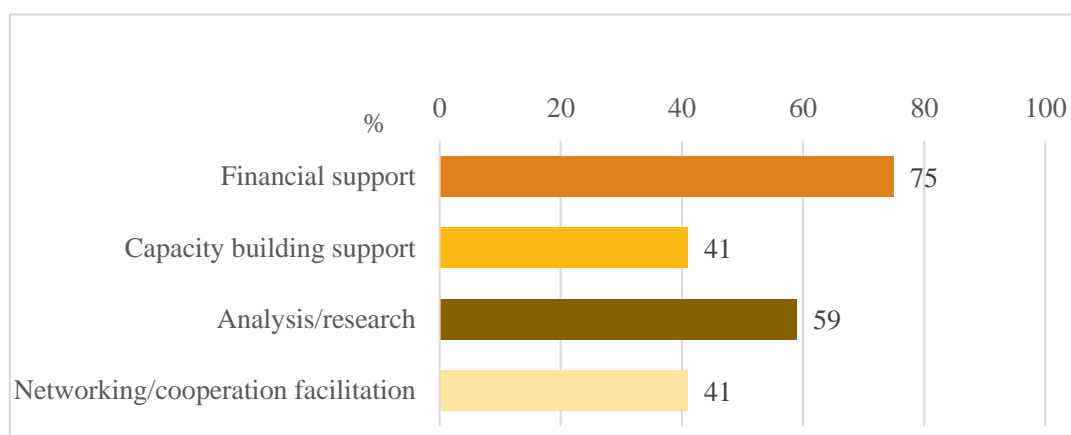
FSDT acts as a market facilitator by combining funding, capacity building support (including technical advice), research and analysis with the facilitation and partnership work. According to the on-line survey, 63 percent of respondents

³⁵ M4P and MSD approaches are underpinned principles of i) addressing the root causes of weak system performance: to achieve scale and sustainability, ii) being led by a vision of sustainable outcomes: working with incentives and capabilities in the system, iii) playing a facilitative role: catalysing change through temporary partnerships with market actors, iv) programming adaptively: being flexible and entrepreneurial around the dynamics in each system. Source: Conroy and Kessler, 2019. The results achieved by programmes that use the market systems development approach: A narrative synthesis.

³⁶ ITAD (2016).

have received two or more types of support from FSDT – 13 percent of respondents have been given all four types of support.³⁷ Providing funding is the most common support function – 75 percent of survey respondents say they have been financially supported by FSDT, followed by research and analysis support (59 percent), see Figure 7. Case studies indicate a similar trend: in the majority of projects, partners received a combination of support from FSDT. For example, in the Microfinance Act project, FSDT a) provided financial support to partners MoF and BoT for activities implemented by themselves directly, b) provided technical support, including the hiring of experts to facilitate specific assignments, c) demonstrated thought leadership in policy advocacy-related activities, d) provided evidence and insights through research and studies, and e) created networking and cooperation opportunities between stakeholders.

Figure 7 Type of support received by partners



Source: Evaluation survey

While providing financial support was seen most useful support according to the survey, both survey and case studies indicate that as a general rule, partners and stakeholders value FSDT staff's technical knowledge and expertise but also their market facilitator skills. FSDT seems to enjoy high levels of credibility with market actors, as found also in the 2016 MTR.

FSDT is strongly embedded in the financial sector and works very closely with government actors, which is key to market system change but may also create a certain bias. FSDT has a strong position to act as a market facilitator in Tanzania given its embeddedness in the financial sector. FSDT is also very closely linked with the government and their agenda. In some other countries this could perhaps be considered a too close relationship – though government is a key player in most market systems, it is also essential for M4P and MSD programmes to keep their independence of analysis and operational flexibility, as well as credibility with non-government market players. However, what an 'appropriate' partnership with government looks like varies across countries, and in Tanzania, having a close alignment with government is

³⁷ While the survey did not include thought leadership as a specific category of support, it is included in analysis/research support.

considered a prerequisite to advance things in the financial sector according to many interviewees though a few raised their concerns about the closeness of the relationship.

FSDT plays the ‘dual’ roles of supporting the development of NFIF framework as well as being engaged in implementing it. Moreover, as stated in Section 4.2.5, FSDT itself implements fully or partly a large number of projects. While this can be useful especially regarding research related projects – as a way to increase programme’s understanding of a given issue – it warrants a careful and regular reflection how the role of a temporary market facilitator will be sustained.

In summary, FSDT’s approach and working methods increasingly focus on its role as market facilitator. It combined funding, capacity building support, research and analysis with the facilitation and partnership work and is strongly embedded in the financial sector. The close relationship with the government is important to influence market system change but may also create a certain bias and lack of flexibility.

4.3 SUSTAINABILITY

Sustainability is a key concern of market systems development. M4P programmes are meant to produce scalable, transformational, long-term change by acting as a temporary catalyst for the markets. In this section, the sustainability of benefits refers, among other things, to institutionalisation of new regulations or practices, commercial viability of new services or products and sustained improvement in the capacity of partners and other market actors to deliver results and innovate.

The findings of this evaluation about sustainability are aligned with the findings in previous external reviews, suggesting that the issues has not received adequate attention. While specific recommendations in previous reviews may vary to some extent (e.g. the 2016 MTR partly focuses on the sustainability of FSDT itself, while others tend to focus on sustainability of outcomes), most of reviews highlight challenges with sustainability (and scale) and how it is tracked.³⁸ Key conclusions include a recommendation for FSDT to increase its emphasis on sustainability.³⁹

Plans and strategies to ensure and enhance sustainability typically exist but are not necessarily implemented in practice. As discussed also in previous reviews, FSDT thematic leads and advisors actively think about sustainability and scale in their work though it seems that there have been challenges of documenting these strategies.⁴⁰ While the PAR documents always include some sustainability considerations, they are often very short and sometimes superficial focusing e.g. mainly on co-funding. However, the key issue is that the plans and strategies that support sustainability are not always carried out in practice. For instance, in the case of the FinScope survey the PAR outlines various options for transferring the ownership of the survey to other

³⁸ For example, the 2016 MTR states regarding the Quarterly Progress reporting that: “*There is little data or analysis on the extent to which project results are sustainable, or are moving in the direction of sustainability. For instance, regarding the quality of the service provided, institutional sustainability or whether the impact at the client level is sustained.*” The 2017 OPR concluded that “*PARs have sections on ‘Sustainability’ and ‘Systemic Impact’. In some cases the content was a generic observation on the project, only tangentially relevant to sustainability and impact if at all.*”

³⁹ See Impact Assessment 2005-2015, 2017 OPR, and 2019 OPR.

⁴⁰ See e.g. 2017 OPR.

actors. In practice, however, none of these options have been pursued.⁴¹ Moreover, as discussed below, there is limited project follow-up and monitoring data on sustainability which makes it difficult to understand or assess how outcomes and benefits are sustained.

Partners perceive that their capacity and practices have significantly improved thanks to FSDT's support though there are some concerns whether this translates into ability to deliver without it. Improved capacity and practices can mean that partners are in the future more able to deliver results, innovate and respond to market changes. Though 41 percent of survey respondents stated that FSDT had provided them capacity building support, as much as 91 percent saw that the project had contributed to change in their organisations' capacity and/or practices to high or very high extent. This rather large discrepancy is at least partly explained by open responses that highlight 'indirect' capacity building strategies – partner organisations perceive their capacities and practices improved by getting more understanding and experience, and by working together with FSDT and other collaborators. Based on interviews, especially partners in projects that targeted macro level changes (such as improved policies, regulatory frameworks etc) tend to see FSDT's role in capacity strengthening as significant. For example, according to NIDA, the project contributed about 80 percent of the change in the organisation's capacity to deliver results.⁴² In some smaller projects where FSDT's main function was to co-fund the development of new products or solutions, the capacity strengthening was more limited. For example, in Mobile Creditors project, the developers already had the technical know-how so there was limited need for capacity-building. It is worth noting that while most partners experienced improvements in their organisations' capacities or practices, and were generally optimistic about continuity to deliver without FSDT's support, there was often limited concrete evidence that this was the case. It seems that many partners rely on continued support either from FSDT or from other partners to deliver the work.

Sustainability and scale-up of new products and services, and commercial viability, is often unclear. Similarly to the Retrospective Impact Assessment 2005-2015, this evaluation found that for some of the reviewed micro and meso projects the results were not sustained. Perhaps given the large number of projects to manage, FSDT sometimes discontinued their engagement with partners or projects before the launch of new products or services, and it was not always clear whether partners have sufficient capacity, commercial potential and/or funding to fully implement or scale up the products in the future. This happened, for example, in Capacity Building for SME Focused Financial Service project, Digital savings group Dec 2017 - Aug 2018 project and in many pilot projects supported by FinSights Lab. While it is typical for M4P programmes that not all pilot products or services are successful, it is not clear from the logframe or other documentation the extent to which FSDT supported pilots have been fully implemented and scaled up (and not just developed) though exceptions, such as Kua Nasi and NBC Shambani, exist too. In addition, in most cases there is no

⁴¹ To ensure the sustainability of FinScope, both in terms of transferring ownership to another organisation, and in terms of financing, is also something that has been recommended in previous reviews, e.g. the 2016 OPR.

⁴² This is further echoed in the survey responses, where 100 percent of government actors state that FSDT's support has contributed to changes in their organisations to a high or very high extent.

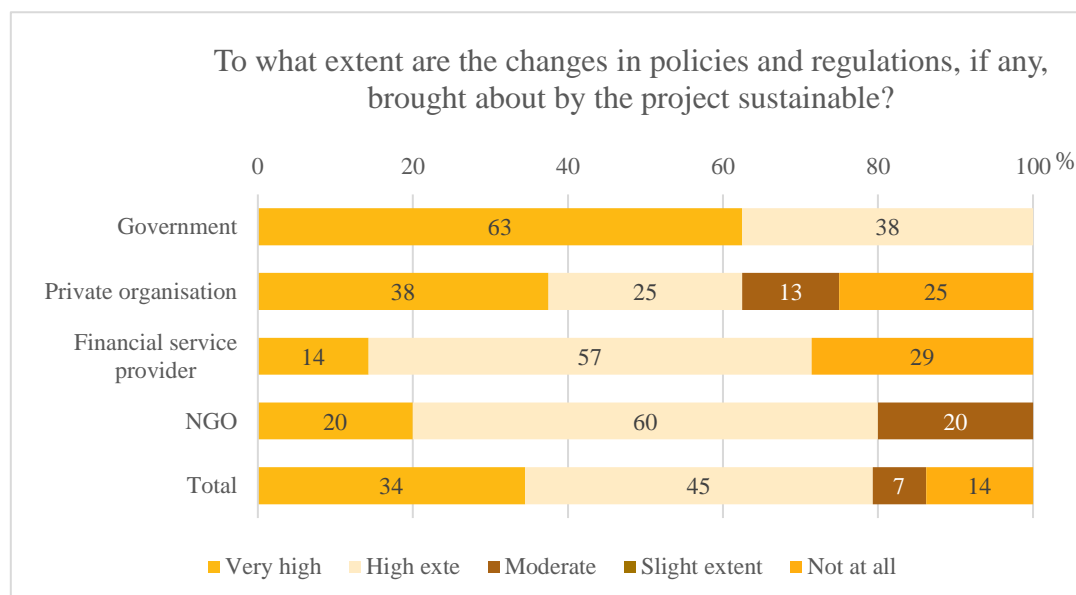
evidence that solutions have been replicated in the markets by other actors, though this is something that can happen at later stages.

Changes in policy and regulations are most likely more sustainable than new products or services though implementation has been slow in some cases. As discussed in Section 4.2.1 (contribution to outcomes), between 2016-2020 FSDT has contributed to a number of new frameworks and regulations that have high potential to bring sustainable and/or transformational changes in the upcoming years though the implementation on some policies have been slower than planned. The 2017 OPR concluded, after summarising recommendations from previous reviews and assessing the extent which they have been implemented that: “*With respect to Sustainability, a significant proportion of the portfolio is clearly sustainable (e.g. work at macro level).*”⁴³ This is aligned with partners’ views. According to the on-line survey, almost 80 percent of respondents perceive that the changes in policies brought about by the project are sustainable. However, it should be noted that 25 percent of private organisations and 29 percent of financial service providers think that the changes are not sustainable at all (see Figure 8) though the sub-samples are very small to make any robust conclusions about this.⁴⁴ Moreover, it is yet too early to say whether all the frameworks or regulations will be implemented in practice, in which timescale and whether the changes they introduce will be beneficial especially poor people, women and youth. This needs a proper follow-up and analysis.

In summary, ensuring and enhancing sustainability and scale are come across as the biggest ‘M4P challenges’ for FSDT. Even though partners perceive that their capacity and practices have significantly improved thanks to FSDT’s support, it is not clear whether this actually translates into ability to deliver without it. Based on case studies, strategies and plans to enhance sustainability typically exists but are not necessarily implemented in practice. In general, changes in policy and regulations are deemed to be more sustainable than new products and services.

⁴³ Carter, R. and Plank, G. (2017).

⁴⁴ There was only one open response linked to the ‘not at all’ responses stating that sustainability was not the focus of their project.

Figure 8 Partners' view on sustainability of policies and regulations

Source: Evaluation survey

4.4 BENCHMARKING WITH FSDK AND AFR

FSDT is part of the FSD Network, a group of nine Financial Sector Deepening, or FSD, programmes operating across Africa. In line with the ToR, the evaluation has included a “light” benchmarking with the Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR). This section seeks to identify some key lessons from these two FSDs.⁴⁵ However, it should be noted that, in general, it is difficult to make comparisons across FSDs as national contexts are different and FSDs’ funding vary considerably. Table 4 presents some key data on the three FSDs.

Table 4 Basic data on FSDT, FSDK and AFR

FSD	Year established	Legal status	Staff numbers	Annual expenditure (2020, USD)
FSDT	2004	Trust	20	6.9 million
FSDK	2001	Trust	29	9.2 million
AFR	2010	Company limited by guarantee (CLG)	22	5.8 million

Source: Annual reports and audited financial statements

FSDK and AFR successes, challenges and lessons

FSDK has contributed to new policies and regulations on financial inclusion and appears to have had some success in promoting institutional strengthening and sustainability that FSDT could learn from. According to interviews and a recent

⁴⁵ There are arguably also positive learnings from FSDT that other FSDs could capitalise on but articulating such lessons were not part of the scope of this benchmarking.

external evaluation, FSDK has contributed to policy and regulatory changes related to digital finance and national payment systems. Specifically, support was provided to the National Treasury to develop the Digital Finance policy in consultation with stakeholders. The National Payments System (NPS) Vision and Strategy 2021-2025 was developed over many years through support to the Central Bank of Kenya. Progress has also been made with regard to facilitating peer-to-peer (P2P) and government-to-person (G2P) transactions. The recent evaluation finds that there is strong evidence of FSDK's influence, technical understanding and thought leadership, but that, due to the lack of readiness of key stakeholders to move forward, there have been delays and underspending. Uptake and use of value-enhancing financial solutions directly facilitated by FSDK have been modest, according to the evaluation.

The recent evaluation of FSDK concludes that the big wins over the strategy period was in terms of institutional strengthening and sustainability. This is exemplified by the transfer of the Hunger Safety Net Programme (HSNP), a large-scale social protection cash transfer programme, to the government. The HSNP uses the e-payment system, in which all beneficiaries have bank accounts through which they receive their transfers, with personal ATM cards linked to these accounts. This means, by nature, the HSNP increases the share of the population with formal account ownership while also providing ID cards for the first time. In addition, FSDK has facilitated the streamlining of a much bigger portfolio of national welfare payments by the Government of Kenya (Inua Jamii). The evaluation also points out that FinAccess, FSDK's flagship demand-side data survey (equivalent to FinScope), is now largely driven and funded (90 percent) by government agencies, together with the private sector. While FSDT has contributed to the institutionalisation of Financial Access Maps through the Financial Service Registry (FSR), ensuring and enhancing sustainability and scale has been a major challenge, as further elaborated on in Section 4.3. This is an area where FSDT could potentially learn from FSDK's successes.

FSDT, FSDK and AFR pursue some of the same priorities, which are rooted in the M4P approach. Research has been a common flagship theme where more work could be done by FSDT in the future, including by exploring the implications of Covid-19 on financial inclusion and programming. According to AFR's annual reports, through strategic partnerships with 45 FSPs AFR has since 2016 improved access to quality financial services for some 2.3 million people, including one million women, half of whom are smallholder farmers. The majority of these beneficiaries have accessed long-term saving scheme products through public private partnerships. In this regard, AFR has engaged the microfinance sector by building capacity of Savings and Credit Cooperations (SACCOs) and MFIs to better serve marginalised and underserved population, provided support to increase access and usage of value chain finance to increase on-farm productivity, and pursued different approaches aimed at promoting digital financial services, which has been identified as a major contributor to increasing the uptake and use of financial services in Rwanda. In addition, AFR has supported the development of the insurance sector through various initiatives, including public-private partnerships. In total, 36 savings and credit products have been developed and rolled-out during the period 2016-2020. With regard to policy, AFR supported the

National Bank of Rwanda to develop a National Financial Inclusion Strategy (NFIS) 2016-2020.

Research is one area where all three FSDs appears to have performed well, including by the evidence and policy influence generated through national demand-based surveys (FinScope in Tanzania and Rwanda and FinAccess in Kenya). Notably, FSDK and AFR have recently paid significant attention to Covid-19, and invested in research on its impact on various sectors of the economy and programming for financial inclusion. In Tanzania, the Government's stand on Covid-19 in the country has been a major obstacle to research and assessments on this subject matter. Recently, however, there has been a change of direction at the political level that would allow FSDT to follow FSDK's and AFR's example.

Many factors have contributed to the achievement and non-achievement of results in the three countries. This includes the approach to project/programme design and planning, which in FSDK's case appears to have a clear focus on market system change. The experience of FSDK and AFR points to some common internal and external factors that have influenced the achievement of results over the past five years. Covid-19 stands out as the most significant external factor that has influenced results achievement in a negative direction in all three countries. The internal factors are several. They include the common approach to MSD, which covers the entire ecosystem and addresses constraints in a holistic manner, and the close collaboration with key stakeholders, e.g. policy-makers, regulators and FSPs, both of which have influenced results in a positive direction. Another positive factor is the investment in research and development, which has brought considerable added-value.

The experience of FSDK suggests that the most important factors have been the quality of people (leadership, staff and consultants) and governance structure (see below), and the approach to project/programme design and planning. FSDK's portfolio is organised in eight projects/programmes, which according to the recent evaluation have a clear focus on the sustainability of market change. During the selection and design of new projects, careful consideration is given to linkages with national plans, the needs of the financially excluded, and how roles which are undertaken by FSDK at the outset can be transferred to other market participants. Like FSDT, AFR appears to have had a more scattered project portfolio and, according to interviews, investments in capacity building of implementing partners have not always been sustainable since the products have not been taken forward.

Interviews indicate that FSD Network collaboration has mainly been of an informal nature and has dropped off somewhat, partly due to Covid-19. There is a FSDT Network Task Force mandated to provide strategic orientation on collaboration and various other theme-based working groups. Discussions have been held on the development of a FSD Network-wide Results Framework and M&E system. At the same time, interviews indicate that there is scope for more learning across FSDs as well as collaborative programming around key themes.

Governance and structural differences and implications

Like FSDT, FSDK was constituted as an independent Trust in 2005. AFR is registered as a company limited by guarantee, mainly because Rwanda did not have a Trust Law when AFR was established in 2010. FSDT and AFR are both governed by a Programme Investment Committee (PIC), which is similar to a board, and an Investment Committee. AFR's PIC also have different sub-committees, including on human resources, audit and finance, and governance. FSDT was recommended to set up a similar sub-committee structure in 2018 following a governance review, but this never happened.

The structure and capacity of governance bodies have influenced programme effectiveness in all three countries. FSDT appears to have an active, relatively independent, and well-informed PIC. FSDK only has one governing body in the form of a PIC. According to interviews, the PIC is very engaged (PIC members are investing considerable time in performing their duties) and has made a significant difference. The PIC constantly challenges the management of FSDK and have high standards that ensure accountability. Unlike FSDT's PIC, the PIC of FSDK also have independent members (including the Chair), which brings in new perspectives and resources. Interviews also indicate that the Trustee (KMPG Kenya) of FSDK plays an active role in terms of quality control and ensuring compliance, which facilitates the work of the PIC. Judging by the frequency and contents of its meetings, AFR's PIC also plays an important role, and according to interviews, AFR's PIC and its sub-committees bring significant added value, including in terms of providing guidance on policies, sharing experiences and best practices, and acting as a sounding board to the management. While FSDT's governance structure is fundamentally sound, interviews indicate that there are several areas for improvement, including in relation to communication and reporting, strategic guidance and oversight. PIC members have also rotated frequently.

FSDK has a matrix organisational structure that seems to promote communication, collaboration and sharing of lessons learned. As noted above, interviews indicate that the people (including leadership, staff and consultants) is the most important factor for the achievement of results. The senior management of FSDK and AFR consists of an Executive Director, a Chief Operations Officer (COO) and a Chief Programme Officer. This provides a healthy segregation of duties and limit the number of director reports of each senior manager. FSDT has during the strategy period been led by a CEO and a combined COO and Technical Director. In the case of FSDK, the staff is organised into project strategy teams, which ensures that resources and skills are shared across projects, based on project demands. According to a recent evaluation, the PSTs provide a good opportunity for cross learning. In contrast, AFR and FSDT both have a theme-based staff structure. In the case of FSDT, while the themes are overlapping, interviews indicate that synergies and collaboration across themes and projects are limited. This was also noted in the 2019 OPR.

In summary, despite the differences in national contexts, the “light” benchmarking done with FSD Kenya and Access to Finance Rwanda shows that there may be

important lessons to learn from these FSDs, in particular FSD Kenya. This is particularly the case in terms of approaches to institutional strengthening and sustainability, research and analysis of systemic constraints, project/programme design and planning, governance and quality assurance, and cross-project learning and collaboration. These are all areas where FSDTs have faced challenges and at the same time are key for increasing effectiveness.

5 Conclusions

This concluding section of the report attempts to answer the evaluation questions posed in the ToR, while also highlighting other issues that should be considered during the finalisation and implementation of the new strategy, and beyond. The conclusions are based on the findings presented in the foregoing sections and constitute the basis for the recommendations provided in the next section.

FSDT's Strategy has been largely relevant to national priorities and partners' needs. Women, and in particular youth, have been less targeted than other groups over the strategy period as a whole but have in recent years received increased attention, although the number of women and youth projects has remained very limited. The role of learning has been strengthened but needs more attention, including from a gender perspective. The evaluation shows that the FSDT Strategy was directly aligned with the National Financial Inclusion Framework 2014-2016 (NFIF 1) and, although to a lesser extent, with the subsequent NFIF 2, covering the period 2018-2022. FSDT has supported several key initiatives identified in these strategy documents, and perhaps as a result, project partners, especially government partners, perceive that the support has been highly relevant to their needs. In some cases, concerns were raised about short project timelines and lack of funds to ensure adequate project completion.

With regard to ultimate beneficiaries, the Strategy has, in line with NFIF 1 and NFIF 2, given significant priority to expanding financial services for MSMEs and small-holder farmers. While poor women were not targeted initially, a number of initiatives have been developed and implemented over the past two years that could be further built on in the future. At the same time, these projects represent a small part of FSDT's project portfolio and more should be done to ensure systematic gender mainstreaming. The needs of youth are still not being addressed in an intentional way. The limited availability of data on women (and youth) makes it difficult to improve and adjust programming to maximise the benefits for these groups. Although the role of learning has been strengthened, learning from what doesn't work remains a challenge for FSDT, and FSD programmes in general.

Available evidence suggest that FSDT has, in particular, contributed to key policies and regulations but outcomes have also been observed in terms of strengthened market infrastructure and new products and services. However, due in part to limitations in FSDT's M&E system, the significance of the results achieved and the realisation of outcome targets is difficult to capture. Progress have been made in addressing VfM-related concerns but several shortcomings remain. The evaluation indicates that FSDT's work at the macro level, i.e. influencing new or improved policies and regulations, have yielded some significant market system outcomes. This includes the adoption of NFIF 2 and the Microfinance Act, which provides better protection of consumers, a majority of women are farmers, women, and youth. FSDT has also contributed to the strengthening of market infrastructure, such as

the rollout of national ID numbers, which addresses another significant barrier to financial inclusion. New products and services supported by FSDT have resulted in improved (access to) and use of financial products and services by MSMEs, households and individuals. At the same time, the data generated by FSDT's M&E system does not give a clear picture of the overall progress achieved against expected market systems outcomes and the impact on ultimate beneficiaries, including women and youth.

The level of political will and the capacity of market actors are identified as the most important external factors that have influenced results in both a positive and negative way. Internal factors include FSDT's support, the expertise of its staff and consultants, and the close relationship with government, and have mainly been of an enabling nature. The most critical constraining factor has been the reduction in funding over the past two years. Covid-19 is also deemed to have had an impact on financial inclusion and programming over the past year, although this is not always recognised by project partners and the Government of Tanzania in particular.

While it is impossible to say what would or would not have happened without FSDT (a counterfactual scenario), it is clear that FSDT has added value and supported the progress of financial inclusion in Tanzania. FSDT's work was not only highly valued by partners and stakeholders, but its contributing role in advancing important policies and regulations was also assessed to be high or medium. According to partners and stakeholders, FSDT was especially important in speeding up the processes that would have otherwise taken a longer time to get a momentum. Also, many of the new networks and partnerships would not have happened without FSDT's facilitation work.

FSDT has been subject to regular reviews and assessments, which have generated a large number of recommendations for improvement, including in relation to Value for Money (VfM). While evidence suggest that FSDT has addressed a majority of these recommendations, progress has, for various reasons, been slow and uneven, and several critical issues warrant further attention. This includes shortcomings in relation to budgeting, project/partnership management, analysis of systematic constraints, synergies and collaboration, and, not the least, M&E.

As many other FSD and M4P programmes, FSDT is facing challenges relating to its role as a market facilitator. Prompted by previous reviews and in line with M4P thinking and principles, FSDT has increasingly prioritised macro and meso-level projects. At the same time, meso/micro and micro-level projects are still numerous and absorb a significant amount of funds. FSDT is also implementing and co-implementing a large number of projects, which may limit its ability to build national capacity and ownership among market actors. While projects are managed relatively systematically, a more programme-based approach would likely increase overall effectiveness.

Despite the differences in national contexts, the "light" benchmarking done with FSDK and AFR shows that there may be important lessons to learn from these FSDs, in particular FSDK. This includes approaches to institutional strengthening and sustainability, research and analysis of systemic constraints, project/programme design and planning, governance and quality assurance, and cross-project learning and collaboration.

Ensuring and enhancing sustainability comes across as the single most important challenge facing FSDT. This especially pertains to the work with the private sector but also extends to the viability of FSDT itself, given declining donor funding. Even though partners perceive that their capacity and practices have significantly improved thanks to FSDT's support, this does not automatically translate into ability to deliver without it. Strategies and plans to enhance sustainability typically exists but are not necessarily implemented in practice. In general, changes in policy and regulations are deemed to be more sustainable than new products and services. In several cases identified by the evaluation, new products or services were either not (yet) fully implemented or scaled up, and it is not always clear whether there is sufficient capacity, commercial potential and/or funding to do so in the future. It is also noted that, given the decline in donor funding and the absence of other income sources, the sustainability of FSDT itself is at risk.

6 Recommendations

The following recommendations are directly linked to the conclusions and findings of the evaluation, as presented in the foregoing sections. The recommendations are categorised by type and, in line with the ToR, and a distinction is made between short, medium and long-term recommendations. Several of the recommendations are consistent with the recommendations of previous evaluations and reviews.

6.1 STRATEGY FOCUS AND SCOPE

1. **FSDT should ensure that the next five-year strategy is closely aligned with NFIF 2, its priorities and targets, as well as with the new Financial Sector Development Master Plan 2021-2030, in order to promote national ownership and sustainability** (short-term recommendation). As such, the strategy should clearly separate demand and supply side approaches and interventions, to a greater extent than in the past balance the role of the public and private actors, and, perhaps most importantly, strengthen the focus on poor women and youth. The strategy should be clearly rooted in the M4P approach, drawing on good practices and the guidelines and tools developed at the FSD network-level.
2. **FSDT should, in line with NFIF 2 and the results of the 2017 FinScope, increasingly target poor women and youth** (short to medium-term recommendation). This should be realised through a strategic approach that recognises and addresses the holistic nature of the barriers to financial inclusion that these groups are facing. To this end, FSDT could capitalise and further build on the on-going projects under the women and youth theme and invest additional resources in the implementation of the FSDT' Strategy for Women. A more systematic approach to gender mainstreaming is also called for.
3. **FSDT should make strategic choices and prioritise interventions that are of a transformative nature and therefore stand a better chance of contributing to market system change** (short to medium-term recommendation). In the past such interventions include TIPS, the roll-out of NIN, FSR, and the Microfinance Act. This will necessitate a continued close partnership with the government but as the focus turns from policy development to implementation, private sector actors, industry associations, NGOs, and other stakeholders need to be increasingly engaged. Having fewer projects would likely free up project management time towards more consistent and thorough project closure and follow-up.
4. **FSDT should, similar to other FSDs, assess the impact of Covid-19 on financial inclusion, which should now be possible with the government's changing stand on the pandemic** (short-term recommendation). This could be done in the context of the next FinScope survey and/or through a separate study with a focus on the impact of Covid-19 on certain groups or financial services. Such a study should

preferably be commissioned in the early stages of the implementation of the next strategy.

5. **FSDT should critically reflect on its role as a market facilitator, as opposed to market actor, and adjust its programming accordingly** (long-term recommendation). Given how long FSDT has operated in Tanzania and its embeddedness to the financial inclusion sector work, FSDT should reflect on its role as a market facilitator on a regular basis. MSD programmes are meant to temporarily catalyse others within the system and not become a (permanent) part of it. This reflection and adjustment could involve, but not be limited to, reducing FSDT's role in the direct implementation of projects and instead focus more on capacity building of market actors. The capacities, incentives and performance of market actors to deliver systemic change need to be carefully analysed at both programme and project level.
6. **FSDT should pay more attention to sustainability as an objective in its own right** (medium- to long-term recommendation). Various measures are required, including but not necessarily limited to the following:
 - design project sustainability and exit plans together with partners and seek early and realistic commitments on cost-sharing and ownership transfer.
 - ensure that the sustainability and exit plans are translated into concrete activities and targets, to be regularly monitored together with partners.
 - focus on building partners' and other market actors' capacity to produce results, innovate and respond to market changes rather than delivering solutions.
 - ensure that pilot projects are designed in a way that maximises the chances of replication and scaling-up and monitor the extent which this happens.

6.2 PROGRAMME MANAGEMENT AND OPERATIONS

7. **FSDT should further strengthen project management systems and capacities, while moving to a more programme-based approach** (medium-term recommendation). Projects should generally have longer implementation periods and funding secured for ensuring adequate project closure and follow-up. The roles and responsibilities of FSDT and partners should be clearly distinguished, reflecting FSDT's market facilitation function and partners' ownership. The shift to a programme-based approach calls for developing and managing projects in a more coordinated way based on a common ToC for each programme/theme.
8. **FSDT should further strengthen the role of MEL to ensure that the FSDT strategy is implemented in a more adaptive, evidence-informed and learning-oriented manner** (medium-term recommendation). More specifically, this includes to:
 - ensure that MEL is not siloed in the MEL team or outsourced, but seen as part of everyone's job.
 - develop a ToC for the new strategy together with the whole FSDT team, and regularly update the ToC based on collected evidence.
 - collect data on women and youth to understand how they are influenced and benefitting from FSDT-supported work.

- build more opportunities for structured and intentional learning, and use the monitoring data and reflection to adapt and improve FSDT's activities and strategies.
 - strengthen the role of cross-project learning and synergies, creating a safe space for sharing “failures”.
 - develop a monitoring system that tracks sustainability and partners' behavioural changes, e.g. through outcome mapping.
9. **FSDT should identify and address any gaps in the budgeting and internal financial reporting system at both programme and project level with a view to keep overhead rates at agreed levels, ensure more realistic financial planning, and promote VfM** (medium-term recommendation). This could involve ensuring a close link between activity planning and budgeting, strengthening budget monitoring and variance analysis, and increasingly engaging the PIC in financial oversight. Efforts to this end should be made alongside the implementation of cross-cutting VfM measures, as identified on the basis of the new VfM Guide, to address shortcomings highlighted in previous reviews (medium-term recommendation).
10. **FSDT could capitalise more on the practices, experiences, and lessons learnt of the wider FSD network, including FSDK and AFR** (long-term recommendation). This pertains to the areas of governance and quality assurance, organisational structure and programming for market system change. Specifically, based on the benchmarking, FSDT should consider to:
- diversify the composition of the PIC by inviting independent members with particular expertise, such as on M4P, women and youth.
 - adopt a matrix organisational structure and/or use project teams to promote synergies and collaboration across themes.
 - commission end-of-project evaluations and/or outcome evaluations of several projects addressing the same constraints to better understand gaps and barriers that prevent outcomes from being achieved.

6.3 PARTNERSHIPS AND RESOURCE MOBILISATION

11. **FSDT should strengthen donor relationships to secure funding for the new strategy, while at the same time exploring more sustainable sources of income.** Apart from strengthening the leadership, FSDT needs to improve communication and reporting to development partners, including through the PIC, and ensure systematic and timely follow-up of recommendations provided by evaluations and reviews. This does not necessarily mean additional formal reporting to donors but a clear and transparent information flow between the FSDT and PIC so any potential issues can be addressed in a timely manner (medium to long-term recommendation).

6.4 RECOMMENDATIONS TO DEVELOPMENT PARTNERS

1. Development partners are encouraged to support FSDT through the ongoing process of change set out in the recommendations of this evaluation.
2. Development partners should nominate representatives to the PIC who have a good understanding about M4P and are committed to invest time and effort in ensuring adequate guidance and oversight. Frequently replacing members should be avoided to the greatest extent possible.
3. Development partners should, in line with aid and development effectiveness principles, work in a more coordinated manner, including through the PIC, and commission joint evaluations and reviews.

Annexes

ANNEX 1 – TERMS OF REFERENCE

ANNEX 2 – EVALUATION MATRIX

ANNEX 3 – RECONSTRUCTED TOC

ANNEX 4 – PROJECT SAMPLE ANALYSIS

ANNEX 5 – DATA COLLECTION TOOLS

ANNEX 6 – RUBRICS

ANNEX 7 – ADDITIONAL OUTCOMES

ANNEX 8 – DOCUMENTS CONSULTED

ANNEX 9 – KEY INFORMANTS

Annex 1 – Terms of Reference



Terms of reference

Evaluation of Financial Sector Deepening Trust Strategy 2016 - 2020

1. Introduction:

The Financial Sector Deepening Trust (FSDT) was incorporated in Tanzania on 1 July 2004. The Trust is currently funded by Global Affairs Canada (GAC), Embassy of Denmark, Embassy of Sweden and the Bill and Melinda Gates Foundation (BMGF). FSDT is the Tanzanian arm of the pan-African FSD family; a network of nine independent FSD-entities across the continent. The overarching aim of the FSD-network is to work alongside governments, businesses, non-profit organisations, research institutions, regulators and policy makers to develop more inclusive financial systems.

The conceptual underpinning of the FSD Network is the Making Markets Work for the Poor (M4P) approach. M4P builds on a detailed understanding of market systems and a clear vision of the future to address systemic constraints and bring about large-scale, sustainable change. The FSD Network Charter, jointly prepared and signed by all FSDs in 2019 recognises ‘the value of applying market systems thinking to identify the points of leverage leading to systemic change, which benefits the real economy and the households, especially the poor and vulnerable. In this process, we (FSDs) see our main role as facilitators, not direct providers of financial services.’

All interventions must be consistent with developing markets for pro-poor finance, both at the level of financial services delivery and business services within the sector. This requires an understanding of the area of the market in which an intervention is proposed and a clear explanation of how the FSD investment (financial, technical or convening power) will help to develop the market and not distort it in such a way as to displace longer-term private sector provision i.e. crowding in rather than crowding out private sector investments. While any given intervention may not immediately reach market solution, it needs to clearly be part of a longer-term strategy which is ultimately sustainable.

The FSDT is governed by the Programme Investment Committee (PIC) which has the overall oversight of the Programme. The PIC consists of donor partners (DPs) and representatives from FSDT. The Bank of Tanzania is also a member of the PIC. The PIC provides the guidance on the direction of the Strategy and is meant to ensure accountability on the delivery of the results.

2. Evaluation Object

The main object of the evaluation is the assessment of FSDT's Strategic Plan of 2016-2020 – i.e. the activities, results and outcomes delivered by FSDT during that period of time.

Other objects of evaluation include elements from the other country chapters of FSD (i.e. what has worked well, and less well) as well as the FSDT Strategy 2020-2025.

3. Evaluation Rationale

The formal rationale of the evaluation lies in the consistency with the current Sweden – FSDT grant agreement where it is stipulated that an evaluation will be carried out during the final year of the support period.

4. Evaluation purpose: Intended use and intended users

The main purpose of this mid-term evaluation is to extract learnings from the 2016-2020 strategy period. These findings will inform decisions on how implementation may be adjusted and improved. This is of particular relevance given the 2020 - 2025 strategy period and new funding rounds. Intended users involve FSDT staff, donor partners, FSD network members, and other stakeholder groups.

5. Evaluation Scope

The main scope of the evaluation FSDT's implementation of its Strategic Plan 2016-2020.

The scope also includes certain aspects of other FSD members activities and results, in essence a light benchmarking.

The scope also includes a second opinion on the recently drafted 2020-2025 strategy document.

6. Evaluation objective: Criteria and questions

Effectiveness: Is the intervention achieving its objectives?

- To what extent has the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups?
 - Especially concerning poor women and youth target groups
- Which concrete improvements within the field of financial inclusion in Tanzania can be observed that can be attributed to the work of FSDT?
- Value for money: to what extent are the results consistent with the costs of FSDT for the period?
- Has the FSDT M&E system delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning? Is the data disaggregated per sex?
- Has the model of service delivery – i.e. a combination of in-house projects and forwarding of funds to third parties – been conducive to achieving results?
- To what extent is FSDT behaving like a market facilitator? What are the opportunities for improve in a Making Markets Work for the Poor (M4P) approach?

Relevance: Is the intervention doing the right things?

- To what extent has the intervention objectives and design responded to the intermittent beneficiaries (i.e. financial services providers) and to end beneficiaries (i.e. poor men, women and youth) needs and priorities? Emphasis on women and youth in poverty.
- To what extent has lessons learned from what works well and less well been used to improve and adjust project/programme implementation – especially in a gender perspective?

Sustainability: Will the benefits last?

- To what extent are the net benefits of the FSDT 2016-2020 strategy likely continue beyond the end of the period?

Light benchmarking with Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR):

- Which success stories and failures can be observed and learned from, from the work of FSDK and AFR (AFR is the FSD chapter in Rwanda)?
- How does the structure and governance of FSDK and AFR differ from FSDT and what is the impact of these structural/governance differences on effectiveness and strategy impact?

Second opinion on the FSDT 2020-2025 strategy

- Based on the findings linked to the questions above the consulting team should comment on the FSDT upcoming strategy document:
 - To what extent is the strategy relevant and feasible
 - Does the strategy underline the most eligible focus areas and make the relevant priorities?
 - Is the strategy likely to deliver tangible financial inclusion results to the target group: poor people in Tanzania with an emphasis on women and youth?
 - Beyond financial inclusion access, how successfully does the strategy address financial services usage among low income populations, especially women and youth?

7. Evaluation approach and method

The evaluator will be expected, in the tender, to propose an appropriate methodology to answer the evaluation questions. In order to ensure the evaluator has an opportunity to discuss the methodology with the intended users, the evaluator will be expected to plan for an inception phase where the evaluation design, methodology and methods for data collection and analysis are to be further developed. The final evaluation approach shall be documented in an inception report.

While desk research (reports, reviews, studies) are essential, the Embassy would like to underline the use of qualitative interviews with stakeholders and beneficiaries (e.g. financial institutions).

Sida/the Embassy of Sweden's approach to evaluation is utilisation-focused which means the evaluator should facilitate the entire evaluation process with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present: i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation. The gender perspective should be an integrated part of the methodology.

Evaluators should take into consideration appropriate measures for collecting data in cases where sensitive or confidential issues are addressed and avoid presenting information that may be harmful to some stakeholder groups. Such ethical questions should be considered by the evaluator during the inception phase.

Given the situation with Covid-19, innovative and flexible approaches/methodologies and methods for remote data collection should be suggested when appropriate and the risk of doing harm managed.

8. Organisation of evaluation management

A small steering group will manage the evaluation. It will consist of one representative from each of FSDT's core donors. The steering group will develop the terms of reference and review the reports. The main objectives with having a steering group are the following: to ensure donor alignment and avoiding multiple evaluations of FSDT, and to ensure broader ownership. The steering group will take decisions that relate to the evaluation process. If consensus within the steering group of any reason cannot be achieved, Sida/ the Embassy of Sweden has the last word as the full financial contributor to the evaluation.

9. Evaluation quality

All Sida evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation. The evaluators shall, therefore, use the OECD/DAC Glossary of Key Terms in Evaluation and shall specify how quality assurance, in accordance with DAC's quality standards, shall be handled by them during the evaluation process.

10. Time schedule and deliverables

It is expected that a time and work plan is presented in the call-off response and further detailed in the inception report. The evaluation shall be carried out during April to July 2021. The timing of any field and/or virtual visits, surveys and interviews need to be settled by the evaluator in dialogue with the main stakeholders during the inception phase.

The table below lists key deliverables for the evaluation process. Deadlines for deliverables may be suggested by the consultant and negotiated during the inception phase.

Deliverables	Participants	Deadlines
1. Start-up meeting	Evaluators & Donor representative(s)	April 29
2. Draft inception report		May 15 Max 2 weeks for draft inception report preparation
3. Comments from intended users to evaluators (to be sent to evaluators ahead of the inception meeting)	Donors, FSDT	[Approx 1 week for commenting]
4. Inception meeting [STATE LOCATION/ VIRTUAL]	Evaluators, Donor representative(s), & FSDT representatives	Tentative May 22

5. Data collection, analysis, report writing and quality assurance	Evaluators	[Approx 4-6 weeks for data collection, analysis, report writing and quality assurance including time for planning of field missions.]
6. Draft evaluation report		Tentative July 8
7. Comments from intended users to evaluators	Donors & FSDT	[Approx 2 weeks for commenting and plan for quality assurance of revised versions]
8. Final evaluation report		Tentative August 14 [Approx 2 weeks for revisions]

The inception report will form the basis for the continued evaluation process and shall be approved by the Embassy of Sweden before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology (including how an utilisation-focused and gender responsive approach will be ensured), a stakeholder mapping, methods for data collection and analysis as well as the full evaluation design. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

The final report shall be written in English and be professionally proofread. The final report should have clear structure and follow the report format in the Sida Decentralised Evaluation Report Template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages. The evaluation approach/methodology and methods for data collection used shall be clearly described and explained in detail and a clear distinction between the two shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. Findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Recommendations and lessons learned should flow logically from conclusions. Recommendations should be specific, directed to relevant stakeholders and categorised as a short-term, medium-term and long-term. The report should be no more than 35 pages excluding annexes (such as

Terms of Reference and Inception Report). The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation⁴⁶.

The evaluator shall, upon approval of the final report, insert the report into the Sida Decentralised Evaluation Report for decentralised evaluations and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication data base. The order is placed by sending the approved report to sida@nordicmorning.com, always with a copy to the responsible Sida Programme Officer as well as Sida's Evaluation Unit (evaluation@sida.se). Write "Sida decentralised evaluations" in the email subject field. The following information must always be included in the order to Nordic Morning:

1. The name of the consulting company.
2. The full evaluation title.
3. The invoice reference "ZZ980601".
4. Type of allocation "sakanslag".
5. Type of order "digital publicering/publikationsdatabas.

The report will be formally approved by the steering group.

The evaluation should include at least one field visit to Tanzania for meetings with stakeholders and beneficiaries. Given the situation with Covid-19, the time and work plan must allow flexibility in implementation.

11. Evaluation team qualifications

The academic background, number of years of working experience and English language skills shall be as specified for each level of consultant in Sida's framework agreement for evaluation services. Further in line with that, there will a 'core team member' that shall lead the evaluation team. At least one team member should be a local Tanzanian expert since local knowledge is important. It is also a requirement that the team can present a high level of subject matter expertise, which in this case is expertise in pro-poor financial inclusion and facilitation thereof, as well as gender sensitivity.

It is desirable that the evaluation team also includes the following competencies: knowledge about the situation of financial inclusion in Tanzania specifically, as well as knowledge of Swahili. It is, therefore, highly desirable that a local consultant is included in the team. In addition, and in a situation with Covid-19, the inclusion of

⁴⁶ Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014

local evaluators may also enhance the understanding of feasible ways to conduct the evaluation.

A CV for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience. The evaluators must be independent from the evaluation object and evaluated activities and have no stake in the outcome of the evaluation. It is also highly imperative that all consultants understand the importance of, and are used to, handling sensitive or confidential issue.

12. Financial and human resources

The budget ceiling for the evaluation is SEK 790 000.

The contact person at Sida/Swedish Embassy is Mattias Lindström. The contact person should be consulted if any problems arise during the evaluation process.

Relevant Sida/Swedish Embassy documentation will be provided by Mattias Lindström.

Contact details to intended users will be provided by Mattias Lindström.

The contact person at FSDT is Mr. Sosthenes Kewe. He will be responsible to provide relevant FSDT documentation to the evaluator.

The evaluator will be required to arrange the logistics e.g. booking interviews, preparing visits, etc. including any necessary security arrangements.

These terms of reference come with the following annexes:

Annex A – List of Key Documentation

Annex B – Data Sheet on the Evaluation Object

Annex C – Decentralised Evaluation Report Template

Annex 2 – Evaluation Metrix

Evaluation criteria	Evaluation questions from ToR	Sub-questions	Indicators	Data collection & analysis methods	Sources
Effectiveness	<ul style="list-style-type: none"> To what extent has the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups? (Especially concerning poor women and youth target groups) Which concrete improvements within the field of financial inclusion in Tanzania can be observed that can be attributed to the work of FSDT? 	<ul style="list-style-type: none"> What changes in behaviour of financial sector providers has FSDT contributed to? What market system change has FSDT contributed to? What changes in the use of financial services, including among poor women and youth has FSDT contributed to? What unintended consequences (positive and negative), if any, can be identified? 	<ul style="list-style-type: none"> Extent to which projects contributed to change in FSPs' capacity and/or practices Extent to which projects contributed to the launch of new, improved products, services and regulations Extent to which innovations developed through projects supported by FSDT have been copied or adapted by other actors Extent to which projects have contributed to change in rules, norms and other market support functions Extent to which poor women and youth have benefitted from projects supported by FSDT 	<p>Data collection methods:</p> <ul style="list-style-type: none"> Desk review Interviews On-line survey <p>Data analysis methods:</p> <ul style="list-style-type: none"> Contribution analysis using rubrics Survey analysis tool Qualitative judgement 	<ul style="list-style-type: none"> FSDT annual reports Annual output to purpose reviews Project sample documents: <ul style="list-style-type: none"> PAR Partner progress reports PCR MoUs Interview records Survey report

	<ul style="list-style-type: none"> Value for money: to what extent are the results consistent with the costs of FSDT for the period? 	<ul style="list-style-type: none"> To what extent have the outputs of FSDT contributed to the desired outcome? How well has FSDT converted inputs into outputs? 	<ul style="list-style-type: none"> Extent to which FSDT outcome and output targets have been achieved Extent to which individual project objectives were achieved Extent to which key informants perceive that projects delivered value for money Budget/expenditure ratios 	<p>Data collection methods:</p> <ul style="list-style-type: none"> Desk review Interviews On-line survey <p>Data analysis methods:</p> <ul style="list-style-type: none"> Simplified cost-effectiveness analysis Survey analysis tool Qualitative judgement 	<ul style="list-style-type: none"> FSDT annual business plans FSDT annual budgets FSDT annual reports Annual output to purpose reviews FSDT audited financial statements Project sample documents: <ul style="list-style-type: none"> PAR Partner progress reports PCR MoUs Interview records Survey report
	<ul style="list-style-type: none"> Has the FSDT M&E system delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning? Is the data disaggregated per sex? 	<ul style="list-style-type: none"> What are the strengths and weaknesses of FSDT's M&E system, including the ToC and Logical Framework? To what extent does the M&E system ensure that outputs and outcomes are 	<ul style="list-style-type: none"> Extent to which reported results are verifiable Extent to which indicator data is collected, analysed and reported on Existence of a feedback loop whereby monitoring data and evaluations are used to inform programming and project planning 	<p>Data collection methods:</p> <ul style="list-style-type: none"> Desk review Interviews <p>Data analysis methods:</p> <ul style="list-style-type: none"> Qualitative judgement 	<ul style="list-style-type: none"> FSDT annual reports Annual output to purpose reviews FSDT MEL manual Interview records

ANNEX 2 – EVALUATION METRIX

		<p>regularly monitored and reported on?</p> <ul style="list-style-type: none"> • How is the information produced by the M&E system used to inform programme and project planning? 			
	<ul style="list-style-type: none"> • Has the model of service delivery – i.e. a combination of in-house projects and forwarding of funds to third parties – been conducive to achieving results? 	<ul style="list-style-type: none"> • What are the internal and external factors that have influenced the achievement and non-achievement of results? • How significant a factor has FSDT's model of service delivery been? • To what extent are projects planned and managed as a group (programme) to achieve the overall outcome? 	<ul style="list-style-type: none"> • Extent to which project results have contributed to the achievement of the overall outcome 	<p>Data collection methods:</p> <ul style="list-style-type: none"> • Desk review • Interviews • On-line survey <p>Data analysis methods:</p> <ul style="list-style-type: none"> • Portfolio analysis • Project sample analysis • Survey analysis tool • Qualitative judgement 	<ul style="list-style-type: none"> • FSDT annual business plans • FSDT annual reports • Annual output to purpose reviews • Interview records • Survey report
	<ul style="list-style-type: none"> • To what extent is FSDT behaving like a market facilitator? What are the opportunities for improve in a Making Markets Work for the Poor (M4P) approach? 	<ul style="list-style-type: none"> • How well is FSDT making use of its various mechanisms for influencing change? 	<ul style="list-style-type: none"> • Number and value of projects by mechanism • Extent to which sampled projects are designed to affect large scale change 	<p>Data collection methods:</p> <ul style="list-style-type: none"> • Desk review • Interviews • On-line survey 	<ul style="list-style-type: none"> • FSDT annual reports • Annual output to purpose reviews • Project sample documents: <ul style="list-style-type: none"> ○ PAR

		<ul style="list-style-type: none"> • To what extent does FSDT prioritise interventions that have the potential of affecting large scale change? • Do project partners recognise FSDT's market facilitation role, e.g. the combination of convening, advocacy and engagement support? 	<ul style="list-style-type: none"> • Extent to which project partners find FSDT's market facilitation role as useful 	<p>Data analysis methods:</p> <ul style="list-style-type: none"> • Portfolio analysis • Project sample analysis • Survey analysis tool • Qualitative judgement 	<ul style="list-style-type: none"> ○ Partner progress reports ○ PCR ○ MoUs • Interview records • Survey report
Relevance	<ul style="list-style-type: none"> • To what extent have the intervention objectives and design responded to the intermittent beneficiaries (i.e. financial services providers) and to end beneficiaries (i.e. poor men, women and youth) needs and priorities? Emphasis on women and youth in poverty. • To what extent has lessons learned from what works well and less well been used to improve and adjust project/programme implementation – especially in a gender perspective? 	<ul style="list-style-type: none"> • To what extent are the FSDT mechanisms for influencing change responding to the needs of financial service providers? • To what extent have considerations related to poverty, gender and youth been integrated in programme and project design and implementation? 	<ul style="list-style-type: none"> • Extent to which project partners rate FSDT's mechanisms and projects as relevant to their organisations' needs • Extent to which projects address the needs of poor women and youth • Extent to which projects partners are satisfied with FSDT support 	<p>Data collection methods:</p> <ul style="list-style-type: none"> • Desk review • Interviews • On-line survey <p>Data analysis methods:</p> <ul style="list-style-type: none"> • Project sample analysis • Survey analysis tool • Qualitative judgement 	<ul style="list-style-type: none"> • FSDT annual business plans • FSDT annual reports • Annual output to purpose reviews • Project sample documents: <ul style="list-style-type: none"> ○ PAR ○ Partner progress reports ○ PCR ○ MoUs • Interview records • Survey report

ANNEX 2 – EVALUATION METRIX

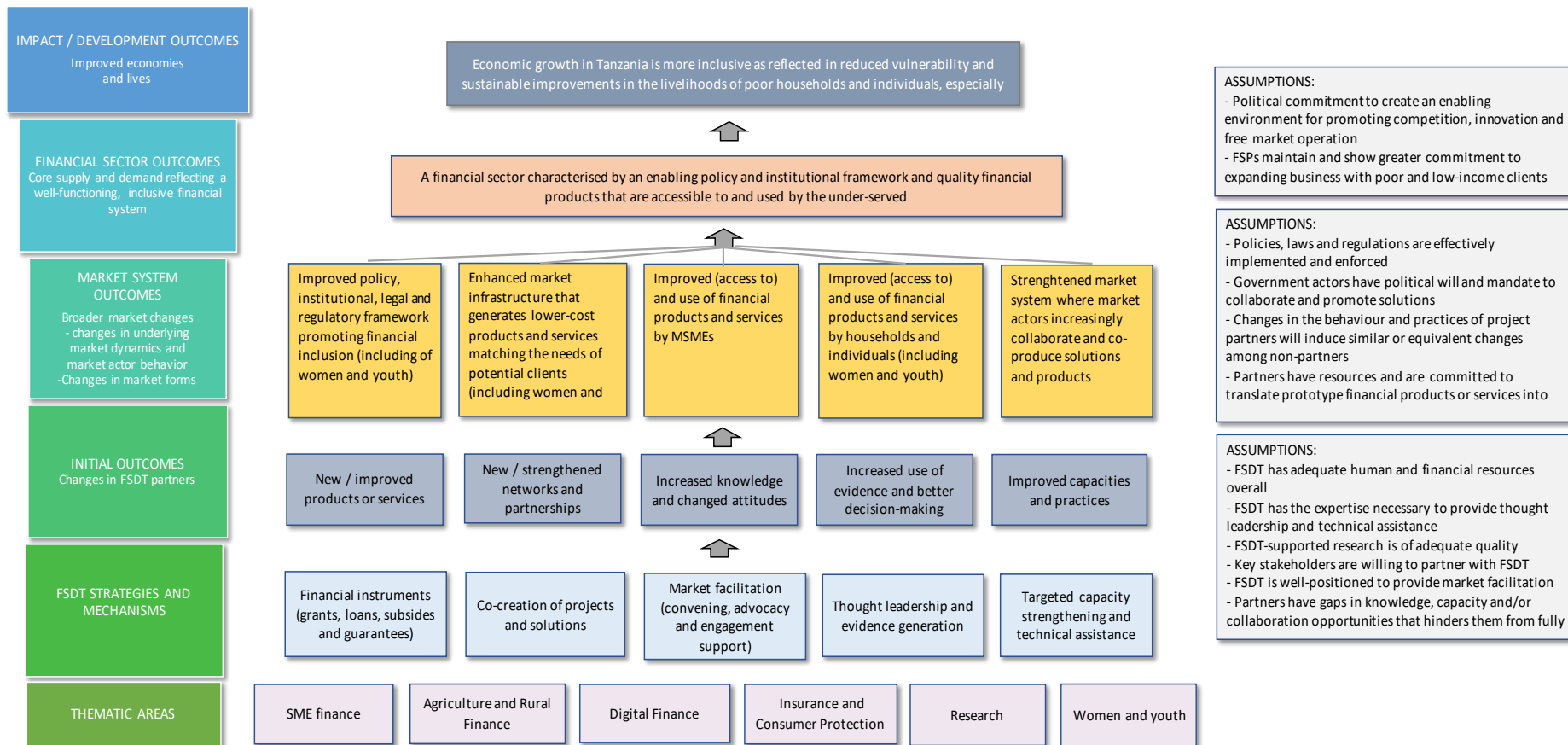
		<ul style="list-style-type: none"> • What changes (including to the gender perspective) have been made to the FSDT programme and projects since 2016 and why? 			
Sustainability	<ul style="list-style-type: none"> • To what extent are the net benefits of the FSDT 2016-2020 strategy likely continue beyond the end of the period? 	<ul style="list-style-type: none"> • What policies, rules and other market support functions promoting financial inclusion has FSDT contributed to • How has FSDT contributed to changes in behaviour of financial sector providers? • How commercially viable are the new innovations and solutions supported by FSDT? 	<ul style="list-style-type: none"> • Extent to which projects have contributed to change in rules, norms and other market support functions • Extent to which projects have contributed to changes in organisational capacity and/or practices • Extent to which project partners perceive that innovations and solutions supported by FSDT are commercially viable 	<p>Data collection methods:</p> <ul style="list-style-type: none"> • Desk review • Interviews • On-line survey <p>Data analysis methods:</p> <ul style="list-style-type: none"> • Contribution analysis using rubrics • Project sample analysis • Survey analysis tool • Qualitative judgement 	<ul style="list-style-type: none"> • FSDT annual reports • Annual output to purpose reviews • Project sample documents: <ul style="list-style-type: none"> ○ PAR ○ Partner progress reports ○ PCR ○ MoUs • Interview records • Survey report
Other	<ul style="list-style-type: none"> • Which success stories and failures can be observed and learned from, from the work of Financial Sector Deepening 	<ul style="list-style-type: none"> • Which key results have been achieved by FSDK and AFR? 	-	<p>Data collection methods:</p> <ul style="list-style-type: none"> • Desk review • Interviews 	<ul style="list-style-type: none"> • FSDK and AFR reviews and evaluations • Interview records

ANNEX 2 – EVALUATION METRIX

	<p>Kenya (FSDK) and Access to Finance Rwanda (AFR)?</p> <ul style="list-style-type: none"> • How does the structure and governance of FSDK and AFR differ from FSDT and what is the impact of these structural/governance differences on effectiveness and strategy impact? 	<ul style="list-style-type: none"> • What internal and external factors influenced the achievement of these results? • What is the structure and governance of FSDK and AFR? Has structure and governance been a key factor influencing the achievement of results? 		<p>Data analysis methods:</p> <ul style="list-style-type: none"> • Benchmarking FSDK and AFR • Qualitative judgement 	
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Annex 3 – Reconstructed ToC

FSDT Theory of Change for Evaluation



Annex 4 – Project sample analysis

Sample basis/criteria	All projects (# projects)	Share of costs	Sample (#projects)
Programme objectives:			
<i>Strategic objective 1</i>	21	25%	6
<i>Strategic objective 2</i>	6	10%	2
<i>Strategic objective 3</i>	9	4%	2
<i>Strategic objective 4</i>	15	61%	2
Programme sector:			
<i>Macro</i>	16	23%	5
<i>Meso</i>	14	14%	3
<i>Meso/micro</i>	18	62%	4
<i>Micro</i>	3	1%	-
Thematic area:			
<i>All</i>	1	6%	1
<i>Insurance and consumer protection</i>	7	10%	1
<i>Research</i>	7	9%	2
<i>SME finance</i>	17	6%	2
<i>Agriculture and rural finance</i>	7	17%	3
<i>Women and youth</i>	5	4%	1
<i>Digital finance</i>	8	48%	2
Category of implementing actor:			
<i>FSDT</i>	10	7%	2
<i>Government</i>	17	31%	5
<i>Financial sector provider (FSP)</i>	8	47%	2
<i>Private</i>	13	4%	2
<i>NGO</i>	2	10%	1
<i>Insurance company</i>	1	-	0
Status:			
Ongoing	19	26%	6
Completed	32	74%	6

Annex 5 – Data collection tools

Interview guide for FSDT staff, Board members, sub-committee members

Name	
Gender	
Title/position	
Organisation	
Date and time of interview	
Pre-interview information (e.g. from desk review):	

Introduction

Explain the purpose of the evaluation and the interview	
Explain how any information collected from the interview will be reported	
Ask the interviewee to confirm that he/she is willing to participate in the evaluation	
Ask the interviewee to present him/herself	
What is your relationship with FSDT? For how long have you been engaged with FSDT?	

Questions

Evaluation criteria/question	Notes on response
<i>Relevance</i>	
1. How do you ensure that the FSDT meet the needs of financial service providers?	
2. How do you ensure that the gender perspective and the needs of poor women and youth are taken into account?	
3. Can you give examples of how past results, lessons learnt and research have influenced the design and implementation of FSDT?	
<i>Effectiveness</i>	
5. To what extent has FSDT contributed to market system or	

large scale change to your knowledge? Please elaborate and give examples	
6. What have been the most important innovations/solutions supported by FSDT in your view? Why?	
7. To what extent have poor women and youth benefitted? How do you know?	
8. What factors – internal and external – have influenced the success of FSDT?	
9. Have activities and outputs been delivered as anticipated in annual business plans and budgets? If not, why?	
10. What have been done to ensure the best value for money?	
11. Did FSDT projects have any unintended consequences – positive or negative?	
<i>Sustainability</i>	
12. What will happen to the innovations/solutions when the support from FSDT ends? How commercially viable are they?	
13. What else is needed to ensure the sustainability of FSDT results?	
<i>Lessons learnt and recommendations</i>	
14. What key lessons have you learnt during the current FSDT strategy?	
15. Do you have any recommendations for the next FSDT strategy?	
Other comments/questions:	

Interview guide for project partners

Name	
Gender	
Title/position	
Organisation	
Date and time of interview	
Pre-interview information (e.g. from desk review):	

Introduction

Explain the purpose of the evaluation and the interview	
Explain how any information collected from the interview will be reported	
Ask the interviewee to confirm that he/she is willing to participate in the evaluation	
Ask the interviewee to present him/herself	
Can you briefly explain the purpose and objectives of the project with FSDT and what type of support you received?	

Questions

Evaluation criteria/question	Notes on response
Relevance	
1. Could you briefly describe the steps involved with the design and planning of the project?	
2. What evidence (e.g. past results, lessons learnt and research) supported the design of the project?	
3. How were the needs and priorities of poor women and youth taken into account?	
4. How satisfied are you with the support of FSDT? Did the support meet your needs?	
Effectiveness	
5. To what extent did the project achieve its objectives? What tangible results were achieved (innovations, solutions, services, policies, regulations, etc.)?	
6. To what extent would you say that the project has contributed	

to systemic/large-scale change? Please elaborate	
7. To what extent have poor women and youth benefitted? How do you know?	
8. What factors – internal and external – influenced the achievement of project results?	
9. What have you done to ensure the best value for money?	
10. Did the project have any unintended consequences – positive or negative?	
<i>Sustainability</i>	
11. What will happen to the innovations/solutions after the end of the project? How commercially viable are they?	
12. What else is needed to ensure the sustainability of project results?	
<i>Lessons learnt and recommendations</i>	
13. What lessons have you learnt during the implementation of the project?	
14. Do you have any recommendations to FSDT?	
Other comments/questions:	

Interview guide for external stakeholders

Name	
Gender	
Title/position	
Organisation	
Date and time of interview	
Pre-interview information (e.g. from desk review):	

Introduction

Explain the purpose of the evaluation and the interview	
Explain how any information collected from the interview will be reported	
Ask the interviewee to confirm that he/she is willing to participate in the evaluation	
Ask the interviewee to present him/herself	
What is your relationship with FSDT? How familiar are you with the FSDT strategy?	

Questions

Evaluation criteria/question	Notes on response
Relevance	
1. Has FSDT and its implementing partners engaged you during the implementation of the FSDT strategy? If so, how?	
2. In general, do you think FSDT addresses the relevant needs of Tanzania, especially poor women and youth?	
3. How do you see FSDT's role vis-à-vis other initiatives in the same area?	
Effectiveness	
4. What key changes have taken place in Tanzania during the past five years with regard to financial inclusion?	
5. To what extent do you think FSDT has contributed to these changes? What other actors and factors have had an influence?	
6. In which areas has FSDT contributed the most?	

7. What do you see as the key challenges facing FSDT?	
<i>Sustainability</i>	
8. What is needed to ensure the sustainability of FSDT results?	
<i>Lessons learnt and recommendations</i>	
9. In general what has worked well and not so well in your partnership with FSDT?	
10. Do you have any other recommendations for the future implementation of the FSDT?	
Other comments/questions:	

Survey questionnaire

Thank you for taking part in this survey conducted by FSG Sweden on behalf of the Embassy of Sweden in Tanzania. Your responses are very valuable to us and will inform the final evaluation of the FSDT Strategy 2016-2020.

The survey will focus on your partnership with FSDT and the results achieved with FSDT support. Your answers will feed into recommendations to the next FSDT strategy 2021-2026. In case you have been involved in more than one project, please ensure that your answers reflect the combined experience.

Responses are anonymous and this survey is not linked to any funding call or decision.

The survey should not take more than 10 minutes to complete. If a question is not relevant to your organisation/project, skip to the next one.

Thank you very much for your time!

Introduction

Questions	Choices
1. What is your gender?	<ul style="list-style-type: none"> • Female • Male
2. What kind of organisation do you work in?	<ul style="list-style-type: none"> • Government • Private organisation • Financial service provider • NGO • Other
3. For which thematic area have your organisation received FSDT support? (multiple answers possible)	<ul style="list-style-type: none"> • SME finance • Agriculture and rural finance • Insurance and consumer protection • Digital finance • Women and youth • Research • Don't know
4. What type of support did your organisation receive from FSDT? (multiple answers possible)	<ul style="list-style-type: none"> • FSDT provided financial support • FSDT provided capacity building support (technical assistance, training, etc) • FSDT provided analysis/research • FSDT facilitated networking/cooperation with others • Other

If other, please explain:

5. To which key results area was the support directed? (multiple answers possible)	<ul style="list-style-type: none"> • Improved policy, institutional, legal, and regulatory framework promoting financial inclusion • Enhanced market infrastructure that generates lower-cost financial products and services matching the needs of the under-served • Strengthened market system where actors increasingly collaborate and co-produce solutions and products • Don't know
6. What is the status of the project/initiative?	<ul style="list-style-type: none"> • Ongoing • Completed

Relevance

Questions	Choices
7. To what extent did the project address the needs of your organisation?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
8. To what extent did the project address the needs of Micro, Small and Medium Enterprises, smallholder farmers and individuals?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
9. To what extent did the project address the needs of poor women and youth?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all

10. How satisfied are you with the support of FSDT?	<ul style="list-style-type: none"> • Very satisfied • Satisfied • Neutral • Not satisfied • Very dissatisfied
---	--

Please elaborate :

11. What type of support was most useful? (multiple answers possible)	<ul style="list-style-type: none"> • Financial support • Capacity building support (technical advice, training, etc)
--	--

	<ul style="list-style-type: none"> • Analysis/research provided by FSDT • Facilitation of networking/cooperation with others • Other
--	---

Please elaborate:

Effectiveness

Questions	Choices
12. To your knowledge, to what extent did the project achieve its objectives?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all

13. What are the internal and external factors that influenced the achievement of project objectives? Please identify both negative and positive factors (2-3 each)

14. To your knowledge, to what extent did the project contribute to change in your organisation's capacity and/or practices?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
--	---

Please elaborate/give examples:

15. To your knowledge, to what extent did the project contribute to new and improved products or services?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
--	---

Please elaborate/give examples:

16. To your knowledge, to what extent did the project contribute to new/strengthened partnerships and networks?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
---	---

Please elaborate/give examples:

- | | |
|--|---|
| 17. To your knowledge, to what extent did the project contribute to increased use of evidence/research and better decision-making? | <ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all |
|--|---|

Please elaborate/give examples:

- | | |
|---|---|
| 18. To your knowledge, to what extent did the project contribute to improved policy, institutional, legal and regulatory framework promoting financial inclusion? | <ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all |
|---|---|

Please elaborate/give examples:

- | | |
|--|---|
| 19. To your knowledge, to what extent did the project contribute to lower-cost financial products and services matching the needs of the under-served? | <ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all |
|--|---|

Please elaborate/give examples:

- | | |
|--|---|
| 20. To your knowledge, to what extent have other market actors copied or adapted the products and services that your organisation has developed with FSDT support? | <ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all |
|--|---|

Please elaborate/give examples:

- | | |
|---|---|
| 21. To your knowledge, to what extent has the project contributed to improved access to and use of financial products | <ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent |
|---|---|

and services by Medium Enterprises, smallholder farmers and individuals?	<ul style="list-style-type: none"> • Not at all
22. To your knowledge, to what extent has the project contributed to improved access to and use of financial products and services by poor women and youth?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all
23. To what extent do you think that the costs of the project were reasonable given the results achieved?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all

24. Were there any unintended effects (positive or negative) or results of the project that you did not anticipate? Please explain/elaborate

Sustainability

Questions	Choices
25. To what extent are the innovations supported by FSDT commercially viable?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all • Don't know

26. To what extent are the changes in policies and regulations, if any, brought about by the project sustainable?	<ul style="list-style-type: none"> • Very high extent • High extent • Moderate extent • Slight extent • Not at all • Don't know
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Please elaborate:

27. Do you have any other comments or suggestions to FSDT? What needs to be improved, if anything, in the next FSDT strategy?

Annex 6 – Rubrics

As explained in Section 3.4 (Data analysis process), for this evaluation, a set of three rubrics were developed and used to assess a selected set of the outcome statements in a systematic manner:

1. Significance of change,
2. Level of contribution, and
3. Strength of evidence.⁴⁷

Each rubric includes a scale from high to low with a description what each level entails. Rubrics and their scales are presented below.

1. Significance of change. Significance of change refers to what extent an outcome / change can be considered as significant or newsworthy. For example, if a scoring for significance of change is ‘high’ it means that the outcome / change is seen as important and newsworthy for financial inclusion in Tanzania. If it is ‘low’, it means that while a situation has improved / there has been progress, the change is not considered significant in terms of bringing about transformational, systemic, large scale and/or sustainable results. Given that the evaluation is aimed at capturing a range of outcomes, what the levels ‘high’, ‘medium’ and ‘low’ mean vary slightly across outcome types as seen in Table 1 below.

Table 1: Significance of change rating

Rating	Types of changes		Definition
High	Outcomes	Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)	The outcome / change is important and newsworthy for financial inclusion in Tanzania. New / improved policies or frameworks have been <i>implemented</i> and they have introduced transformational, systemic, sustainable and/or large-scale changes.
		Enhanced market infrastructure that generates lower-cost products and services matching the needs of potential clients (including women and youth)	The outcome / change is important and newsworthy for financial inclusion in Tanzania. The market infrastructure has significantly improved and is demonstrated by new or improved lower-cost product and services.
		Improved (access to) and use of financial products and services by MSMEs	The outcome / change is important and newsworthy for financial inclusion in Tanzania. New financial products or services are used by a large number of MSMEs, and it is expected that the use of them is sustained or increasing.
		Improved (access to) and use of financial products and services by households and individuals (including women and youth)	The outcome / change is important and newsworthy for financial inclusion in Tanzania. New financial products or services are used by a large number of people (including youth and women), and it is expected that the use of them is sustained or increasing.
		Strengthened market system where market actors	The outcome / change is important and newsworthy for financial inclusion in Tanzania. There has been significant improvement,

⁴⁷ These rubrics are modified from Aston (2020).

		increasingly collaborate and co-produce solutions and products	and market actors who have not previously collaborated are now working together and co-producing solutions and products.
Medium	<i>Outcomes</i>	Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)	There has been considerable progress but new / improved policies and frameworks have not yet been properly implemented and/or they have not yet introduced transformational, systemic, sustainable and/or large-scale changes though they have potential to do so in future. Alternatively, the outcome is an essential step to achieve further, more transformational changes in the future.
		Enhanced market infrastructure that generates lower-cost products and services matching the needs of potential clients (including women and youth)	There has been considerable progress but market infrastructure has not yet significantly improved. There may be new or improved lower-cost products, but they are not yet matching the needs of potential clients as expected though they have potential to do so in future. Alternatively, the outcome is an essential step to achieve further, more transformational changes in the future.
		Improved (access to) and use of financial products and services by MSMEs	There has been considerable progress, and new financial products or services are used by a considerable number of MSMEs. However, uptake has been limited and scaling up has not happened as expected though there is potential this may happen in the future.
		Improved (access to) and use of financial products and services by households and individuals (including women and youth)	There has been considerable progress, and new financial products or services are used by a considerable number of individuals (including youth and women) but within limitations. The changes have not yet been large-scale or transformational though they have potential to be so in the future.
		Strengthened market system where market actors increasingly collaborate and co-produce solutions and products	There has been considerable progress how market actors are operating and collaborating. However, there are still significant silos, or the collaboration needs to be further strengthened to lead into co-production of solutions and products.
Low	<i>Outcomes</i>	Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)	There has been some progress but new / improved policies and frameworks have only been implemented in a limited manner, and they have not brought transformational, systemic, sustainable and/or large-scale changes and it is not certain whether they have potential to do so in the future.
		Enhanced market infrastructure that generates lower-cost products and services matching the needs of potential clients (including women and youth)	There has been some progress but the market infrastructure has improved slower or less than expected. Some new lower-cost products may have been developed but they have not properly met needs of potential clients in a large scale, and it is not certain whether they have potential to do so in the future.
		Improved (access to) and use of financial products and services by MSMEs	There has been some progress but new financial products or services are used by a only limited number of MSMEs and it is not certain whether the use will be scaled up in the future.
		Improved (access to) and use of financial products and services by households and individuals (including women and youth)	There has been some progress but new financial products or services are used only a limited number of people (including youth and women) and it is not certain whether the use will be scaled up in the future.
		Strengthened market system where market actors increasingly collaborate and co-produce solutions and products	There has been some progress how market actors are operating and collaborating. Though this may be an important step, the collaboration has not yet produced any actual co-created solutions or products.

2. Level of contribution refers to the role that FSDT has played in each outcome. For example, scoring ‘high’ means that it is likely that an outcome could not have happened without FSDT support and/or involvement. This means that FSDT was a key contributor to the change though it did not have to be the only contributor. If the scoring for the contribution rating is low, it means that the outcome would have probably

happened anyway regardless of FSDT’s involvement (i.e. a type of counterfactual scenario).

Table 2: Contribution Rating

Rating	Definition
High	The outcome could not have happened without FSDT’s support and engagement. FSDT was a key contributor to the change. Note: FSDT does not have to be the only contributor for the change but one of the key ones.
Medium	FSDT made a substantial contribution to a key part of the outcome, and without its support and efforts, the outcome would not have happened in the same way. Other actors also played a substantial contribution to the outcome.
Low	The outcome would have probably happened anyway.

3. Strength of evidence refers to how confident the evaluation team is about the evidence base to make these assessments. For example, if only FSDT staff have mentioned a change, but it has not been verified by external stakeholders, that means that our evidence base and scoring is low. On the other hand, if several external stakeholders mention the change and FSDT’s role in bringing about the change, it means that we have a strong evidence base for it.

Table 3: Strength of Evidence Rating

Rating	Definition
High	Evidence comes from multiple sources and can be externally validated.
Medium	Evidence comes from more than one external source and can be externally validated.
Low	The only source of evidence is FSDT staff / documentation (i.e. no external stakeholders or partners).

Annex 7 – Additional outcomes

As mentioned in Section 4.2 on Effectiveness, not all outcomes could be presented in the main text given the number of them and the need to keep the evaluation report concise. Below, those that had to be left out of main text are presented grouped by the same outcome categories. After the additional outcomes, a summary table with evidence sources are presented.

1. Improved policy, institutional, legal and regulatory framework promoting financial inclusion (including of women and youth)

The situation of women and youth, e.g. in terms of financial services used, existing barriers, and regional differences, is better understood and addressed by the policy, institutional and regulatory framework thanks to FinScope 2017 analysis.

FinScope 2017 sought to provide an understanding of the financial services needs of consumers (individuals, farmers, business owners) from different demographic backgrounds (gender, location, age and wealth). Based on the results of FinScope 2017 and funded under the FinSights Lab project, a deep-dive analysis (gender gap report) was conducted by FSDT, which ended by providing a number of social and market priorities. As part of the implementation of NFIF 2, the National Financial Inclusion Council (leading and coordinating the NFIF 2) has established a Women's Affairs Committee, which has identified a number of initiatives to reduce the gender gap. In this context, FSDT has supported the review of the National Gender Policy (2000) and Strategy (2005).

Level of significance: **medium**
Level of contribution: **high**
Strength of evidence: **high**

The enactment of the 2019 Bank assurance regulations led banks to play the role of distribution of insurance services

Previously banks were not included in the distribution of insurance services in Tanzania. FSDT supported actors' efforts to influence the government to enact the Bancassurance law. These regulations addressed the constraint on the demand side pertaining to the limited distribution channels. New regulations support democratisation of agents and expanding the distribution channels which translates to more choice for customers. As it is now a total of 17 Banks have applied and received their insurance licenses to carry out Bank assurance business.

Level of significance: **medium**
Level of contribution: **medium**
Strength of evidence: **medium**

FSDT played a role in speeding up the process of enactment. Though the process had already started, and there were other actors involved in it, the progress was slow.

According to stakeholders, FSDT's contribution and engagement accelerated the process.

4. Improved (access to) and use of financial products and services by households and individuals (including women and youth)

Previously 'unbanked' individuals who take micro and small loans (through mobile creditors) have been able to demonstrate good credit history through a new service, and thus have better access to subsequent loans.

FSDT co-financed the development of a new databank and service where institutions such as mobile creditors but also others, can run applicants credit scorings and conduct credit references and analysis in underwriting loans. This service has not been previously available for non-regulated institutions in Tanzania. While the use of micro and small loans through mobile creditors has been going on for years, there was no system to share customer data. Though the system is not yet used by more than a few mobile creditors, since the product was launched by Credit Info, 2.4 million individuals have had access to mobile loans through digital lenders, and as of 1 May 2021, 16 million unique loan records have been reported. While the developers had the know-how, the service likely would not likely been developed as quickly without the FSDT's financial support.

Level of significance: medium Level of contribution: medium Strength of evidence: high

Annex 8 – Documents consulted

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FSDT/FinSights Lab (no date): *Bridging the Gender Gap in Financial Inclusion. Social and Market Investment Priorities*.

Grant agreement FSDT-Sida 2015-2020.

ITAD (2016): *FSDT Mid-Term Review of the Strategy (2013-2018)*. Final report. 30 June 2016.

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Annex 9 – Key informants

Name	Position/project	Organisation
<i>FSDT staff and consultants:</i>		
Kessy, Sophia	MEL Advisor	FSDT
Kewe, Sosthenes	Executive Director	FSDT
Kingu, Peter	Head of SME	FSDT
Lupala, Samora	Agriculture and Rural Finance Advisor	FSDT
Mhina, Daniel	Head of Digital Finance	FSDT
Mlola, Irene Madeje	Operations Director	FSDT
Mpalanzi, Christian P.	SME Advisor	FSDT
Mushi, Anna	Head of Gender and Youth	FSDT
Mushi, Elvis	Head of Research	FSDT
Mutagaywa, Juliana	Consultant	FSDT
Mwakasity, Catherine	Operations Manager	FSDT
Mwamakula, Emmanuel	MEL Officer	FSDT
Omuteku, J. Kemibaro	Head of Insurance and Consumer Protection	FSDT
Seifert, Julia	Research Advisor	FSDT
<i>FSDT Board and Investment Sub-Committee:</i>		
Kilua, Samwel	Member, Investment Sub-Committee	-
M'bale, Amani	PIC member	BMGF
Mulamula, George	Chairperson, Investment Sub-Committee, PIC observer	-
<i>FSDT project partners (sample):</i>		
Ikwabe, Jacqueline	Project Manager	Vodacom
Itatiro, Amani	Former Financial Analyst	BoT
Justine, Japhet	Managing Director (Alternative Product Development Process - Supply side platform for value chain finance project)	Tanzania Agriculture Development Bank
Kaseko, Abel	Head of Products and Sales	NBC
Kataru, Revealed	Country Director	Aghakhan Foundation
Libois, Willemien	Regional Coordinator	Frankfurt School of Finance and Management
Lyimo, Emmanueli D.	Resource Mobilisation Manager	Tanzania Agriculture Development Bank
Malibiche, Alphonse	Former Director of Operations	NIDA

Name	Position/project	Organisation
Massawe, Nangi	Chair, National Secretariat for Financial Inclusion	BoT
Mbetini, Epimack	Director M-Commerce/TAMNOA Chairperson	Vodacom
Mjema, Dionisia	Assistant Commissioner – Financial Sector Development	MoF
Msaki, Isidor	Manager	DCB Commercial Bank
Mugwanga, Trevor	Senior Consultant	Frankfurt School of Finance and Management
Mwakipesili, Atupele	Economist	MoF
Opoku, Sakyi		Zantel
Pattni, Rushika	Chief Strategy Officer	Selcom
Robogo, Walter	Consultant	CreditInfo Tanzania
Urasa, Edwin	Country Manager	CreditInfo Tanzania
FSD Network:		
Cook, Tamara	Chief Executive Officer	FSDK
Iyacu, Jean Bosco	Country Director	AFR
External stakeholders:		
Arora, Sukhwinder	Director	Arora Associates
Carter, Richard	Consultant	Arora Associates
Gonsalves, Jane	Coordinator, Sector Skills Council	TPSF
Komba, Kennedy	Director, Strategy and Financial Inclusion Policy	Alliance for Financial Inclusion
Mkindi, Jackline	CEO	TAHA Group
Mkoma, George	Managing Director	HISA Microfinance
Olomi, Donath R.	Consultant, Entrepreneurship Development	IMED
Othman, Abubakar	CEO	TIMAP
Ringo, Thadayo	Deputy Director Consumer Affairs	TCRA
Sigware, Baghayo	Former Commissioner of Insurance	TIRA
Singano, Beatrice	Director of Communications & Regulatory Affairs	AIRTEL
Suleiman, Khamisi	CEO, Chairman of Association of Tanzania Insurance	Sanlam General Insurance
Terry, Winnie	Executive Secretary	Tanzania Association of Microfinance



Evaluation of the Financial Sector Deepening Trust (FSDT) Tanzania Strategy 2016–2020

This report presents a mid-term evaluation of the Strategic Plan 2016–2020 of the Financial Sector Deepening Trust (FSDT) Tanzania. The evaluation assesses the relevance, effectiveness, and sustainability of FSDT's operations, and is expected to contribute to learning and serve as an input to FSDT's next Strategic Plan. A light benchmarking was done with the Financial Sector Deepening Kenya (FSDK) and Access to Finance Rwanda (AFR). The evaluation found that FSDT's Strategy has been largely relevant to national priorities and partners' needs and that it has contributed to key policies and regulations, strengthened market infrastructure, and the development of new products and services. The needs of women and youth, however, have not been addressed properly, and more attention should be given to monitoring, learning, and ensuring value for money. It was moreover found that ensuring sustainability is a key challenge for FSDT, both in terms of programming and the viability of the FSDT itself. The evaluation ends with several recommendations to Sida, other donors and FSDT for the coming strategy period.

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