

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE – IDRC
Grant Reporting

**STRENGTHENING COLLABORATION AND SHARING LESSONS
LEARNED OF FINANCIAL INCLUSION INITIATIVES SUPPORTED BY
IDRC IN LATIN AMERICA**

Final Technical Report

Grantee Name: **FUNDACIÓN CAPITAL**

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Research Partners: Banque de la République d'Haiti (BRH); Alliance for Financial Inclusion (AFI)

Location of Project: Haiti

EXECUTIVE SUMMARY

The project aimed at informing policies that promote the financial inclusion of women and youth in Latin America and the Caribbean, by synthesizing and sharing lessons learned, and promoting the collaboration between different projects sponsored by the IDRC in the region. In particular, *Proyecto Capital* (implemented by Fundación Capital) and the Alliance for Financial Inclusion (AFI), together with the Banque de la République d’Haïti (BRH), stood forth as crucial partners for this endeavour.

Specific objectives of the project, included:

- Synthesizing and disseminating lessons learned from 10 years of *Proyecto Capital*, supported by the IDRC, through documentation, infographics, and international and local events.
- Supporting the research and creation of local capacities for the implementation of Haiti’s National Financial Inclusion Strategy (NFIS) through strengthening collaborations between different initiatives supported by the IDRC and using as a basis the lessons learned from *Proyecto Capital*, in particular, those related to NFIS’s in the region.
- Collaborating with BRH and a local microfinance institution to develop, test and evaluate a financial literacy tool designed for vulnerable population groups.
- Collaborating with the Alliance for Financial Inclusion (AFI) in the design of a National Financial Education Plan that would serve as a programmatic guide for the implementation of concrete actions in Haiti meant to promote financial capacity building among the country’s population. This specific deliverable was under the sole responsibility of AFI.

Outcomes from the previous programmatic objectives can be summarized as follows:

- A ***Proyecto Capital* forum** centered on social protection and financial inclusion within Conditional Cash Transfer (CCT) ecosystems, which summoned in Mexico (15th to 17th of August 2018) most of the stakeholders that participated in the decade long *Proyecto Capital* regional project. More than 120 (international) attendees, including high-level policymakers, practitioners, technical experts, researchers, and participants of CCT programs, discussed the conceptual foundations of *Proyecto Capital*, as well as its achievements, challenges, results, impact and lessons learned throughout its ten-year trajectory. Furthermore, Fundación Capital presented a publication consisting of a **book** (centered on the relevant topics surrounding *Proyecto Capital*) and **policy briefs** written by a wide array of experts invited by Fundación Capital to comment on *Proyecto Capital* through revisiting its ten-year long implementation. A prospective strategy and roadmap for the future of financial inclusion resulted from the two-day event.
- A **Haitian adaptation of LISTA**, a tablet-based digital financial literacy App designed by Fundación Capital for vulnerable micro-entrepreneurs men and women, was localized, adapted and tested in Haiti (with a 500+ sample of households), in partnership with the BRH and the microfinance institution Association for Cooperation with Micro Enterprise (ACME S.A.).
- Based on Haiti’s NFIS, AFI developed a draft of a **National Financial Education Plan (NFEP)**. The plan outlines the main strategies and programmatic actions to further financial education in the Haitian context. A seminar was to be held by BRH in order to work on the plan with the different stakeholders involved, finalize the NFEP document and bring it to an operational level. However, given the political instability in the country, the seminar could not be organized.
- Unexecuted resources from the seminar that was cancelled, were thus allocated to the elaboration of a **document on the lessons from the localization of LISTA** to the Haitian context. The document is intended to guide future efforts to operationalize financial education efforts with specific tools and contents that adopt a *Tech-Touch* approach, such as LISTA’s.

Among the most important achievements of the project, the following stand forth:

- i. **A regional dialogue** on financial inclusion within cash transfer ecosystems, which involved high level policy makers, financial institutions and telcos from a wide array of countries (Brazil, Chile, Colombia, Honduras, Paraguay, Peru, Dominican Republic and Tanzania), and which permitted to discuss on the future challenges to further financial inclusion.
- ii. **The elaboration and dissemination of a book** that reflects on the achievements, challenges and future implications of *Proyecto Capital*, together with *ad hoc* **policy briefs**.
- iii. **The successful implementation of a pilot test of a Haitian version LISTA**. Results from the pilot evaluation suggest that the tool is a functional solution for effective capability building at scale.
- iv. **A practical guide** meant to help Haitian organizations wishing to engage in future capacity building efforts through a tool such as LISTA.

I. THE RESEARCH PROBLEM

The **general objective** of the project was **to inform policies that promote the financial inclusion of women and youth in Latin America and the Caribbean, by synthesizing and sharing the lessons learned from *Proyecto Capital***. The collaboration between different projects sponsored by the IDRC in the region, stood forth as a particularly important element to strengthen the project. Fundación Capital and the Alliance for Financial Inclusion (AFI), thus partnered for this endeavour.

The project's specific objectives were:

- Synthesizing and disseminating lessons learned from 10 years of *Proyecto Capital*, supported by the IDRC, through documentation, infographics, and international and local events.
- Supporting the research and creation of local capacities for the implementation of Haiti's National Financial Inclusion Strategy (NFIS) through strengthening collaborations between different initiatives supported by the IDRC and using as a basis the lessons learned from *Proyecto Capital*, in particular, those related to NFIS's in the region.
- Collaborating with BRH and a local microfinance institution to develop, test and evaluate a financial literacy tool designed for vulnerable population groups.
- Collaborating with the Alliance for Financial Inclusion (AFI) in the design of a National Financial Education Plan that would serve as a programmatic guide for the implementation of concrete actions in Haiti meant to promote financial education and improve the financial capacity of the country's population. This specific deliverable was under the sole responsibility of AFI.

II. Progress Towards Milestones

a. PK 10 years' event

“Proyecto Capital: 10 años vinculando la protección social e inclusión financiera” (Proyecto Capital: 10 years linking social protection and financial inclusion) - 15 to 17th of August, Puebla, Mexico

Topic of the Forum:

This second PK forum centered on social protection and financial inclusion within Conditional Cash Transfer (CCT) ecosystems, and summoned most of the stakeholders that participated in the decade long *Proyecto Capital* project.

Objectives of the Forum:

- The forum provided an opportunity to present and discuss the conceptual foundations of *Proyecto Capital*, as well as its achievements, challenges, results, impact and lessons learned throughout its ten-year trajectory.
- Fundación Capital presented a publication consisting of a book (centered on the relevant topics surrounding *Proyecto Capital*) and policy briefs written by a wide array of experts invited by Fundación Capital to comment on *Proyecto Capital* through revisiting its ten-year long implementation.
- A prospective strategy and roadmap for the future of financial inclusion resulted from the two-day event.

Participants:

There were more than 120 (international) attendees, including high-level policymakers, practitioners, technical experts, researchers, and participants of CCT programs. The following countries were represented: Brazil, Chile, Colombia, Honduras, Paraguay, Peru, Dominican Republic and Tanzania.

Among others, the National Coordinator of PROSPERA, the Vice-Secretary of Social Development, General Directors of PROSPERA, PROSPERA's State Delegates, the Vice-Minister of Honduras (Social Integration), the Ambassador of Brazil, the Director of the *Bolsa Familia* Program in Brazil, the Executive Secretary of the Ministry of Social Action of Paraguay and the former Vice-Minister of the Ministry of Social Loans of Chile.

Results of the Forum:

During the two-day event in Hacienda de Chautla (State of Puebla, Mexico), more than 120 (international) attendees, including high-level policymakers, practitioners, technical experts, researchers, and participants of CCT programs, presented and discussed a series of pre-selected themes relevant to *Proyecto Capital*.

There was room for valuable exchanges of country-specific experiences and good practices, focusing on topics such as the opportunities and challenges of institutional coordination in Conditional Cash Transfer (CCT) Programs, innovative aspects of financial inclusion, and the creation, innovation and financial capacity strengthening within CCTs from a gender perspective.

One of the highlights of the forum was the session in which 4 recipients of CCT programs from Peru, Colombia and Mexico presented their experiences in the context of their respective programs and how these had impacted their lives, not only personally but at their household levels.

A session on African CCT programs, facilitated by the head of a World Bank-lead African CCT program learning group (María Concepción Steta Gandara), triggered an interesting exchange between countries from this continent (particularly Tanzania) and their LATAM counterparts.

The event also included the official presentation of the publication *Proyecto Capital: Diez Años Vinculando la Inclusión Financiera con la Protección Social* (<http://repositorioproyetocapital.com/publicacion/proyecto-capital-diez-anos-vinculando-la-inclusion-financiera-con-la-proteccion-social/>), which elaborates on the main learnings from the project and the challenges for the future in a wide array of topics.

It is worth mentioning that the event benefitted from an important financial contribution (estimated in around US\$ 160,000) by Mexico's PROSPERA CCT program.

Communication links:

- La Jornada :
 - <http://lajornadasanluis.com.mx/politica-y-sociedad/concluye-el-coloquio-realizado-por-prospera-y-fundacion-capital/>
- Cursor en la Noticia :
 - <http://www.cursorenlanoticia.com.mx/?p=120732>
- El Visto Bueno :
 - <http://www.elvistobueno.com.mx/2018/08/concluye-el-coloquio-realizado-por-prospera-y-fundacion-capital/>
- La Brecha :
 - <https://labrecha.me/?p=174746>
- Twitter :
 - https://twitter.com/prospera_mx?lang=es
- Irapuato Radio :
 - <http://irapuatoradio.com/2018/08/18/concluye-el-coloquio-realizado-por-prospera-y-fundacion-capital/>
- El Normativo Noticias :
 - <https://www.elnormativonoticias.com.mx/concluye-el-coloquio-realizado-por-prospera-y-fundacion-capital/>

ATTACHED: ANNEX 1 - Agenda of the forum, in Spanish (there is no English version).

b. Design and testing of a financial education program: LISTA Haiti

Based on FundaK's know-how in the development of digital financial literacy tools and methodologies in several countries, a Haitian adaptation of LISTA, a tablet-based digital financial literacy App designed for vulnerable micro-entrepreneurs men and women, was developed and tested in Haiti, in partnership with the BRH and the microfinance institution Association for Cooperation with Micro Enterprise (ACME S.A.).

The tool is based on the concept of digital self-learning and peer learning. Each participant is endowed with a tablet with the LISTA App, meant to be used within the household for a limited period of time (4 days), so as to explore its varied suite of financial capability-related contents. Based on a tablet rotating mechanism and leveraging ACME credit officers work with groups of clients (most of them receiving group credit products), tablets are meant to cover a total sample of 500 users. The respective results and process evaluation of the implementation is meant to provide elements for a further refinement of the solution and specific operational protocols for a future escalation.

The activities implied in adapting and piloting LISTA in Haiti are the following:

i. June 2018: Characterization and concept assessment

In June 2018, through interviews with local partners (BRH and ACME), as well as focus groups with the target population, the needs and concepts of a sample of the population were assessed:

- young people
- women
- micro entrepreneurs
- in the capital city
- and in rural areas.

The selection of the population was made in coordination with the local partner, ACME, taking into account certain aspects:

- The logistics (defining the target population upon a predefined radius from ACME branches);
- The selection criteria, upon client financial performance predefined KPI's (arrears on credit payment; specific training needs, etc.).

ATTACHED: ANNEX 2 - Report of the concept assessment prior to the adaptation of LISTA (in French, no English version)

ii. July to November 2018: Training curriculum – adaptation process to develop the LISTA Haiti App

LISTA has a suite of contents that is agnostic to countries of implementation. Modifications for local versions have thus more to do with language and visual elements, rather than with the relevant financial training contents (such as savings, credit, budgeting, insurance, etc.).

Some multimedia resources were developed in the local language and content adaptation to the context and financial capabilities elements of the country, taking into account aspects such as the available supply of financial services in Haiti.

The localization process was done in close collaboration with the BRH, so as to validate the specific concepts of the Haitian financial system and to identify the needs to improve the financial capacities of the target population.

Adapted modules were developed on the following themes:

- Savings

- Debt management
- Financial services

ATTACHED: ANNEX 3 - Samples of LISTA Haiti content

iii. December 2018 to May 2019: The implementation pilot

The application has been tested with 532 micro entrepreneurs, all of them ACME clients, and their families. The pilot was implemented by ACME, from 4 of its agencies: 2 in the Port au Prince metropolitan area and 2 in semi-rural and rural areas. 4 ACME agents (conformity officers - 1 per agency) received ad hoc training by FundaK and were in charge of inviting participants, handling the tablets, briefing participants with a short introduction on the program, and collecting the tablets. Each participant received the tablet for a period of 3 to 4 days.

iv. Quantitative evaluation of results

Data is collected through the App's back-end, allowed following-up on the results in terms of number of users and time spent on the App, as well as the finalization rate.

The following results have been reached:

- Total number of participants: 532
- 92% of participants are women and a majority of them live in rural areas
- 79% of participants are between 30 and 54 years old
- **80% have completed all training modules of the application – which is a highly satisfactory completion rate considering that it is a self-learning process**
- Average time spent on the App is 52 minutes

ATTACHED: ANNEX 4 - Full report on LISTA Haiti analysis of App data (in Spanish)

v. Quantitative evaluation of results, processes and methodology

A qualitative assessment focusing on the digital literacy experience as well as the methodology of implementation (rotation schemes, adaptation strategies, internal organization, participants' follow-up) was conducted in June following the completion of the implementation pilot in May.

Feedback and opinions were received from a sample of users (91 individuals) through focus groups in the 4 areas of implementation and interviews were conducted with ACME's staff, both the coordinating team and the implementation team (conformity agents in all 4 agencies).

This assessment has permitted to identify highly positive results, in the content assimilation and changes in perceptions, behaviors and practices:

- The importance and benefits of savings and financial planning have been successfully transmitted and impacts can already be seen in the definition of savings goals, investment projects, improved business management and expenses follow-up.
 - 60% of sampled users have started a greater follow-up of their finances
 - 20% of sampled users have defined savings goals for big size projects (such as the construction of a new commercial building) and started saving to achieve them
- The module about debt has greatly resonated with the participants' reality and the principles of a healthy rate of indebtedness as well as the obligations linked to a credit have been successfully transmitted. A greater consciousness and willingness to repay debts on time can be seen, as well as change of attitude towards credit towards clients of the business.
 - 30% of sampled users have modified their credit practices to clients in order to have a more sustainable internal credit management.

The training support (offline app used on a tablet) as well as the implementation methodology (rotation of tablets from one client to another every 3 or 4 days) have been greatly validated.

- The engaging, entertaining and practical content of the app have generated motivation among participants.
- Doing the training at home, at the participant's own pace and along with his family have been key factors of success and assimilation of messages.
- There have been no major technical or technological difficulties and the initial induction and registration of participants have been easily conducted by the conformity agents.
- However, some difficulties appeared in the availability and willingness of clients to attend the induction and registration session at the agency, due to travel and cost constraints. The return of the tablet has also been challenging in some cases. In the case of giving continuity to this project, a recommendation would be to better integrate the steps of delivery and return of the tablet to the existing flow of activities and touchpoints between ACME and its clients: take advantage of clients coming to the agency for credit purposes and of credit officers' visits to clients. Such strategy has already been implemented by some agencies.
- Another recommendation in case of continuity and expansion of the initiative is to expand the content of the app (currently in a pilot version) and design different and complementary strategies of training and follow-up, such as for example: LISTA app as the basis for content, group sessions at the agency to strengthen messages and follow-up on behavioral changes, complementary content accessible online or as printed material.

Full results and processes assessment can be found in Annex 5:

ATTACHED: ANNEX 5 - LISTA Haiti qualitative evaluation report (in Spanish)

c. The National Financial Education Plan

Based on Haiti's NFIS, AFI has developed a draft of a *National Financial Education Plan* (NFEP). The plan outlines the main strategies and programmatic actions to further financial education in the Haitian context. The document intends to foster the appropriation of its contents by the local stakeholders in charge of a subsequent implementation of the plan.

As a result of the cancelation of the seminar meant to be held by BRH, due to the political instability in the country, IDRC and Fundación Capital agreed on the re-allocation of the unspent resources from the seminar, so as to develop a document on the lessons from the localization of LISTA to the Haitian context. The document (*Learnings and Insights from a Capacity Building Experience in Haiti*), based on the results from the pilot evaluation, is intended to guide future efforts to operationalize financial capacity building efforts with specific tools and contents that adopt a *Tech-Touch* approach, such as LISTA's. It is worth mentioning that, as of now, the microfinance entity Fonkoze has expressed interest in utilizing LISTA in its financial capacity building efforts. In this context, the learnings and insights can represent a useful tool in case Fonkoze (or any other financial entity) wishes to carry out a new implementation of the tool.

d. Learnings and Insights from a Capacity Building Experience in Haiti

The document presents five basic insights, on the basis of the experience with the pilot of a localized version of LISTA. The document elaborates on some of the most significant aspects of the process and results qualitative evaluation of the pilot, and provides an overview of the supply-demand side interaction. This document is expected to prepare any financial institution wishing to use LISTA, for a sound operationalization of the tool.

ATTACHED: ANNEX 6 - LISTA Learnings and Insights from a Financial Capacity Building Experience in Haiti (in English)

III. Synthesis of Research Results and Development Outcomes

a. From PK 10 year's event

The PK 10 years' event meant an opportunity to critically reflect on *Proyecto Capital's* decade long journey. Not only were practical tools developed for current or future financial inclusion policy efforts, but the event triggered a new understanding of the financial inclusion of the poor. Among other elements worth mentioning to highlight some of the project's research results and development outcomes, the following stand forth:

- i. An assessment of Proyecto Capital's multi-country implementations, including challenges and lessons learned, permitted to synthesize practical policy recommendations for current and future financial inclusion efforts in the country. In this regard, the book and policy briefs published and disseminated, constitute an important contribution of the project, as a practical guidance mechanism to the financial inclusion efforts of cash transfer ecosystems (including governments, their financial regulators, financial institutions and MNO's).
- ii. An enhanced understanding of the financial inclusion challenge, to inform current and future policy efforts in the region, in a way that critically addresses some of the premises of *Proyecto Capital* that did not hold, so as to re-calibrate a theory of change on the basis of *Proyecto Capital's* evidence. A critical premise of the project that did not happen as expected, was the assumption that financial institutions would develop business plans resting on the populations served within the cash transfer programs. In reality, the clients of financial institutions and MNO's were the government programs themselves, more than the cash-transfer recipients. This suggests the need for deeper efforts around the development of business cases of financial institutions/MNO's centered on the poor, which will result in enhanced user-centricity and diversity of financial products for the poor.
- iii. A contribution in building a consensus around re-calibrated assumptions in future financial inclusion efforts. Among other important elements worth highlighting, is the re-configuration of capacity building, within the context of strategies that operate with clearly defined behavioral outcomes, conceived within the target population's choice architecture, and with goals that transcend the access/use of financial instruments, and prioritize financial health improvements.

b. From piloting the adapted version of LISTA in Haiti

The evaluation of the pilot, as described in the previous section, gave very positive results. It adds to already existing robust evidence stemming from LISTA's randomized controlled trials¹.

An additional interesting finding that should be stressed is the fact that Haiti's pilot proves the versatility of LISTA, in that the Haitian implementation encompassed the adaptation of the solution to a microfinance ecosystem, as opposed to a conditional cash transfer ecosystem, for which the tool was originally designed. This fact is key, as the tools' operationalization in a microfinance ecosystem bears business model considerations that are not present in social policy implementations. The Haitian project thus provides very promising elements towards capacity building models that may operate under commercial premises.

¹ <https://www.nber.org/papers/w25929>

IV. Methodology

The elaboration of the book and policy briefs for *Proyecto Capital*, rested on in-depth interviews by a third party (Jorge Higinio Maldonado, from *Universidad de los Andes*). Interviews included a wide spectrum of interviewees, among which public policy officers (from strategists to field personnel), financial institutions' personnel and Fundación Capital collaborators, stand forth.

As for LISTA, the processes and results evaluation encompassed qualitative interviews (to both the end users and ACME personnel), which added to a quantitative data base that was conformed through the data captured by the *back end* of the solution.

Finally, AFI's National Financial Education Plan (NFEP) was carried out through qualitative in-depth interviews to various stakeholders (government and non-government) of the financial inclusion spectrum in Haiti.

V. Project Outputs

The project's deliverables have become a public good, that is expected to benefit a wide audience of practitioners in the financial inclusion field. The book and the policy briefs presented in the international seminar can be accessed in the following website: <http://repositorioproyectocapital.com>

As for LISTA, any organization (government or private) in the country can access and use the solution without having to invest considerable resources, as adaptations would be limited to their institutional identities (logos).

AFI's deliverable (NFEP) is yet to undergo revisions for a final version. Partly as a result of the political instability in the country, the timeline for the elaboration of this deliverable was disrupted. At the same time, revisions from the stakeholders involved (especially BRH), still have to enrich the draft delivered. In spite of that, BRH is finally publicly launching its NFEP in Haiti, during the first quarter of 2020. It is expected that events like this permit the appropriation of the NFEP strategy by the relevant stakeholders in the financial inclusion practice.

VI. Problems and Challenges

The project was constantly disrupted by the social unrest in the country, which obliged Fundación Capital to continuously revise the original timeline and adapt the field strategy for security reasons. Limitations to directly carry out work in the field had to be solved via additional online work and local consultant help.

Working with AFI also represented a challenge to Fundación Capital:

- i. AFI took substantially longer than expected to find the right consultant in charge of the NFEP deliverable. No work by AFI was done during the first year of the project. This obliged Fundación Capital to adjust the original timeline for AFI's delivery.
- ii. When AFI's consultant was finally found, the quality of the deliverable was very low. This obliged AFI to substitute the original consultant by a new expert who had to go back to Haiti (financed by AFI, as the resources for the trip of the first consultant had already been spent) and resume work on the NFEP. The timeline for this deliverable had to be re-adjusted again.
- iii. AFI's officer in charge for this project, Mr. Carlos Moya, never responded in a timely manner to communications by Fundación Capital. Mr. Moya was not transparent about problems in the quality of the NFEP report. Moreover, Mr. Moya rarely participated in follow-up meetings with BRH, which further contributed to communication mismatches between the two implementing partners.

iv. Fundación Capital was obliged to directly contact the Deputy Executive Director of AFI (Norbert Mumba) to communicate the problems with Mr. Carlos Moya, who was then substituted. Mr. Mumba did a great job in sorting out the problems experienced with the elaboration of the NFEP and in improving the communication with Fundación Capital.

v. As a result of the institutional instability in the country, changes within BRH personnel made it difficult to coordinate the implementation of the final phase of the project, in particular, the organization of a workshop in Port au Prince to publicly present the project's deliverables (the NFEP and the results from the LISTA pilot). The workshop was meant to foster a strategic discussion around the NFEP, so as to foster its appropriation by the relevant stakeholders and prepare them for an implementation phase. After cancellation of the workshop on the grounds of insufficient security conditions for participants, IDRC and Fundación Capital ideated an extra deliverable to be done with the unspent resources from the workshop (the learnings and insights document from the LISTA pilot).

VII. Administrative Reflections and Recommendations

Based on the challenging relationship with AFI during most of the project, it is worth reflecting on how collaborations between IDRC grantees can be improved. Perhaps the fact that Fundación Capital was the signing grantee with the IDRC, resulted in little incentives on AFI's end to make its best effort for a timely and quality delivery of the NFEP. While it is clear that a single IDRC grantee (Fundación Capital) and a subgrant agreement (between Fundación Capital and AFI) with a pre-determined budget for AFI's activities seemed appropriate contractual frameworks behind the project, AFI's involvement and appropriation of the project was very poor. Perhaps envisaging timely direct compliance and accountability tasks to the IDRC by all the implementing partners (and not only Fundación Capital), and in accordance with their respective deliverables, could enhance the level of engagement in the project by all partners.
