



The Independent Office of Evaluation of IFAD

Inclusive financial services for the rural poor

105th Session of the Evaluation Committee – Wednesday, 19 June 2019

Objectives and scope

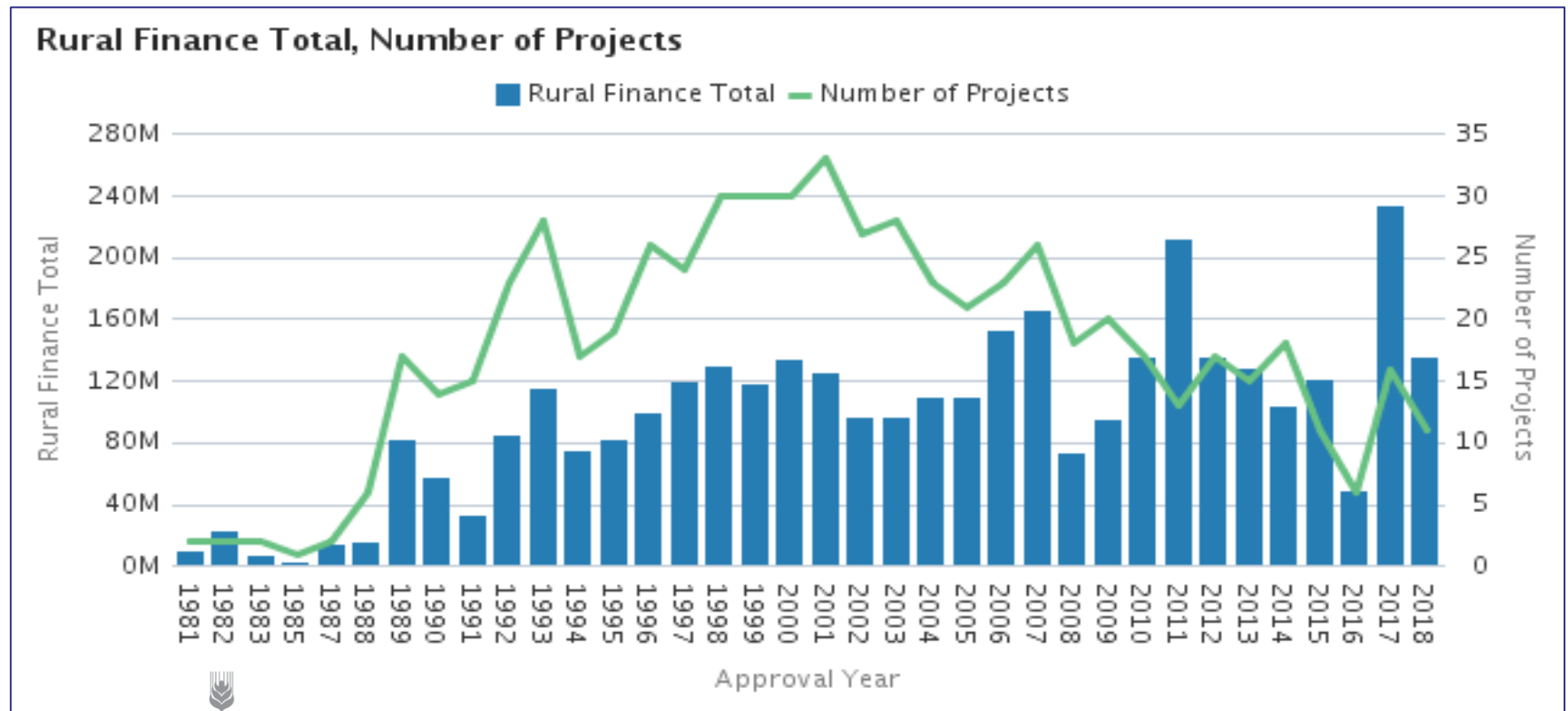
- The synthesis reviewed
 - Relevance of IFAD's policies, guidance and knowledge on inclusive rural finance;
 - The relevance, effectiveness, sustainability and impact of inclusive rural finance models.
- Scope:
 - Evaluations conducted since 2008
 - Policies and guidance adopted since 2008.
 - Interventions at macro, meso and micro levels
 - Diverse instruments, products and services

Corporate-level
Evaluation in
2007

Revised Rural
Finance Policy
in 2009

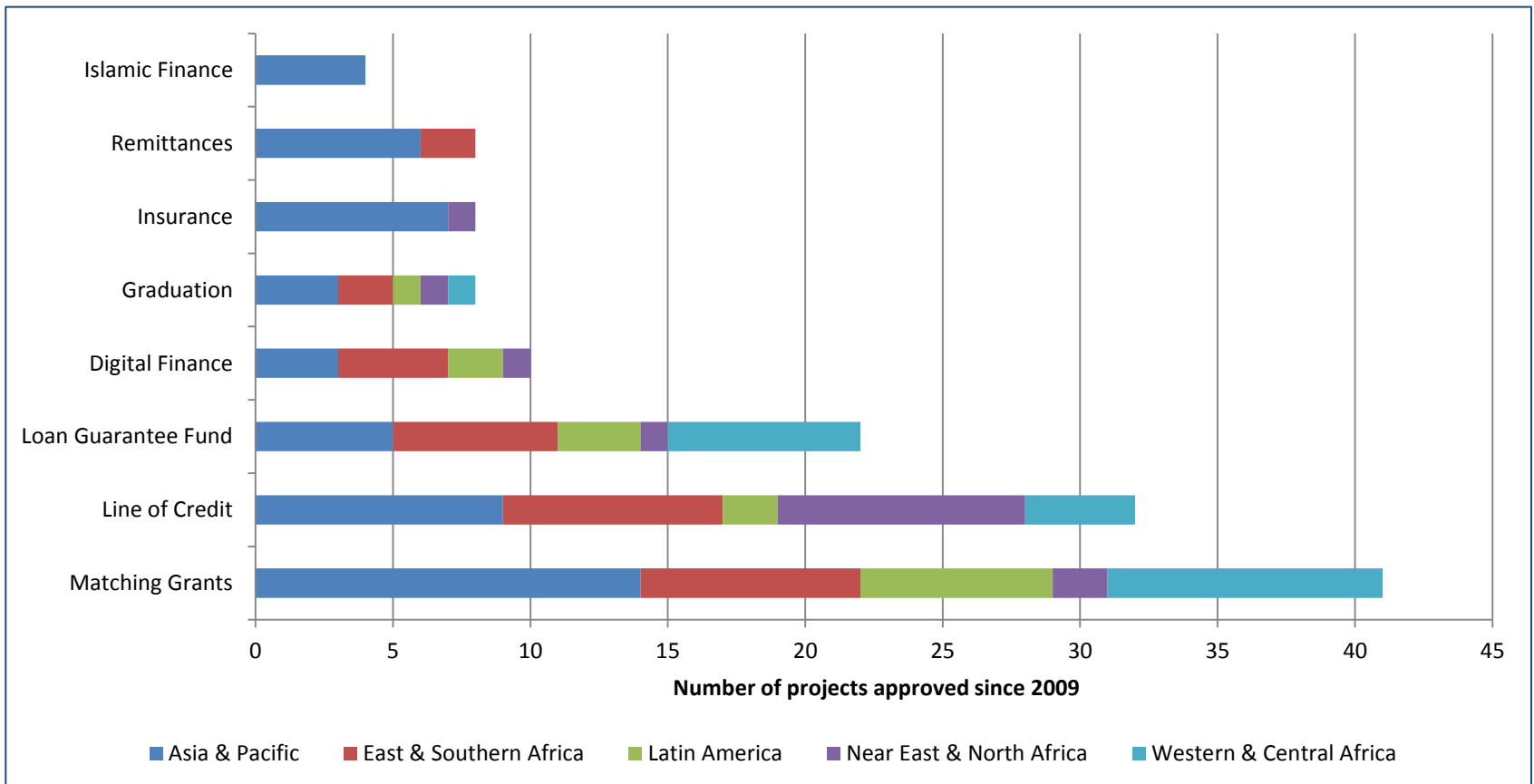
Rural finance prominent in IFAD's portfolio

- Average amount around 120 million since 1996
- Fewer standalone rural finance projects; more 'mixed' projects



Financial instruments remain traditional

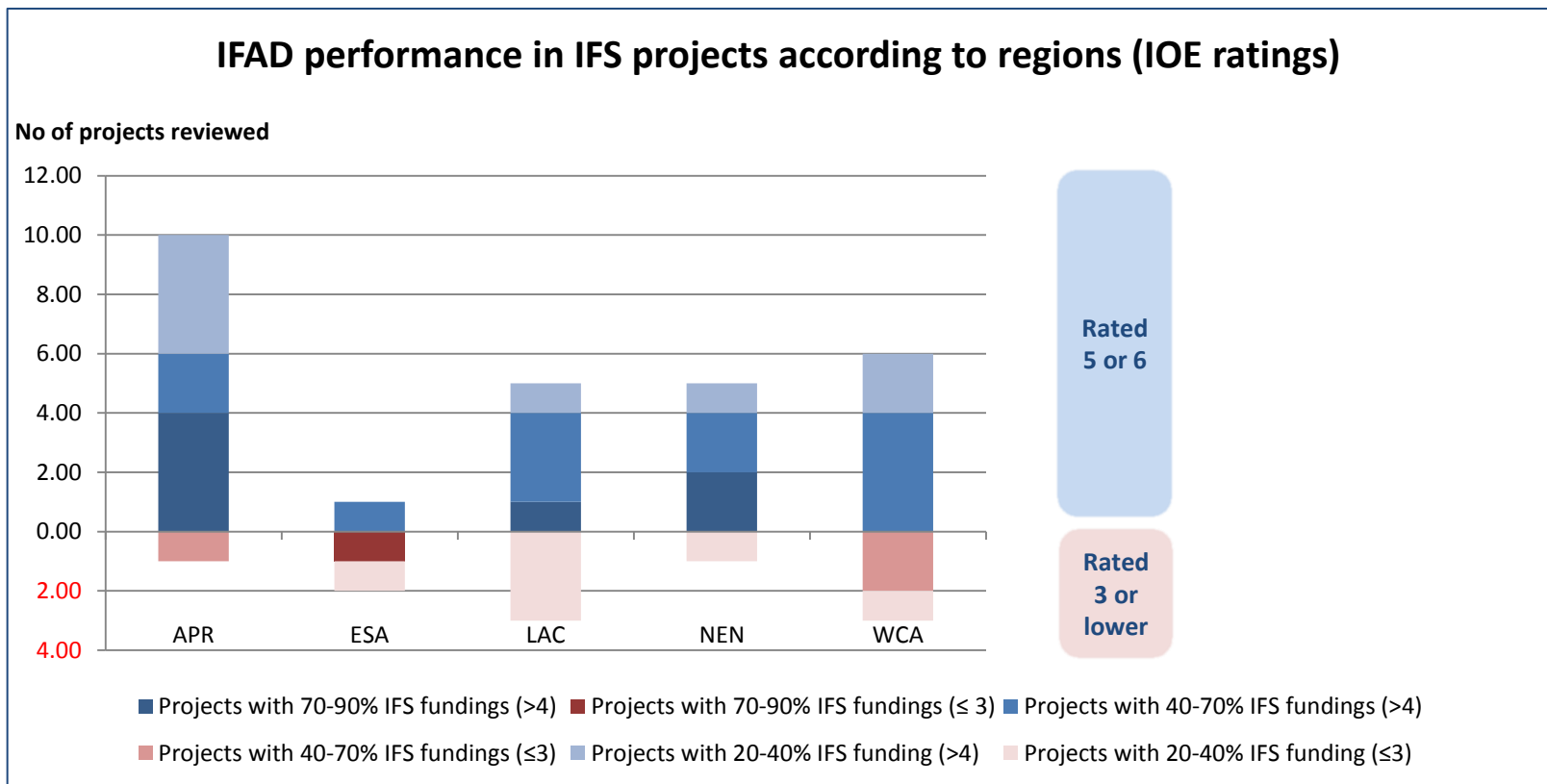
- Line of Credit still common; matching grants most frequently used



Source: PMD FAME database

IFAD's performance varies

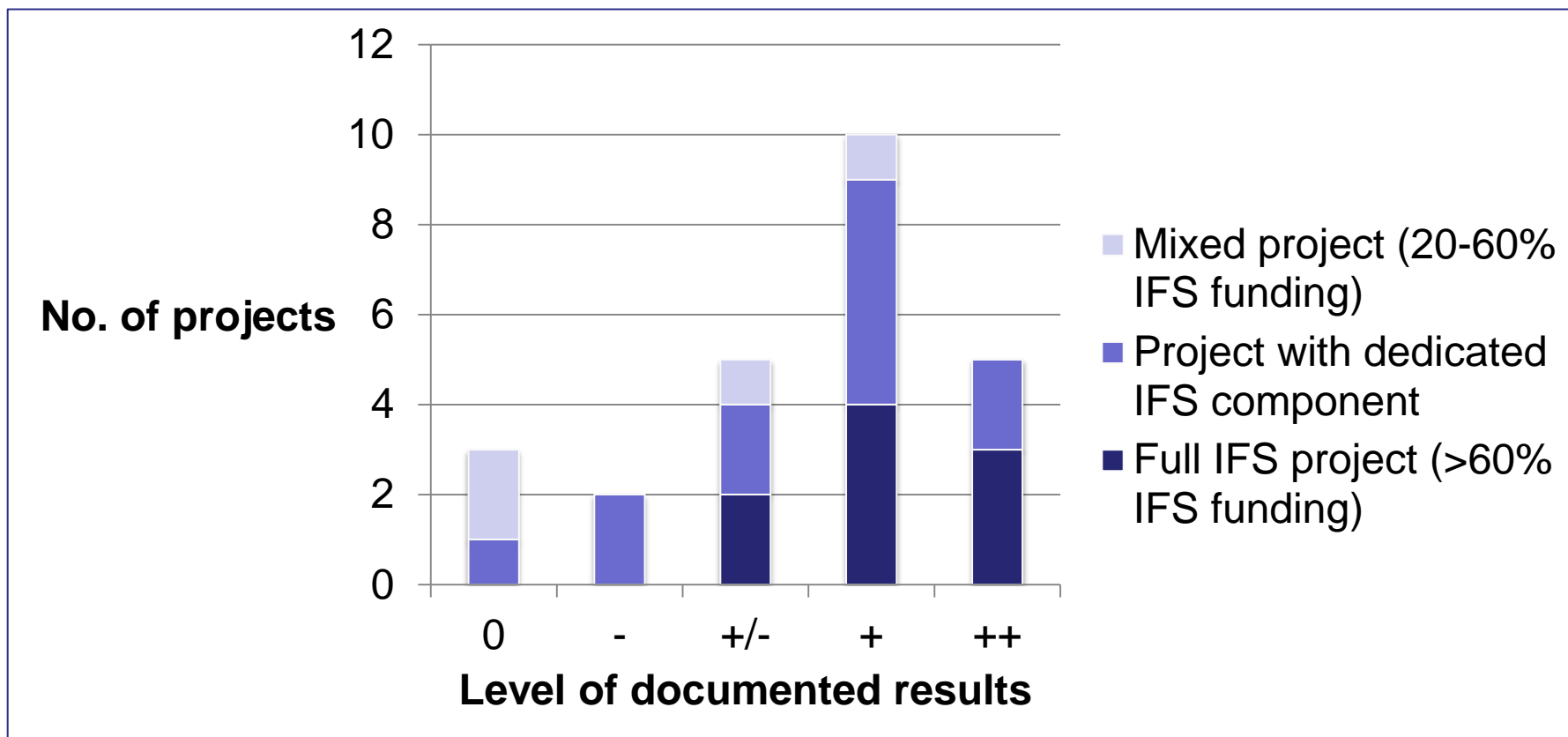
- IFAD performance better in full rural finance projects.



Source: ARRI database

Achievement of results

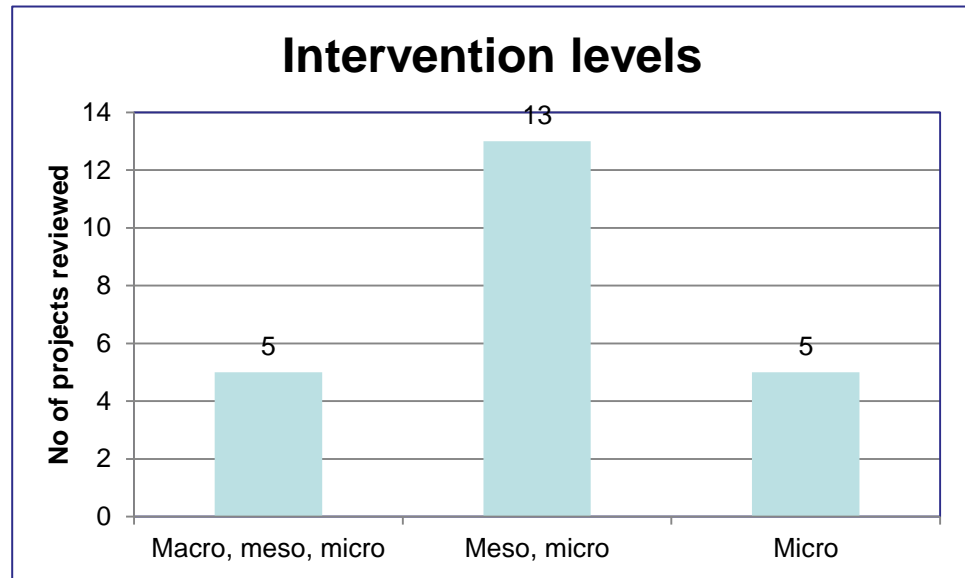
- Better results achieved by full rural finance projects



Source: ESR analysis

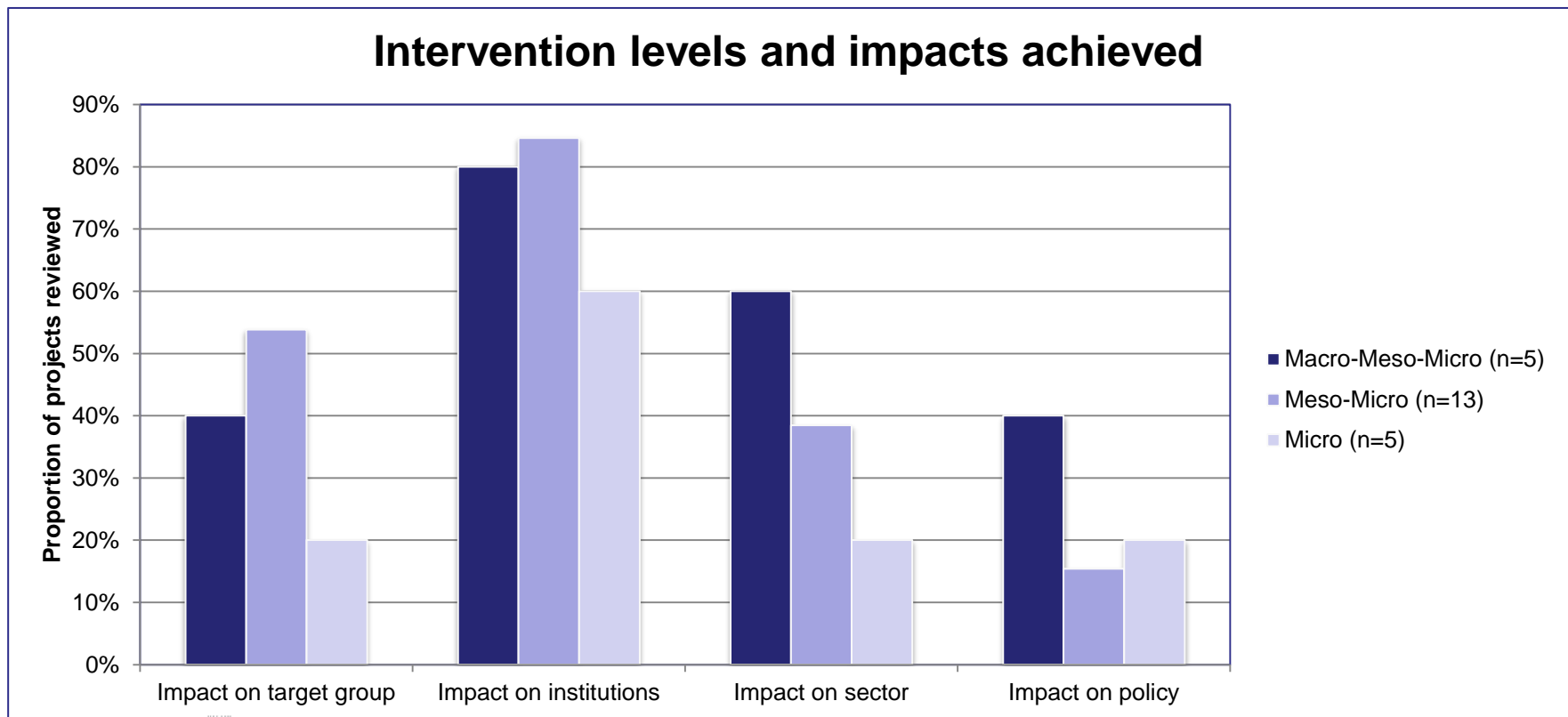
Intervention levels

- Interventions at meso and micro levels most common in sample
- Reflects IFAD's focus on institutional capacity building



Intervention levels and impacts achieved

- Interventions at all levels achieve better impact on sector and policy



Lessons

- Multi-level approach can work in standalone IFS projects
- But: Simple approaches work better for IFAD
- Micro-finance or community-based organisations more poverty oriented
- Financial graduation targets the very poor
- Innovative aggregators (postal networks, mobile operators) support outreach to remote rural areas
- Engagement in financial sector policy dialogue requires broader partnerships

Conclusions

- Aspirations in IFS policy, strategy and guidance have been rising
- They have to be matched with adequate technical capacities within IFAD
- IFAD's business model steers demand for instruments, services and products
- Innovative and more diverse financial services are not commonly used
- Capacity of financial service provider as major constraint; to be addressed through the meso level

Recommendations

1. Conduct **stocktake** of current IFS practices on the ground (e.g. on matching grants)
2. Update **IFAD's Rural Finance Policy** and prepare a **corporate IFS strategy**
3. Enhance strategic impacts at institutional, sector and policy levels through **greater focus on meso-level institutions** and **stronger partnerships** with agencies working in the sector
4. Conduct sound **analysis** at the design stage and be flexible to adapt during implementation
5. Continue experimenting with innovative approaches and services locally