

Document: EB 2016/LOT/G.6  
Date: 19 October 2016  
Distribution: Public  
Original: English

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Investing in rural people

President's report on a proposed grant under  
the global/regional window to Fundación  
Capital (Fundak) for the Promoting the  
Financial Inclusion of Young Rural Women  
Project

Note to Executive Board representatives

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 22.

### President's report on a proposed grant under the global/regional window to Fundación Capital (Fundak) for the Promoting the Financial Inclusion of Young Rural Women Project

#### I. Background and compliance with IFAD Policy for Grant Financing

1. Young rural women today have higher levels of education than their parents, are better connected and more open to new technologies, and are better empowered. Nonetheless, they remain subject to even greater exclusion and poverty than both their male counterparts and their urban peers. Changing this situation calls for a comprehensive intervention to exploit existing opportunities and tackle, from different perspectives, the various obstacles that prevent young rural women from accumulating assets that could be used to escape poverty. IFAD's projects in Latin America and the Caribbean (LAC) have made a substantial contribution to building productive and business capabilities among young rural women. However, these women still face obstacles in accessing financial services to make payments and transfers; administer grants, subsidies and remittances; make sales; and manage their business activities more efficiently and safely.
2. Financial inclusion would help young rural women become less vulnerable and reduce the need to adopt costly strategies to perform the aforementioned activities. Not only would this help them grow their assets, but it would also produce several other positive effects, such as feelings of greater independence, enhanced self-esteem and confidence in their abilities, and greater control over their lives. At the same time, it would help them to look to the future and set themselves medium- and long-term goals.
3. For young rural women to achieve full financial inclusion, financial institutions, regulatory authorities, and both public and private investment projects need to pool their efforts to design sustainable financial services and products to meet the specific demands of this population group. The project will work in this field and coordinate the efforts of the parties mentioned, to develop innovative and scalable strategies that foster the financial inclusion of young rural women in LAC.
4. The proposed project is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015),<sup>1</sup> as it contributes to: (i) promoting innovative approaches and technologies that have the potential to be scaled up for greater impact; and (ii) generating and sharing knowledge for development impact. The proposed project operates in the following priority areas of the 2016 grants programme: rural youth and employment, and rural financial inclusion. The project is aligned with thematic clusters I and II of the 2016-2018 medium-term plan, namely rural inclusiveness and rural transformation.

#### II. The proposed project

5. The project's overall goal is to foster young rural women's access to, and the use of, financial services tailored to their needs, skills and characteristics, to enable them to build, protect and enhance their assets and thus generate a virtuous circle that

<sup>1</sup> See EB 2015/114/R.2/Rev.1.

- allows them to escape poverty. The specific objectives are to: (i) promote access to, and the use of, saving services and other financial products (e.g. transfers, microinsurance, etc.) by young women living in rural areas who benefit from IFAD projects and/or nationwide public programmes; (ii) help improve the supply of financial products and services to more closely match the characteristics and requirements of young rural women; (iii) provide governments with evidence and tools to promote their financial inclusion, for sustained and more profound improvements lasting beyond the life of this project; (iv) demonstrate to financial institutions and mobile money operators (MMOs) that it is profitable to work with young rural women, thus encouraging them to continue developing initiatives to satisfy this population group, secure their loyalty and attract new clients; and (v) generate and disseminate knowledge on successful experiences of financial inclusion among young rural women, so as to foster the development of similar initiatives at the national level and beyond.
6. The project will be implemented in three of the following countries – Brazil, Colombia, Mexico or Paraguay – to be selected according to the conditions prevailing at the time of project approval. The main reasons for selecting these countries are: (i) the interest shown by the respective country programme managers (CPMs) in participating in the project; (ii) Brazil and Mexico are Latin America's largest economies, accounting for 62 per cent of its GDP and 55 per cent of its population; Colombia is a growing economy that has been gaining increasing influence in South America. Accordingly, strategies that have proved effective in any of those countries can be more easily adopted elsewhere in the region. (iii) Furthermore, Colombia has geographical and ethnographic characteristics similar to those of its neighbours; so strategies tested in Colombia, and relevant lessons learned, could easily be replicated in these countries; (iv) Paraguay is a country that is well suited to triggering innovation processes, as shown by previous experience with FundaK. Other interesting features are its very large proportion of indigenous peoples and the fact that the indigenous language is spoken by most of the population. (v) Last, FundaK already has registered branches and staff located in Colombia, Mexico and Paraguay, and is in the process of opening a branch in Brazil. This will facilitate the project's start-up once approved.
  7. The target group will consist of young rural women who already benefit from IFAD projects and/or public programmes (including social protection) in the targeted countries. The direct beneficiaries will be an estimated 9,000 young women living in rural areas and the indirect beneficiaries will include their family members. Nonetheless, the total number of indirect beneficiaries may be higher, since other young women in the target areas may benefit from the development of financial services and products tailored to their characteristics and needs.
  8. The target group will be identified from among the beneficiaries of the partner programmes (IFAD, government), and their children. During the first 12 to 16 months, pilot interventions will be carried out, initially covering around 1,000 beneficiaries in each country. This will make it easier to monitor initial implementation, thus enabling rapid adjustments for its scaling up. In the scaling-up phase, the project will actively seek to engage government programmes or agencies working with young rural women, to encourage them to also start implementing financial inclusion activities. This will help the project to reach its expected target of 9,000 beneficiaries.
  9. The project will be implemented over three years and will have the following components: (i) improvement of the financial capabilities of young rural women; (ii) extension of the supply of rural financial services; (iii) experience-sharing and public policy influence; (iv) knowledge management; and (v) monitoring and evaluation.

### III. Expected outcomes/outputs

10. The project is expected to produce the following outcomes: (i) young rural women hold and use savings accounts either in financial institutions or via e-wallets; (ii) financial services are brought closer to young rural women and are tailored to their characteristics and needs; (iii) government institutions know how to achieve the financial inclusion of young rural women and have the necessary tools for this; (iv) financial institutions have evidence that young rural women constitute a valuable market segment; and (v) knowledge management is promoted by producing and disseminating brief documents and other knowledge products that provide information that is useful for replicating and scaling up this initiative.
11. The key expected outputs include: (i) at least 9,000 young rural women gain access to and use financial services for their savings or for other transactions; (ii) around three financial institutions/MMOs improve their delivery channels or financial products and services, or else develop new products to match the needs of young rural women; (iii) at least one government agency is involved in the project's activities; (iv) two success stories of financial institutions/MMOs providing services to young rural women are produced and disseminated among other financial institutions and MMOs; (v) at least 10 how-to-do/lessons learned notes, brief notes, articles, infographics or audiovisual products providing information for the replication and scaling-up of the initiative are prepared and disseminated; (vi) one document synthesizing the project's results in the targeted countries, as well as lessons learned and recommendations for its replication in others (including public policy suggestions); and (vii) a toolkit on how to include cost-effective strategies for young women's financial inclusion in rural development projects.

### IV. Implementation arrangements

12. The recipient and implementing agency, FundaK, can draw on a solid base of experiences in the LAC region. It will prepare an annual workplan and budget in an acceptable format for approval by IFAD. The grant proceeds will be transferred to FundaK through a duly certified disbursement request pursuant to the agreed-upon disbursement schedule. All incurred expenditures will be recorded in the recipient's accounting software.
13. The project will be implemented over a three-year period. A project coordinator will be appointed to ensure adequate technical and financial implementation under the supervision of FundaK's management. She/he will also oversee the implementation of activities needed to achieve the proposed objectives in one of the target countries. Two country representatives will be hired for the implementation of activities in the other countries, under the coordination of the project coordinator and with technical support from FundaK's regional representatives. Specialized consultants will be hired as necessary to provide technical assistance. Country technical partnerships could also be set up.
14. An operations officer will be appointed to support the administrative and monitoring activities. In addition, the project will be supported by FundaK's communications and administrative team, and with expertise from the following: the lead education specialist who will help define the financial education content and channels, and supervise their design; the regional adviser for quantitative and qualitative studies who will provide advice and closely supervise the design and implementation of assessments and evaluations; and the digital solutions coordinator who will provide key inputs for the design and integration of technology-based tools/products.
15. Monitoring and evaluation (M&E) activities will be implemented according to the guiding principles of IFAD's Guide for M&E and Policy for Grant Financing. The main objectives of the M&E activities will be to: (i) identify potential issues, thus enabling timely solutions to be proposed; and (ii) facilitate the documentation of the entire process and the activities needed to achieve the expected results.

16. FundaK will set up an M&E system based on a specific set of indicators that should be monitored regularly. IFAD and the government programmes involved in the initiative will conduct surveys every three to four months to gather data that will be used to analyse variations in these indicators.
17. The implementation of the financial inclusion strategies in each country will be evaluated at various points in time: (i) a process evaluation will be performed at key moments of the project's implementation, to measure the effectiveness of the proposed instruments used in the field, thus facilitating their adjustment; and (ii) a qualitative and quantitative evaluation of the results achieved will be conducted at the end of the project .
18. FundaK will seek a collaboration agreement with a research institution interested in this topic, to evaluate the results of the project. FundaK will explore collaboration with regional initiatives supported by IFAD that could contribute to knowledge-sharing and inform policy discussion both within IFAD and with other stakeholders.
19. FundaK will issue annual technical and financial reports on the project's implementation status. It will also submit annual audit reports in a format acceptable to IFAD.
20. There are no deviations from the standard financial reporting and audit procedures.

## V. Indicative project costs and financing

21. The total budget for the project is US\$1,738,200 comprising IFAD financing in the amount of US\$1,490,000 and cofinancing of US\$248,200. Additional cofinancing from government agencies and financial institutions will be sought during implementation.

Table 1  
**Costs by component and financier**  
(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>FundaK</i>	<i>Total</i>
1. Facilitating young rural women's access to and use of financial services	442.0	50.0	492.0
2. Enhancing the supply of rural financial services	149.2	-	149.2
3. Experience-sharing and public policy influence	280.0	16.0	296.0
4. Knowledge management	124.5	23.0	147.5
5. Project management and administration costs	300.8	159.2	460.0
6. M&E	193.5	-	193.5
<b>Total</b>	<b>1 490.0</b>	<b>248.2</b>	<b>1 738.2</b>

Table 2  
**Costs by expenditure category and financier**  
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>FundaK</i>	<i>Total</i>
1. Consulting services	322.1	-	322.1
2. Training	75.0	6.0	81.0
3. Travel costs	218.1	-	218.1
4. Goods, services and inputs	342.0	50.0	392.0
5. Operating costs	67.2	41.8	109.0
6. Overheads and management fees	110.4	-	110.4
7. Salaries and allowances	135.2	140.4	275.6
8. Workshops	220.0	10.0	230.0
<b>Total</b>	<b>1 490.0</b>	<b>248.2</b>	<b>1 738.2</b>

## VI. Recommendation

22. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Promoting the Financial Inclusion of Young Rural Women Project, shall provide a grant of one million four hundred and ninety thousand United States dollars (US\$1,490,000) to Fundación Capital (Fundak) for a three-year period upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze  
President

## Results-based logical framework

	<b>Objectives hierarchy</b>	<b>Objectively verifiable indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
Goal	Facilitate young rural women's access and use of financial services tailored to their needs, skills and characteristics, which enables them to build up, protect and enhance their assets in order to generate a virtuous circle that allows them to escape poverty	At least 8,500 young rural women gain access and use financial services for saving or making other transactions.	Bank and mobile wallet statements	Beneficiaries authorise the project to access their bank and mobile wallet statements
Objectives	1.Promote access to and use of savings services and other financial products by young rural women who benefit from IFAD projects and/or public social protection programmes	70% of the previously underserved target group is supported by the grant and uses bank accounts or mobile wallets for saving or making other transactions	Bank and mobile wallet statements	Beneficiaries authorise the project to access their bank and mobile wallet statements
	2. Contribute to improving the supply of financial products and services, so that they more closely match the characteristics and requirements of young rural women	Around three financial services providers (FSPs) improve their delivery channels or financial products and services, or develop new products to match this segment	Delivery channels available Marketing materials of the FSPs Financial product developed/improved	Interest from FSPs in working with the project and with young rural women
	3. Provide governments with evidence and tools to promote the financial inclusion of young rural women, for sustained and deeper improvements beyond the life of this project	Representatives of government agencies and policy makers of at least two countries participate in learning visits to the areas where the project is working	List of participants of the learning visits	Interest from government agencies and policy makers in learning how to promote the financial inclusion of young rural women
	4. Demonstrate to FSP that it is profitable to work with young rural women, so that they continue developing initiatives to keep them loyal, and to attract additional young clients	At least one financial institution/MMO starts developing initiatives to attract new young clients or to maintain the loyalty of the project participants	Information about the initiative undertaken	Interest from FSPs in working with young rural women
	5. Generate and disseminate knowledge relating to the financial inclusion of young rural women that can contribute to the development of similar initiatives at the national level and in other countries	At least nine brief documents or audiovisual products providing information for the replication and scaling up of the initiative are prepared and disseminated	How to do, Lessons Learned or other kind of brief notes, articles, infographics, systematisation materials and audiovisual products produced	Staff of IFAD and government programmes involved in the initiative share the information needed
Outputs	1. Young rural women have and use at least savings accounts, either in financial institutions or e-wallets	70% of the previously underserved target group is using bank accounts or mobile wallets for saving	Bank and mobile wallet statements	Beneficiaries authorise the project to access their bank and mobile wallet statements
	2. Financial services are closer and tailored to the characteristics and needs of young rural women	At least one FSP improves its delivery channel strategy Communication strategy of at least one product/ service is modified to reach young rural women At least one product or service is developed/improved to match the needs and abilities of young rural women	Delivery channels available Marketing materials of the financial product/service (previous and adjusted) Financial product developed/improved	Interest from FSPs in working with the project and with young rural women
	3. Government institutions have the tools and know-how to achieve the financial inclusion of young rural women	At least one government agency is involved in project activities	Cooperation agreements signed with the government agencies	Interest from government agencies in working with the project
	4. FSPs have evidence that young rural women represent a valuable market segment	Two success stories of FSPs providing services to young rural women are produced and disseminated among other FSPs FSPs of at least three countries participate in knowledge exchange events organised by the project	Success stories produced  List of participants to knowledge exchange events	There are success stories of FSPs providing services to young rural women Interest from FSPs in learning more about the financial inclusion of young rural women
	5. Knowledge management promoted: completion and dissemination of brief documents and other products providing useful information for the replication and scaling up of this initiative	At least nine brief documents or audiovisual products are prepared and disseminated One document is generated synthesising results achieved by the project in the countries of intervention, lessons learned and recommendations for its replication in other countries (including public policies suggestions) A toolkit on how to include cost-effective financial inclusion strategies for young women in rural development projects is produced	How to do, Lessons Learned or other kind of brief notes, articles, infographics or other audiovisual products The document and other key learnings materials produced Toolkit produced	Information is adequately gathered Staff of IFAD and government programmes involved in the initiative share the information needed

Key activities	<p><u>1. Facilitating access and use of financial products and services by young rural women</u></p> <p>i) Assessment of the financial behavior of young rural women  ii) Definition of the strategy to promote the financial inclusion of young rural women in each country  iii) Design and production of the financial education programmes (ICTs may be used)  iv) Implementation of the financial inclusion strategy</p>	<p>i) Three assessments carried out  ii) Three brief documents defining the strategy to be used  iii) Up to three financial education programmes tailored to young rural women's specific needs are designed and produced  iv) Financial inclusion strategies for young rural women are implemented in three countries</p>	<p>i) Assessment reports  ii) Brief documents produced  iii) Materials of the financial education programmes  iv) Implementation reports of the financial inclusion strategies</p>	<p>Staff of IFAD and government programmes are interested in working with the Project and in promoting the financial inclusion of young rural women  Commitment of sufficient financial and human resources from IFAD projects and social protection programmes involved in the initiative for its implementation</p>
	<p><u>2. Enhancing the supply of rural financial services</u></p> <p>i) Assessment of the supply of financial services in the target areas  ii) Provide information and advice to FSPOs to enhance their delivery channel strategy  iii) Advice to FSPs to adapt their marketing strategy and materials so that they can effectively reach young rural women  iv) Negotiations with FSPs for the development or adaptation of products or services  v) Organisation of knowledge exchange events that can contribute to improving the supply of financial services in the target area</p>	<p>i) Three assessments of the supply of rural financial services in the target areas  ii) At least one FSP improves its delivery channel strategy  iii) Communication strategy of at least one product/service is adapted to effectively reach young rural women  iv) At least one product or service is developed/improved  v) At least one knowledge exchange event is organised</p>	<p>i) Assessment reports  ii) Delivery channels available  iii) Marketing materials of the financial product/service (previous and adjusted)  iv) Financial product developed/improved  v) List of participants</p>	<p>Interest from financial institutions and MMOs in working with the project and with young rural women  Willingness from financial institutions and MMOs to commit financial and human resources to improve their products and services in a way that matches the characteristics and requirements of young rural women</p>
	<p><u>3. Experience-sharing and public policy influence:</u></p> <p>i) Involve government agencies in project activities from the very beginning and keep them apprised of the progress achieved  ii) Work directly with government nation-wide programmes promoting the financial inclusion of rural young women  iii) Organise learning visits from representatives of relevant government agencies, policy makers, IFAD CPMs and project staff to the project field areas  iv) Document success stories of FSPs providing services to young rural women and disseminate among other FSPs  v) To promote cross-country knowledge exchange through workshops, roundtables, learning visits and other events</p>	<p>i) Government agencies of three countries are informed about activities to be carried out by the project  ii) One government agency is involved in project activities  iii) Representatives of government agencies and policy makers of at least two countries participate in learning visits, and at least one CPM and staff of two projects participate in learning visits  iv) Two success stories of FSPs providing services to young rural women are produced and disseminated  v) Representatives of government agencies, FSPs, policy makers and CPMs of at least three countries participate in knowledge exchange events</p>	<p>i) Aide-memoire of the meetings carried out  ii) Cooperation agreement signed with the government agency  iii) List of participants to knowledge exchange events  iv) Success stories produced  v) List of participants to knowledge exchange events</p>	<p>i) Interest from government agencies and policy makers in knowing about how to promote the financial inclusion of young rural women  ii) Interest from government agencies in working with the project and learning about this issue  iii) Interest from government agencies, policy makers, IFAD CPMs and project staff in learning how to promote the financial inclusion of young rural women  iv) There are success stories of FSPs providing services to young rural women  v) Interest from government agencies, policy makers, FSPs and CPMs in learning more about the financial inclusion of young rural women</p>
	<p><u>4. Knowledge management</u></p> <p>i) Document the processes, results and lessons learned so they can be used to replicate and scale up these initiatives  ii) Produce evidence that can be used to stimulate the interest of government agencies, policy makers, FSPs financial institutions, MMOs, CPMs and IFAD projects in other countries, to replicate and scale up this initiative  iii) Disseminate information among stakeholders using the channels of FundaK, IFAD and other partners (e.g. CGAP, Acción, OEA, etc.)  iv) Seek partnerships with research entities interested in conducting or disseminating studies and / or assessments on the subject  v) Explore collaboration opportunities with regional initiatives supported by IFAD that could contribute to knowledge sharing, generation, and dissemination</p>	<p>i) One document and audiovisual aids generated synthesising results achieved by the project and recommendations for its replication in other countries: a toolkit on how to include cost-effective financial inclusion strategies for young women in rural development projects produced  ii) At least nine Lessons Learned and other brief notes, articles, infographics and other audiovisual products produced  iii) At least nine blog posts, How-to-do / Lessons Learned notes, articles, infographics and other audiovisual products disseminated through IFAD's and FundaK's intranet and webpage, cross-blog posting and social media  iv) At least one university or other research institution involved in the elaboration or dissemination of studies  v) Representatives of at least one initiative visited or invited to the project field areas</p>	<p>i) The document and audiovisual aids generated; Toolkit produced  ii) How-to-do /Lessons Learned and other brief notes, articles, infographics and other audiovisual products produced  iii) Links to the webpages, intranet, blogs and social media  iv) Studies prepared or disseminated by the university or research institution  v) Aide-memoire of the visit</p>	<p>Interest from government agencies, policy makers, financial institutions, MMOs and CPMs in learning more about the financial inclusion of young rural women  IFAD projects teams and government agencies periodically gather and consolidate information about the activities carried out and results achieved, and share it with FundaK  Willingness of IFAD communication teams to disseminate information produced by the project  Interest from universities and research institutions in studying or disseminating information about this initiative  Interest of regional initiatives supported by IFAD in the project</p>