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COMPENDIUM OF FSD INDICATORS

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Measuring the outcomes and impacts of financial sector deepening programmes

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with some annexes compiled by Jenny Congrave and Rachita Daga

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List of Recurring Acronyms and Abbreviations

AAER	Adopt-adapt-expand-respond model
cenfri	Centre for Financial Regulation and Inclusion
CGAP	Consultative Group to Assist the Poor
DCED	Donor Committee on Enterprise Development
DFID	UK Department for International Development
FI	Financial inclusion
FSD	Financial sector deepening/financial sector development
FSDA	Financial Sector Deepening Africa
i2i	Insight2impact
IOM	Impact-oriented measurement
M&E	Monitoring and evaluation
M4P	Making Markets Work for the Poor; also referred to as market systems development or market facilitation
MRM	Monitoring and results measurement
OPM	Oxford Policy Management
PPI	Poverty Probability Index (previously known as the Progress out of Poverty Index)
SDGs	Sustainable Development Goals
SRO	Senior Responsible Owner, DFID
ToC	Theory of change
VfM	Value-for-money

Compendium of FSD Indicators

MEASURING THE OUTCOMES AND IMPACTS OF FINANCIAL SECTOR DEEPENING PROGRAMMES

EXECUTIVE SUMMARY

Overview and Purpose

Facilitated by FSDA, this Compendium has been developed **to address the challenge that FSD Network members face in the identification/design and application of indicators that measure financial market system changes and resultant FSD outcomes and impacts**. As part of a broader effort to address the need for tools that support the practical application of impact-oriented measurement (IOM) principles, the Compendium is aimed at serving as **a resource with a bespoke set of quality indicators appropriate for FSDs to measure outcome- and impact-level results in a more harmonised manner**.

This Compendium of Indicators is composed of **ten sections that fall into three overarching parts**:

1. The first part (sections 1-3) provides **an overview and the basic foundation of the Compendium**. It outlines the pathways that lead to FSD programmes' desired outcomes and impacts through the use of a generic Theory of Change (ToC) for FSD investments and contextualizes the indicators presented in this Compendium within that ToC as well as within FSDs' broader M&E/MRM systems. It also summarises the IOM principles upon which the indicators are predicated. Finally, it outlines basic concepts in indicator development and documentation. This part is linked to Annexure A (section 8), which provides a descriptive analysis of the FSDs.
2. The second part (sections 4-6) forms the core of the Compendium, **outlining what informed the indicators presented, presenting the indicators themselves, and providing guidance on how to select the appropriate indicators for a given FSD programme**. This part is linked to Annexure B (section 10), which lays out all the indicators in detail.
3. The last part (inclusive of sections 7 and 8) goes **beyond the indicators**, discussing how M&E/MRM systems can be set up to capture indicator information as well as touching on how FSDs might incorporate measurement-related matters into their core programming.

The Compendium does not represent indicators that <u>must</u> be used; it is **intended only to provide some indicator options** that may be relevant and useful to consider in the monitoring and evaluation of FSD investment outcomes and impacts. Furthermore, it is not expected that an individual FSD should collect data on <u>all</u> the indicators in the Compendium; a selection should be made that is overall fit for the purpose of each FSD's broader M&E/MRM objectives, taking into consideration the practicality of data collection and resource constraints. Lastly, the Compendium does not claim to cover every relevant indicator; in the vast and rapidly-evolving financial inclusion space, there are similarly multiple innovations in related measurement practices and additional indicators will be identified that capture FSD outcomes and impacts – those indicators should supplement or replace the ones presented herein, where and when deemed appropriate.

Grounding the Compendium

Principles

Designed as part of a broader effort to fulfil the need for tools that support the practical application of **IOM principles**, the Compendium it is part and parcel of the implementation of an IOM-oriented M&E/MRM system. As such, the Compendium it aligns with the principles of the IOM and assumes that the rest of the MRM system is also IOM-oriented. Most notably, it is:

- **embedded in the ToC**, a tool that should be the foundation of every FSD programme's measurement system;
- **aligned to the IOM's generic expanded ToC**;
- **sensitive to the unique implementation and measurement challenges posed by the M4P approach**;
- mostly concerned with **whether systemic change has occurred rather than being focused on end-effects on beneficiaries**.

The Compendium also complies with other internationally-recognised standards in order to ensure that the indicators presented and their related methods conform to established good practices, and other common sense principles are applied, for example, that of parsimony.

Pathways and Placement

The needs identified by an FSD and its partners, and its chosen strategy, define the pathway(s) that it takes to reach the desired FSD outcomes and impacts. There are three main pathways: through a partner that effects the changes beyond initial FSD support; through FSD partner-influenced expansion and replication in the wider system; and/or by influencing wider system change directly through its macro- and meso-level interventions.

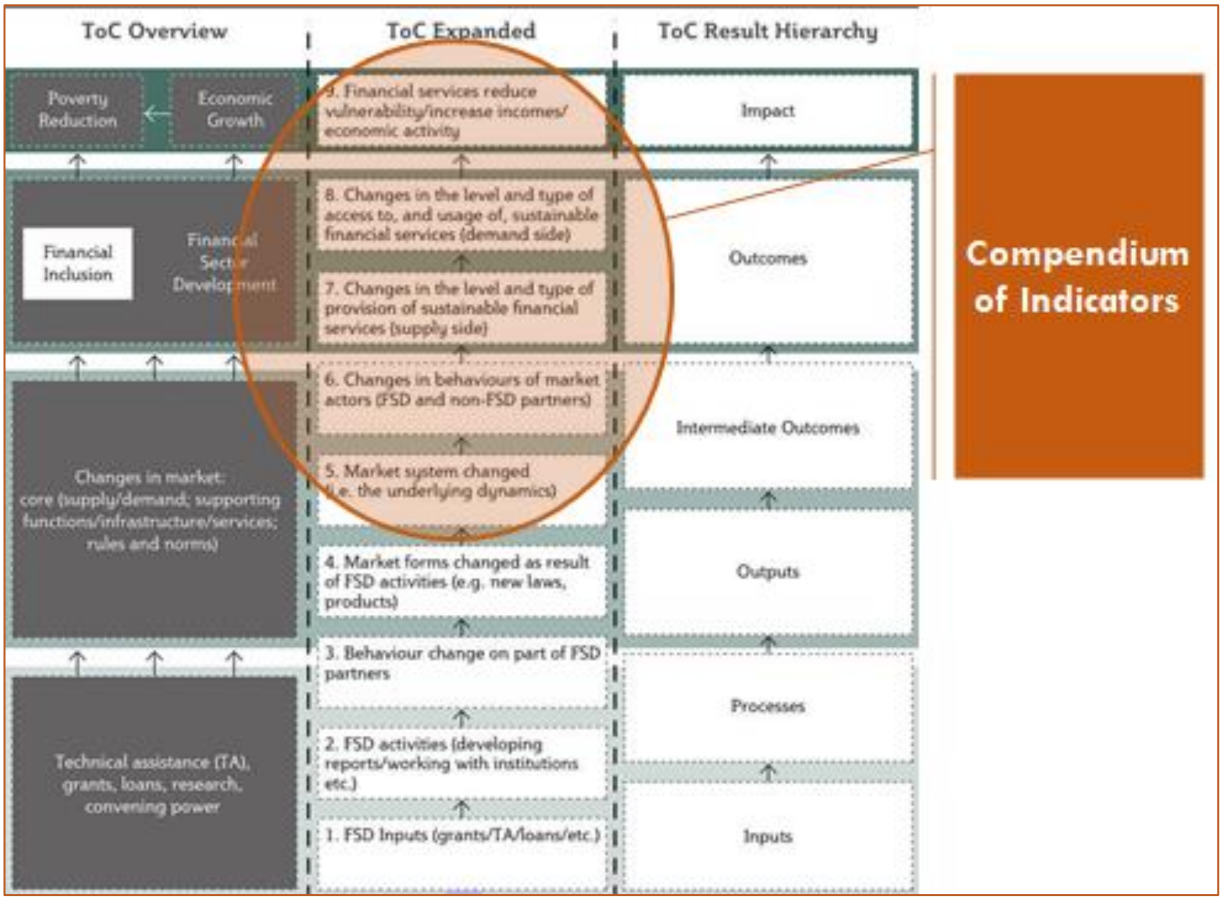
Despite their varied pathways, FSDs all have a common goal:

- to bring about changes in the financial market system that reflect positive development of the sector at large and, especially, that make the sector more inclusive so that it does a better job of meeting the needs of the poor.

This common goal and its related outcomes are reflected in the IOM's expanded generic ToC. **The Compendium focuses on boxes 5-9 of the IOM's expanded generic ToC**. In the language of the generic ToC, indicators at this level measure the following changes:

- ✓ changes in the market system (i.e., the underlying dynamics) (box 5);
- ✓ changes in behaviours of market actors (box 6);
- ✓ changes in the level and type of provision of sustainable financial services (supply side) (box 7);
- ✓ changes in the level and type of access and use of sustainable financial services (demand side) (box 8); and
- ✓ changes in poverty levels and economic growth (box 9).

This is highlighted in this figure:



The Compendium Indicators

5 Outcome and Impact Areas, 44 Indicators

The final list of indicators that remained after filtering a laundry list of indicators are presented in this Compendium. They provide a menu of possibilities from which FSDs can choose. Here are some fast facts about these indicators:

1. The Compendium has 44 indicators.
2. There are indicators for each of the 5 relevant outcome- and impact-level results (per the generic expanded FSD ToC).
3. Indicators should be chosen according to each FSDs' local/national context and its priorities and interventions, in line with its strategy.
4. Each indicator has a profile containing documentation to support appropriate measurement.
5. Indicators in the Compendium are mostly for measuring at baseline and annually, but some can also be monitored more frequently, if appropriate and feasible; others are only for measuring at key stages of an evaluative assessment.

The indicators that are included in the Compendium are summarized in the table that follows.

SUMMARY OF COMPENDIUM INDICATORS

Indicator Level	Result Statement (Box # Per Generic Expanded ToC)	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
IMPACT INDICATORS				
Impact	Changes in poverty levels and economic growth (BOX 9)	9.4	Employment to population ratio (EPR)	The employment-to-population ratio is defined as the proportion of a country's working age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities, because they are either unemployed or (more likely) out of the labour force altogether. (From ILO)
		9.3	Number of [FSD-facilitated jobs]	No. of new jobs that can be linked to [the FSD's] investments
		9.2	Percentage of population living below national poverty line, differentiated by urban and rural (modified MDG indicator)	The national poverty rate is the percentage of the total population living below the national poverty line. The rural poverty rate is the percentage of the rural population living below the national poverty line (or in cases where a separate, rural poverty line is used, the rural poverty line). Urban poverty rate is the percentage of the urban population living below the national poverty line (or in cases where a separate, urban poverty line is used, the urban poverty line). Estimates are based on population-weighted subgroup estimates from household surveys.
		9.1	[Poverty Probability Index (PPI)]	The likelihood that the household is living below the poverty line.
OUTCOME INDICATORS				
Outcome	Changes in the level and type of access and use of sustainable financial services (demand side) (BOX 8)	8.13 and 8.14	[Percentage change in the value of company tax returns] [Percentage change in the value of tax returns of companies that the FSD has invested in]	[The change in the value of company tax returns over the past 3 years (multiplier of tax).] [The year-on-year change in the value of tax returns by companies that the FSD has invested in (multiplier of tax).]
		8.12	Percentage of clients expressing satisfaction with FSPs	[The proportion of all clients surveyed who indicate that they are satisfied with the FSP. [FSP needs defining.]]
		8.11	[Number of adult individuals accessing financial services as a result of FSD interventions]	[The number of people that have been provided with a financial service by an FSD-funded project. The service may include credit, savings, insurance, etc.]
		8.10	No deposit and no withdrawal in the past year (% with an account, age 15+)	[The proportion of adults with an account at a financial institution who have not made any deposit or withdrawals from said account in the past year.]
		8.9	Borrowed from a financial institution (% age 15+)	[The proportion of adults who have borrowed from a financial institution.]
		8.8	Saved at a financial institution (% age 15+)	[The proportion of adults who have saved at a financial institution.]

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		8.7	Number of poor people ~~and microenterprises~~ accessing a new financial service	[The cumulative number of poor people who have accessed a new financial service from an FSP, attributable to the FSD. "New financial service" means that the person has not previously accessed the financial service from the FSP in question.]
		8.6	[Number of small businesses accessing financial services as a result of FSD interventions]	[The number of small businesses that have been provided with a financial service by an FSD-funded project. The service may include credit, savings, insurance, etc.]
		8.5	% of SMEs with an outstanding loan or line of credit	[The proportion of SMEs surveyed that report having an outstanding loan or line of credit.]
		8.4	Account at a financial institution (% age 15+)	[The proportion of adults who have an account at a financial institution.]
		8.3	Mobile account (% age 15+)	[The proportion of adults who have a mobile account.]
		8.2	Percentage of SMEs with an account at a formal financial institution	[The proportion of SMEs surveyed that report having a financial account at a formal financial institution.
		8.1	Percentage of people within 5kms of a financial access point	[The proportion of a population that lives within 5 kilometers of a financial access point.]
	Changes in the level and type of provision of sustainable financial services (supply side) (BOX 7)	7.12 and 7.13	[Number of business advocacy and PPD events] [Quality of business advocacy and PPD events]	[The number of business advocacy and pubic private dialogue (PPD) events held in the last 12 months.] [The level of quality of business advocacy and public private dialogue (PPD) events, on a scale of [tbd].]
		7.11	[Perceived importance of reform]	[The level of perceived importance of reform among key public, private, and civil society actors.]
		7.10	Percentage of formal accounts subject to price transparency regulation	[The proportion of formal financial accounts that fall under the jurisdiction of price transparency regulations.]
		7.9	[Costs of compliance]	[The amount of money it costs a business to comply with laws and regulations governing the financial sector.]
		7.8	[Proportional increase in firms applying good management practices]	[The year-on-year increase in the number of firms applying good management practices, expressed as a percentage. "Good management practices" are defined as FI-relevant practices that are certified, such as ISO.]
		7.7	Average annual cost for using a bank account as a percentage of GDP per capita	Average cost for operating a bank account on a monthly basis
		7.6	[Percentage of constrained MSMEs]	[Percentages of MSMEs noting constrained access to loans and other financial products.]
		7.5	[Number of relevant financial services]	[The number of available financial services in the FSD country, each category that meet the criteria for relevance, which pertains to being FI-relevant. FI-relevance to be determined by each FSD, along with its key stakeholders.]

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		7.4	[Listing of the country's NBFIs by total asset size]	[A listing of the country's main non-bank financial institutions (NBFIs) with a simple summary of their size based on total assets. "Main" needs defining; alternatively, all NBFIs can be included if the additional level of data collection effort is reasonable.]
		7.3	Percentage of administrative units with at least 1 access point	[The number of administrative units, as defined by the country, with at least one financial access point, divided by the total number of administrative units in the country, expressed as a percentage.]
		7.2	[Savings as a share of GDP]	Gross domestic savings as percentage of Gross Domestic Product (GDP).
		7.1	[Volume of credit/deposits provided by FSD-supported FSPs]	[The volume of credits and deposits provided by FSD-supported FSPs.]
INTER-MEDIATE				
Outcome (Intermediate)	**Changes in behaviour of market actors (FSD and non-FSD partners) (BOX 6)**	6.3	[Percentage of relevant regulators and industry associations revising relevant regulations and codes]	[The number of relevant regulators and relevant industry associations undertaking relevant regulation and code revision, divided by the total number of relevant regulators and relevant industry associations, expressed as a percentage. Relevant regulations and codes means those regulations and codes that require revising, as determined by the FSD, in order to unlock market constraints to financial inclusion.]
		6.2	[Number of providers leveraging the digital channel]	[The number of providers leveraging the digital channel to offer 'frontier' financial services in the FSD's target economy.]
		6.1	Percentage of firms changing practice in priority sectors	[The number of firms reporting a change in practice, divided by the total number of valid responses, expressed as a percentage.]
	Market system changed (i.e., the underlying dynamics) (BOX 5)	5.10	Percent increase in investments in the financial markets	[The proportion increase in the amount of investment in the financial sector in the latest calendar year (or other annual period) as compared to the immediately preceding period.]
		5.9	Increase in investment in [FSD-facilitated firms]	[The amount of investment generated as a result of [FSD name]-facilitated innovation. This indicator tracks all investment that happens as a result of interventions through the [FSD name] interventions. A financial institution is a bank, equity investment firm, or impact investment firm. Can include investment made by strategic investors (non-FIs) where the FI-support market has enabled it.]
		5.8	[Perception of domestic and foreign investors]	The perception of domestic and foreign investors.
		5.7	Global Financial Centres Index	Rating on the Global Financial Centres Index (GFCI). The GFCI provides ratings, rankings and profiles for financial centres, drawing on two separate sources of data – instrumental factors and responses to an online survey.
		5.6	[Relevant structures and processes in place]	Whether or not new or improved structures and processes that are likely to stimulate development of new pro-poor products are in place. These structures and processes are defined by the FSD, with input from key experts and stakeholders, as necessary.]
		5.5	[Basic regulatory enablers in place]	Regulations in place that including rules governing a) e-money, b) agents, c) tiered KYC, d) allowing multiple types of institutions to deploy DFS, AND e) consumer protection in financial services.
		5.4	[Percentage of market actors influenced by [FSD name]]	The number of market actors surveyed that indicate they have incorporated input from [FSD name]'s knowledge products or dissemination activities in their workplans, activities or approaches divided by the total number of market actors surveyed, expressed as a percentage. Stakeholders include providers and funders who work/invest/promote financial services.

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		5.3	# of users of new value-adding financial solutions relevant to low-income households and small-scale businesses	[The number of individuals linked to accounts related to financial solutions (products, services, platforms) that have a high potential to further the cause of financial inclusion in the country. Low-income households are defined per national poverty line. Small-scale businesses are those that fall into the FSD's categorisation of said businesses.]
		5.2	Number of [products offered] by a financial institution	Total number of products within the portfolio of the financial intermediary. Financial services products can include loans, lines of credit, insurance, export guarantees, deposit accounts targeting individuals or firms as defined by the FI. Financial intermediaries can include commercial banks, MFIs, NGOs, mobile operators or other providers offering digital finance products.
		5.1	# of new value adding financial solutions relevant to low-income households and small-scale businesses	[The number of solutions (products, services, platforms) that have a high potential to further the cause of financial inclusion in the country. Low-income households are defined per national poverty line. Small-scale businesses are those that fall into the FSD's categorisation of said businesses.]

Each indicator in the Compendium is documented according to the following dimensions included with each indicator profile:

- level in the ToC (along the generic FSD ToC);
- outcome/impact area (along the generic FSD ToC);
- sub-theme of result statement;
- dimension of the sub-theme;
- indicator name;
- indicator definition;
- source of indicator suggestion;
- unit of measure;
- disaggregation options;
- likely data source/measurement methodology;
- frequency of reporting (based on the ideal measurement frequency);
- indicator classification (top-down versus bottom-up); and
- any other remarks relevant to measuring the indicator, especially data quality assurance mechanisms for each indicator.

Guide for FSDs When Selecting Indicators

The steps involved in selecting indicators from the Compendium include:

- ✓ **Step 1**: ensuring that the ToC is evaluable;
- ✓ **Step 2**: choosing from among the Compendium indicators taking into consideration whether the indicator is: (a) useful in answering the measurement questions that are of interest to the FSD; (b)

helpful in meeting the information needs of various other analytical exercises; (c) aligns with the broader objectives of the M&E/MRM system; and (d) SMART in the FSD's specific context;

- ✓ **Step 3**: tailoring the indicators to capture and convey context- and programme-specific details and other considerations and, if necessary, supplement them with additional SMART indicators to fill any remaining data gaps in answering the programme-specific measurement needs;
- ✓ **Step 4**: considering the AAER model and, if necessary (i.e., where transformational change is not already reflected among the indicators selected so far), add supplemental indicators by selecting from among the Compendium indicators or by developing the needed indicators;
- ✓ **Step 5**: assessing the final set of indicators on the basis of whether, taken together, they are sufficient in number (but not so many that the principle of parsimony is violated) and varied enough to portray a meaningful results picture;
- ✓ **Step 6**: documenting the indicators, including setting baselines and targets; and
- ✓ **Step 7**: reviewing the indicators and plan to monitor beyond indicators

Having followed these steps, FSDs should end up with a set of fit-for-purpose outcome- and impact-level indicators that best reflect the results that they are aiming to achieve at these levels. Additional post-selection considerations are outlined for FSDs to keep in mind in related data collection and analysis.

Results Measurement Issues to Consider in FSD Operations and Programming

The indicators selected from the Compendium should be **included in FSDs' broader measurement frameworks**, which will include lower-level indicators (and possibly indicators tracking assumptions and risks at all levels of the ToC). They may be considered for inclusion among the sub-set of indicators that is extracted from the overall measurement framework for the purposes of donor reporting (i.e., for inclusion in the logframe); however, given that outcomes and impacts fall on the far side of the ToC's management frontier (see section 2.4.1), FSDs should not be held directly accountable for their achievement.

The appropriate considerations should be made for **data collection and analysis**, **data quality** assurance and assessment, and **reporting** on the indicators drawn from the Compendium. And given that both existing and new data systems will require continuous strengthening, FSDs should plan to participate in **updates to the Compendium**, which are recommended to be conducted on an annual basis. Additional future considerations for the Compendium are laid out.

Lastly, note should be taken that the indicators included in the Compendium are only as good as the currently available data collection exercises and related instruments. In many cases, the most appropriate and meaningful indicators are not being collected. FSDs can choose to take advantage of this opportunity to contribute to amassing a more convincing weight of evidence on the results of financial sector deepening outcomes and impacts. To this end, **FSDs may want to consider, as part of their core programming, advocating for initiatives that would help fill areas of measurement importance that are not be comprehensively or adequately covered or that may not be covered at all**. By doing this, FSDs could influence improved measurement in the sector, which would lead to better-informed learning, programming, and decision-making to improve un- or under-served end-users' ability to meet their financial needs – and, ultimately, lead to greater improvements in beneficiaries' livelihoods, which goes to the core impetus for FSD programming.

1. OVERVIEW AND PURPOSE

1.1 Why This Compendium?

1.1.1 Background

Financial Sector Deepening Africa (FSDA) and other members of the Financial Sector Deepening (FSD) Network (collectively referred to as FSDs) implement market development programmes in multiple countries and sub-regions of sub-Saharan Africa.[1] Although these programmes involve varying types of activities and differing focus areas and sectors, they all apply a Making Markets Work for the Poor (M4P) approach, aimed at reducing poverty by enhancing the ways that the poor interact with markets.[2] The M4P approach "recognises that economic poverty is the result of the *structure* of market systems in which poor people participate, and that when markets work efficiently and produce equitable outcomes for the poor, they can deliver growth and reduce poverty"[3] (emphasis added).

As funding has increasingly been invested in M4P programmes, **there has been a parallel growing interest in, and work around, how FSDs and other FSD-like entities measure their contributions to changes in the market systems they seek to influence**. FSDA and others have commissioned work in this area, and these efforts have generated new principles and approaches, along with related indicators or indicator typologies.[4] For example, they have contributed to a growing consensus that FSD results measurement frameworks are particular in their need to capture the complexity of the contexts in which they operate and measure all levels of the theory of change.[5] It has also been asserted that outcome- and impact-level measurement especially, needs to focus more on systemic changes rather than just on numbers reached at lower levels of the results hierarchy or on longer-term impacts.

However, **what has been lacking in this context are concrete tools that support the practical implementation of these principles and approaches, specifically in this case a bespoke set of indicators in a single resource**. In the absence thereof, FSDs have approached outcome and impact measurement very differently from each other and in ways that suggest opportunities for improvement.[6] This reflects **a key challenge that the FSD Network members face in the identification/design and application of indicators that measure financial market system changes and resultant FSD outcomes and impacts**: What indicators are appropriate for measuring results at these levels? Also, what methodologies should one use to measure each indicator so as to obtain the most valid results? And how can this be done in a more harmonised manner?[7]

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[1] The FSD Network is a group of financial sector development programmes, or FSDs, located in the following sub-Saharan countries: Ethiopia, Kenya (regional), Mozambique, Nigeria, Rwanda, South Africa (regional), Tanzania, Uganda, and Zambia.
[2] Donor Committee for Enterprise Development (DCED). Market systems and the poor. (undated). Available at https://www.enterprise-development.org/implementing-psd/market-systems/ (last accessed 6 October 2017).
[3] Financial Sector Deepening Zambia (FSDZ). Three-Year Strategy. (1 April 2016 to 31 March 2019). p. 1.
[4] One of these approaches, adopted by the FSDs, is impact-oriented measurement (IOM).
[5] See Sukhwinder Arora and Rich Williams. "How to Measure Results of Financial Sector Development Programs" blog post on the website of the Consultative Group to Assist the Poor (CGAP) (5 March 2015).
[6] For example, the FSDA-commissioned monitoring and results measurement (MRM) Readiness Assessment found that: outcome indicators were generic and dissociated from ToCs, lacking programme-specific nuance; indicators tracked activities/deliverables more than outcomes; and indicators were not tied to adopt-adapt-expand-respond (AAER) components of systemic change. Genesis Analytics. MRM Diagnostic clinics: Synthesis Report. (4 August 2016)
[7] FSDA. Terms of Reference for the Development of a Compendium of Indicators for Financial Sector Development Programmes. (undated); also based on the findings of the consultations with key staff within the FSDs.

1.1.2 Purpose of the Compendium

Facilitated by Financial Sector Deepening Africa (FSDA), **the Compendium has been developed to address the above challenge** as part of a broader effort to fulfil the need for tools that support the practical application of **impact-oriented measurement (IOM) principles.**[8] At its core, **it is aimed at serving as an up-to-date resource in terms of outlining selected quality indicators** (or metrics or measures; these terms are used interchangeably in this document) **that are appropriate for FSDs to use when measuring outcome- and impact-level programme results as well as how each indicator should be measured in order for results to be fit-for-purpose.**

The idea is to provide a harmonised yet flexible system to select indicators, one that takes into account the objectives of an FSD programme, the unique context in which it operates, and its particular strategy for effecting change – while simultaneously increasing the likelihood of meeting the measurement expectations of various donors through the deployment of international-standard metrics.

It is also expected that the Compendium will help FSDs will edge closer to a harmonised results measurement approach, thereby creating incentives for cross-learning.[9]

1.2 Compendium Development: A Consultative Process

The development of this Compendium of Indicators was carried out in a consultative fashion. In particular, consultations were undertaken with FSD Network members to help align it with their existing monitoring and evaluation (M&E)/monitoring and results measurement (MRM) systems and to address their stated outcome- and impact-level measurement challenges[10], to the extent feasible.

In addition, a review of FSDs' documented capacities[11] was undertaken in order to 'meet them where they are' in terms of the extent of guidance given, especially on related principles and practices.

Verification consultations with FSDA were undertaken mid-way to help ensure that the Compendium's content was shaping up in the appropriate direction. Finally, towards the end of the process, the draft Compendium was shared ahead of a day-long consultative workshop that was (at this point still to be) held to further test the content and inform additional refinement of the document.

Supplementing the consultations with FSDs, other entities operating in the sector were consulted. Specifically, those in FSD outcome- and impact-measurement space were consulted to ensure that the best and most relevant, up-to-date measurement practices were considered for presentation herein.[12]

All this **to build a high degree of consensus and rigor into the Compendium**, informed by practical insights derived from FSD Network partners themselves. The idea was to maximise the sense of ownership for FSDs to actually *use* the Compendium and thus contribute to their programmes' overall aims to bring about a transformation in financial markets.

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[8] For more on IOM, *see*: FSDA. Developing an Impact-Oriented Measurement System: A Guidance Paper for Financial Sector Deepening Programmes. (January 2016). Since this document is oft-cited in this Compendium, it is referred to as the "IOM document" in subsequent references rather than repeating the full reference.
[9] FSDA. Terms of Reference for the Development of a Compendium of Indicators for Financial Sector Development Programmes. (undated)
[10] As described in section 1.1.1.
[11] These capacities are documented in the outputs of other FSDA-commissioned work undertaken by various consulting firms.
[12] See section 4 for a full list of entities and/or resources consulted.

However, despite the consultative process and discussions with experts, **this Compendium may still be considered preliminary**, given the short timeframe in which it was developed; further considerations are provided in section 7 in order to further refine and broaden it. Thereafter, the Compendium should be updated at least annually to ensure it remains in line with current developments in FSD programming and in measuring FSD outcomes and impacts.

1.3 The Structure and Content of the Compendium: What Is Covered and What Is *Not* Covered in This Compendium?

This Compendium of Indicators is composed of **ten sections that fall into three overarching parts**:

1. The first part (sections 1-3) provides **an overview and the basic foundation of the Compendium**. It outlines the pathways that lead to FSD programmes' desired outcomes and impacts through the use of a generic Theory of Change (ToC) for FSD investments and contextualizes the indicators presented in this Compendium within that ToC as well as within FSDs' broader M&E/MRM systems. It also summarises the IOM principles upon which the indicators are predicated. Finally, it outlines basic concepts in indicator development and documentation. This part is linked to Annexure A (section 9), which provides a descriptive analysis of the FSDs.
2. The second part (sections 4-6) forms the core of the Compendium, **outlining what informed the indicators presented, presenting the indicators themselves, and providing guidance on how to select the appropriate indicators for a given FSD programme**. This part is linked to Annexure B (section 10), which lays out all the indicators in detail.
3. The last part (inclusive of sections 7 and 8) goes **beyond the Compendium**, discussing how M&E/MRM systems can be set up to capture indicator information as well as touching on how FSDs might incorporate measurement-related matters into their core programming.

It may be useful to emphasise that the Compendium **only contains indicators at the outcome and impact level of the FSD Theory of Change** (ToC).[13] As such, it is focused on intermediate outcomes, systemic market change, and – to a more limited extent, per the IOM – changes in the lives of beneficiaries, and one should not expect to find herein input-, process-, or output-level indicators or discussion of matters related to indicators at those levels. Furthermore, the indicators in the Compendium are largely focused on programme-level outcomes and impacts rather than those of individual projects falling under the overall FSD programme. Moreover, the Compendium does not include a measurement framework for tracking assumptions, which should be part and parcel of FSDs' broader MRM frameworks for enhanced accountability.

In addition, **one cannot expect the Compendium indicators to, by themselves, answer queries related to *why* FSD outcomes and impacts happened or didn't happen** (e.g., if changes were caused directly or indirectly by FSD investments or can be attributed to them); they can only respond to the "what happened?" question.[14] However, what the Compendium indicators *can* do with respect to the "why" is

[13] See section 2.3 of this Compendium.

[14] As stated in IOM document (cited earlier): "For FSDs, impact evaluation should seek to answer two fundamental evaluation questions: 1. What are the medium to long-term results of the programme? This means moving beyond a focus on activities and direct outputs to a focus more on substantial and sustainable changes in the financial market and in the situation of end-users (households and enterprises). 2. Are these results because of interventions made under the programme? This means analysing the contribution of the programme in conjunction with other external factors."

help provide robust evidence for FSDs when they carry out evaluations as part of their documented plan for appropriately assessing and estimating the attribution of observed changes to programme activities for each of the key indicators in the ToC, in the context of their broader M&E/MRM system.

Finally, the Compendium is only as good as the available data collection exercises and related instruments. Therefore, some areas of measurement importance may not be comprehensively or adequately covered or may not be covered at all (e.g., the very meritable end-user oriented approach – i.e., whether the use of formal financial services actually meets the financial needs of consumers – being advocated for through the Insight2impact initiative[15]). (These areas are fertile ground for FSDs, as part of their core programming, to consider planting seeds to influence improved measurement in the sector – see section 8.) And, of course, **both existing and new data systems will require continuous strengthening**; therefore, many ideas outlined in this Compendium can be improved upon. Lastly, the Compendium does not reflect information that is not feasible to capture in the form of an indicator; this is a limitation of indicators in and of themselves rather than of the available methodologies.[16]

Thus, the Compendium is, and should be clearly seen as, just one piece in an FSD's measurement puzzle.

1.4 Why Use This Compendium?

The Compendium provides an overview of outcome- and impact-level indicators that are relevant to the M4P approach taken by the FSDs, together with guidance to inform the selection of indicators. Beyond providing this access to a resource of quality indicators, additional benefits of using the Compendium include:

- not having to reinvent the wheel when completing or updating measurement frameworks (both the broader measurement framework or the narrower logframe);
- having a common language to measure outcomes and impacts across FSDs and to contribute to related analytical exercises such as evaluations and value-for-money (VfM) assessments;
- ability to contribute new and innovative indicators each year (through the recommended annual updates to the Compendium); and eventually, if the interest exists among Network partners,
- enabling the FSDs to measure their overall impact on financial sector deepening.

1.5 Who Should Use This Compendium?

The Compendium is designed to support FSD officers in selecting appropriate indicators to help assess if FSD investments are having an effect on market systems and intended beneficiaries. Therefore, it is expected to be used by personnel responsible for designing FSD investments and those measuring the outcomes thereof. It is specifically aimed at serving as a practical guide for **programme planners, implementers, and M&E/MRM specialists working in or with the FSD Network**, as it is aligned with the IOM methodology that many FSDs are adopting and because part of its purpose is to work towards an eventual harmonised approach to FSDs' outcome and impact measurement.

This Compendium aims at addressing question 1. This certainly helps address question 2 – but actually addressing question 2 itself, e.g., by presenting evaluation options and methodologies, is beyond scope of this Compendium. It is, however, covered to some extent in the parallel exercise to develop a value-for-money (VfM) assessment framework for the FSDs.

[15] Insight2impact (i2i) is a resource centre that aims to catalyse the provision and use of data by private and public sector actors to improve financial inclusion through evidence-based, data-driven policies and client-centric product design.

[16] See section 3.3 of this Compendium.

However, anyone involved in the implementation of FSD-like interventions and/or who is concerned about measuring the effectiveness and impact of related work may employ the Compendium.

1.6 How to Use This Compendium (and How Not to Use It)

The Compendium, which should be used in conjunction with the IOM document and any methodological notes and tools related to its indicators, is designed to be practical and user-friendly, making its application easy. However, **the sections are not really meant to be self-contained**.

- Although users of this Compendium are not required to read it through from beginning to end, **it is best understood if they *first* become familiar with its first part** (sections 1-3, which set the stage for all that follows).
- In the core second part (sections 4-6), users are encouraged to at least **skim through all the indicators and then refer to the selection guidance before going back through each indicator in detail as part of the selection process**. The sequencing of the indicators more or less follows the hierarchy of expected change (although users should remain cognizant that market development outcomes rarely progress in a linear fashion!).
- The sections in the third and final part of the Compendium (sections 7 and 8) **can be read independently from each other, but they each rely on readers' familiarity with the first and second parts.**

Note that the Compendium does not represent indicators that must be used; it is **intended only to provide some indicator options**, along with information on each indicator and its related methodologies that may be relevant and useful to consider in the monitoring and evaluation of FSD investment outcomes and impacts.

Furthermore, it is not expected that an individual FSD should collect data on all the indicators in the Compendium; a selection should be made that is overall fit for the purpose of each FSD's strategy and its broader M&E/MRM objectives as well as for each programme's evaluation and/or impact measurement questions, taking into consideration the practicality of data collection and resource constraints.

Lastly, the Compendium does not claim to cover every relevant indicator; in the vast and rapidly-evolving financial inclusion (FI) space, there are similarly multiple innovations in related measurement practices and additional indicators will be identified that capture FSD outcomes and impacts[17] – those indicators should supplement or replace the ones presented herein during the suggested updates to the Compendium, where and when deemed appropriate.

[17] In fact, the author recommends that FSDs incorporate measurement advocacy into their core FSD activities in order to facilitate the development of better ways to measure desired outcomes and impacts in the sector – see section 8.

2. PRINCIPLES, PATHWAYS, AND PLACEMENT

2.1 Compendium of Indicator Principles

As noted earlier, the exercise to develop this Compendium was part of a broader effort to fulfil the need for tools that support the practical application of **IOM principles**. Therefore, it is part and parcel of the implementation of an IOM-oriented M&E/MRM system. As such, aside from being **embedded in the ToC, a tool that should be the foundation of every FSD programme's M&E/MRM system** (as discussed further in section 2.4), the Compendium aligns with other principles of the IOM and assumes that the rest of the MRM system is also IOM-oriented.

The IOM principles are adequately outlined elsewhere[18] and will not be discussed here except to note what the Compendium's alignment with IOM means on a practical level:

- The placement of the Compendium indicators is **aligned to the IOM's generic expanded ToC** (see section 2.3).
- The Compendium is **sensitive to the unique challenges posed by the M4P approach**. The implementation and measurement complexities of such programmes as well as the fact that partners in the FSD Network operate in many different and multifaceted financial markets and political contexts, develop their own tailored strategy for navigating these arenas, have their own priorities, and design their own unique interventions on the basis of their priorities and strategy.
- The **terminology used herein reflects that used in the IOM document**, including how key terms and the different levels of the ToC are defined. For example, the IOM's definition of intermediate outcomes as underlying market changes, outcomes as changes in provision and use of financial services (and products), and impacts as substantial and sustainable changes in the financial market and in the situation of end-users, is adopted herein.
- A **greater focus is placed on whether systemic change has occurred rather than on end-effects on beneficiaries**. This is also in line with the DCED Standard[19] that emphasises system- or market-wide impacts.

The Compendium also complies with other internationally-recognised standards in order to ensure that the indicators presented and their related methods conform to established good practices. For example, the indicators comply with the SMART criteria (more on this in sections 3 and 4).

Lastly, other common sense principles are applied, for example, that of parsimony – but parsimony not only in the sense of using the fewest possible indicators that are necessary and sufficient to measure relevant change, but also in the sense of adopting those that are already in use, e.g., those that tie into the country in question's broader national (reporting) priorities, such as progress towards achieving sustainable development goals (SDGs). The text box that follows provides a brief commentary on how the work done by FSDs feeds into the SDGs.

[18] IOM document. See chapters 1-3 in particular to gain an understanding of the IOM principles.
[19] Donor Committee for Enterprise Development (DCED). Measuring Results & the DCED Standard (available at https://www.enterprise-development.org/measuring-results-the-dced-standard/). (last accessed 9 October 2017)

FINANCIAL INCLUSION AND THE SDGS
(Source: UNCDF. "Financial Inclusion and the SDGs." Available at http://www.uncdf.org/financial-inclusion-and-the-sdgs)

FINANCIAL INCLUSION IS POSITIONED PROMINENTLY AS AN ENABLER OF OTHER DEVELOPMENTAL GOALS IN THE 2030 SUSTAINABLE DEVELOPMENT GOALS, WHERE IT IS FEATURED AS A TARGET IN EIGHT OF THE SEVENTEEN GOALS. THESE INCLUDE SDG1, ON ERADICATING POVERTY; SDG 2 ON ENDING HUNGER, ACHIEVING FOOD SECURITY AND PROMOTING SUSTAINABLE AGRICULTURE; SDG 3 ON PROFITING HEALTH AND WELL-BEING; SDG 5 ON ACHIEVING GENDER EQUALITY AND ECONOMIC EMPOWERMENT OF WOMEN; SDG 8 ON PROMOTING ECONOMIC GROWTH AND JOBS; SDG 9 ON SUPPORTING INDUSTRY, INNOVATION, AND INFRASTRUCTURE; AND SDG 10 ON REDUCING INEQUALITY. ADDITIONALLY, IN SDG 17 ON STRENGTHENING THE MEANS OF IMPLEMENTATION THERE IS AN IMPLICIT ROLE FOR GREATER FINANCIAL INCLUSION THROUGH GREATER SAVINGS MOBILIZATION FOR INVESTMENT AND CONSUMPTION THAT CAN SPUR GROWTH.

THERE IS ACADEMIC EVIDENCE THAT FINANCIAL INCLUSION MODELS CAN SUPPORT OVERALL ECONOMIC GROWTH AND THE ACHIEVEMENT OF BROADER DEVELOPMENT GOALS. … THERE IS ALSO GROWING EVIDENCE OF FINANCIAL INCLUSION CREATING MORE STABLE FINANCIAL SYSTEMS AND ECONOMIES, MOBILIZING DOMESTIC RESOURCES THROUGH NATIONAL SAVINGS AND HELPING TO BOOST GOVERNMENT REVENUE.

2.2 Pathways to FSD Programme Outcomes and Impacts

Across the world, in different contexts and in different ways, FSD programme teams, together with co-facilitators, community groups, and other partners, are working towards improving the lives of the poor through the facilitation of actions aimed at changing the financial market system to function better for those with lesser material means (i.e., the M4P approach). Some key features of M4P interventions include:

- **Context-specificity**: aiming to understand where systems are failing to serve the needs of the poor and acting to correct those failings, i.e., understanding causes rather than only symptoms;
- **Facilitative**: catalytic role of development agent to stimulate sustainable systemic change, facilitate creation of incentives and capacities;
- **Large-scale impact**: explicitly aims to reach large numbers of poor by harnessing the dynamism of the market system; seeks leverage points, co-investment, and 'crowding' in of market players; and
- **Learning & Adaptability**: systems are dynamic, so interventions need to be as well; iterative process of change needs built in, learning supports flexible decision-making and the ability to seize windows of opportunity.[20]

The FSD Network[21] is among those using this market systems approach to 'make markets work for the poor'; that is, to "[identify] the underlying causes of why markets are not working for the poor and, in

[20] Helvetas Swiss Intercooperation. Market Systems Development (M4P) – A Conceptual Outline. (23 September 2013)
[21] The FSD Network is a group of ten financial sector development programmes or FSDs. The programmes are located across sub-Saharan Africa, and include eight national FSDs (Access to Finance Rwanda, Enhancing Financial Innovation and Access in Nigeria, Enterprise Partners Ethiopia, FSD Kenya, FSD Moçambique, FSD Tanzania, FSD Uganda, FSD Zambia) and two regional FSDs (FinMark Trust for the southern African region and FSD Africa for the sub-Saharan region as a whole).

response, [intervene] to address critical constraints in the market system to facilitate change that will sustainably improve the lives of poor people."[22]

A key point to emphasise – because it has implications for measurement – is that FSDs do not intervene by providing financial and related services directly to the poor; "instead, they deploy financial resources, expertise, and insights in collaboration with a range of public and private sector actors – from central banks and commercial banks to specialist training providers, telecommunication firms and microfinance networks – to create the market conditions that deliver financial inclusion, not only during the FSD intervention, but also beyond."[23]

In doing this, FSDs engage in a variety of activities that play out in complex, highly variable contexts. (See **Annex A1** in section 8 for a side-by-side comparison of the different contexts in which FSDs operate and their varying activities, focus areas, and entry points.) **Despite their varied contexts, activities, and focus areas, FSDs all have a common goal:**

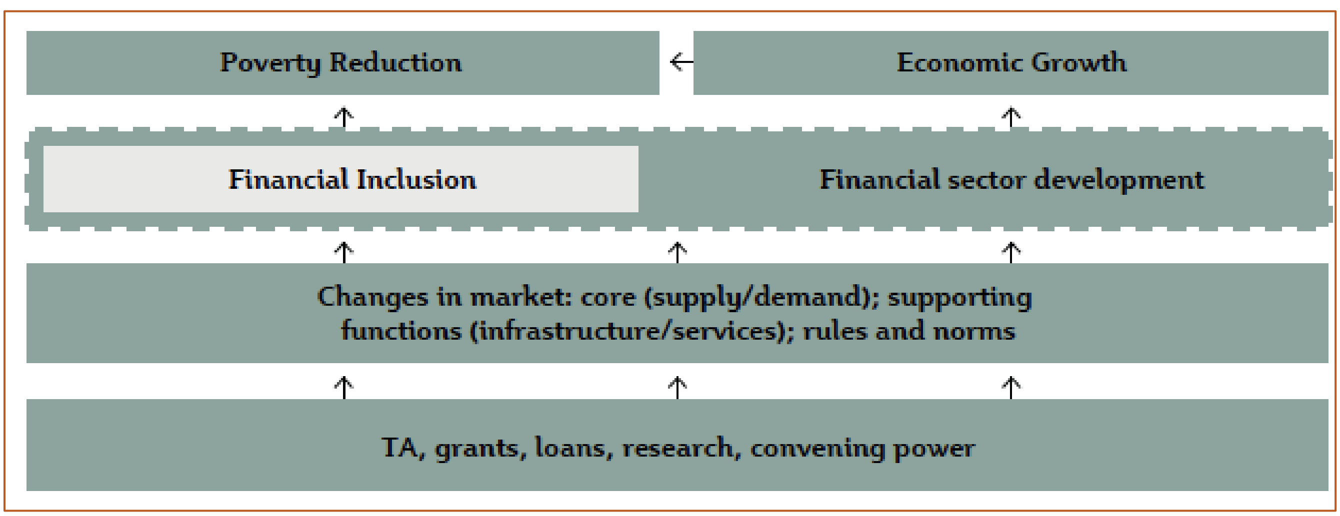
THE COMMON GOAL OF FSD PROGRAMMES TAKING AN M4P APPROACH

CHANGES IN THE FINANCIAL MARKET SYSTEM THAT MAKE THE SECTOR MORE INCLUSIVE SO THAT IT DOES A BETTER JOB OF MEETING THE NEEDS OF THE POOR.

- to bring about changes in the financial market system that reflect positive development of the sector at large and, especially, that make the sector more inclusive so that it does a better job of meeting the needs of the poor.

Reflecting the common desired outcomes and impacts arising from varied FSD activities, the below graphic provides a high-level overview of the generic Theory of Change (ToC) for FSD programmes:

FIGURE 1: OVERVIEW OF THE GENERIC HIGH-LEVEL THEORY OF CHANGE FOR FSD PROGRAMMES[24]



[22] FSDA. The Art of Market Facilitation: Learning from the Financial Sector Deepening Network, by J. Ledgerwood. (July 2017) p. 6.
[23] IOM document. p. i.
[24] IOM document. p. 10 of chapter 3.

Based on the above generic ToC, at a very general high level:

- **the common desired outcomes of FSD interventions can be articulated as follows: changed markets leading to an improved financial sector and greater financial inclusion; while**
- **the common impact-level results are: increased economic growth and reduced poverty**.

Though FSDs' outcome and impact statements are articulated very differently (see **Annex A2** for a comparison thereof), they largely fit align with the above generic, high-level ToC.

To achieve these common outcomes and impacts, FSDs select from **three main pathways to reach the desired FSD outcomes and impacts**:

1. through a partner that directly effects the changes beyond initial FSD support;
2. through FSD partner-influenced expansion and replication in the wider system; and/or
3. by influencing wider system change directly through its macro- and meso-level interventions.

These pathways are defined by the market constraints identified by an FSD and its partners and by its chosen strategy. It is important to keep them in mind as they have bearing on measurement at the intermediate outcome level, particularly as it relates to the adopt-adapt-expand-respond (AAER) model employed by the IOM approach.

2.3 Contextualising the Compendium Indicators: Their Placement in the Generic Theory of Change for FSD Programmes

This Compendium of Indicators speaks to **FSD results at the outcome and impact levels.**

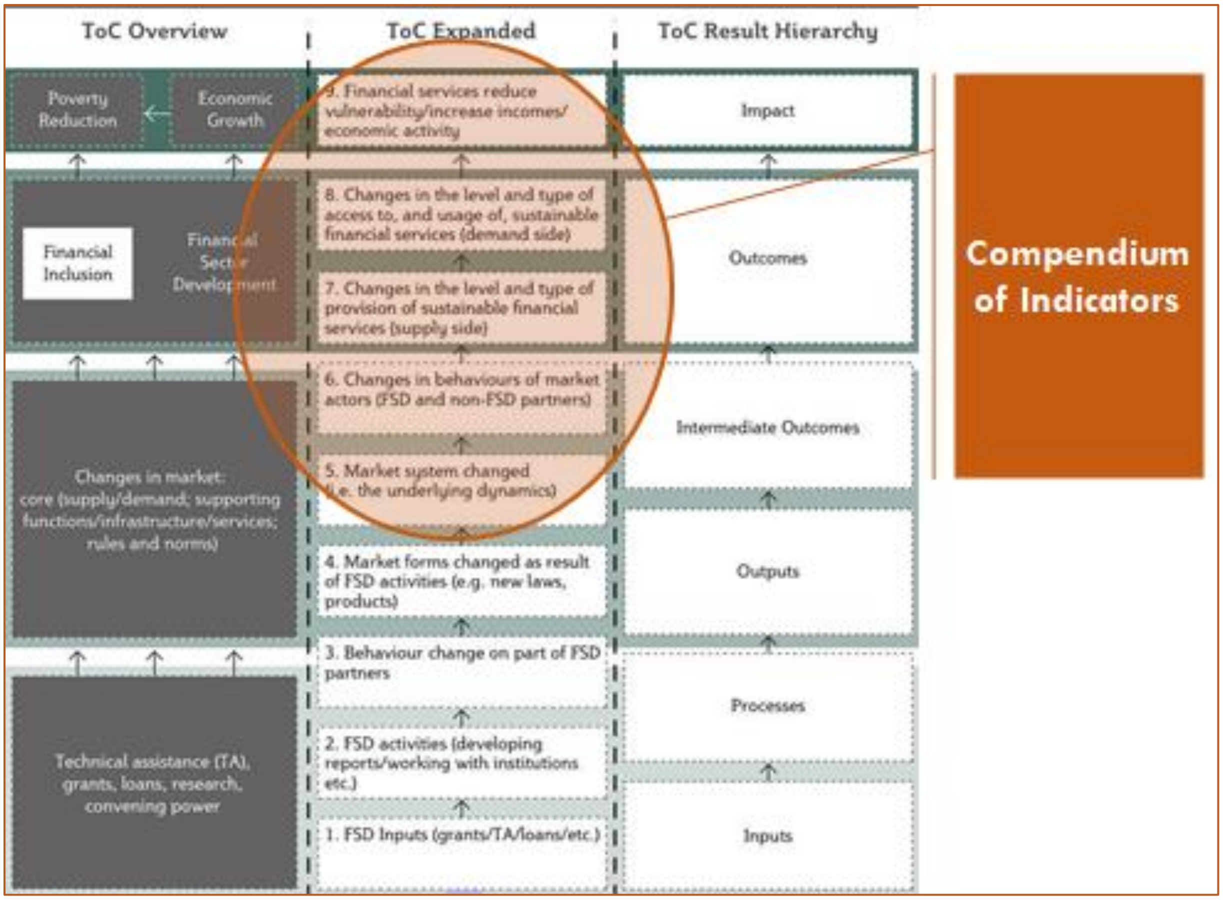
> *"FSDs are about systemic change to financial markets that seek to improve people's lives in ways that matter to them."*
> – DFID SRO

What are we dealing with at this level? What do the indicators in the Compendium have to capture? They have to capture **fundamental changes in market systems in the financial sector, and in beneficiaries' lives**. These concepts are further expounded upon in section 4; suffice it to say here that, at this level, measures that get at market characteristics, access to and usage of financial services, and livelihoods are most relevant.

Accordingly, the Compendium's indicators are focused on those measures, i.e., systemic market change that leads to improvements in the sector and the extent to which the needs of the poor are met.

To make the placement of the Compendium indicators explicitly clear, the below expanded version of the generic FSD ToC highlights its focus:

FIGURE 2: EXPANDED VERSION OF THE GENERIC THEORY OF CHANGE FOR FSD PROGRAMMES, HIGHLIGHTING WHERE THE INDICATORS PRESENTED IN THE COMPENDIUM FALL[25]



As highlighted in the above graphic, **the Compendium focuses on boxes 5-9 of the expanded generic ToC**. In the language of the generic ToC, indicators at this level measure the following changes:

- ✓ changes in the market system (i.e., the underlying dynamics) (box 5);
- ✓ changes in behaviours of market actors (box 6);
- ✓ changes in the level and type of provision of sustainable financial services (box 7);
- ✓ changes in the level and type of access and use of sustainable financial services (box 8); and
- ✓ changes in poverty levels and economic growth (box 9).

The challenge, of course, is that some of the most meaningful outcome- and impact-level results are the most difficult to define and measure consistently and reliably, especially in light of the distinctive measurement issues brought to bear by the varied and complex interventions that form part of an M4P approach. Key questions, as posed by respondents during the consultations held during the development of this Compendium, are:

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[25] Adapted from the IOM document.

- How does one measure these changes?
- What tools should be applied to measure these outcomes, given how hard they are to measure?

The Compendium aims to address those challenges.

Another challenge is, of course, the matter of attribution and contribution. What is the impact of FSD interventions on intermediate outcomes, longer-term outcomes, and impacts? What do they contribute to changes in the relevant indicators? For example, how do we know whether – and to what extent – shifts in outcomes (e.g., the thinking, behavior, and actions of market actors) are due to a particular FSD's activities and outputs? How influential exactly is an FSD in achieving desired outcomes (especially since some of these outcomes and impacts only manifest some time after the FSD specific intervention has ended and many other factors influence their movement)? To what extent has the FSD programme been effective, cost-effective, and/or equitable? These are questions that the Compendium does not address directly; however, the indicators herein should *help inform* sufficiently rigorous exercises (i.e., evaluations and related analyses, including VfM assessments[26]) that aim to answer those types of questions.

2.4 Contextualising the Theory of Change: Its Placement in the FSDs' Broader MRM System

As implied above, the indicators in the Compendium cannot stand alone; they must be put in context. Based on the preceding discussion, their placement within the ToC is clear.

But **the ToC should, in turn, have its place identified within a broader M&E/MRM system** that includes measuring other results, conducting evaluations, ensuring data quality, reporting, and other activities, as part of its general objective to "robustly [capture] and [report] results (*proving* results) and…[support] improved decision making by management (*improving* results)."[27] The system as a whole should follow the principles laid out in the IOM document.[28]

> *"You narrate a story from output to impact."*
> – FSD MRM Lead

Taken together, all the activities of a fit-for-purpose M&E/MRM system support the telling of what should be a compelling results story that is narrated along the ToC. They inform what can be said about the intervention and the impact it has had, painting a picture of how close or far the programme is from achieving its objectives.

Thus, given that the ToC maps out what a programme will do in order to produce certain outputs that will lead (though often not directly) to certain outcomes that, ultimately (again, often not directly), contribute to the desired impacts, **it makes sense that the ToC** not only provides clarity on the objectives of the programme and aids it design, but **also then forms the basis for the system that measures and analyses whether or not those pre-stated results have been attained**.

[26] A Value-for-Money (VfM) Framework for the FSDs was developed in parallel to the development of this Compendium. It refers to the indicators presented herein as being among the sources of evidence drawn on to inform VfM assessments.
[27] FSD Zambia. Monitoring & Results Measurement Manual, version 2.0. (March 2014) p. 3.
[28] See Box 4 in chapter 1 of the IOM document for a handy checklist of the foundational principles.

Thus, **an appropriately rigorous ToC is the basis of an effective M&E/MRM system** as it holds the promise of unifying the components of the programme and its monitoring and results measurement system. As nicely articulated in the box below,[29] the ToC serves a core function for all involved.

ONE MORE NOTE ON THE CRITICAL ROLE OF THE THEORY OF CHANGE
IT IS GOOD PRACTICE FOR ANY PROGRAMME TO GO THROUGH THE EXERCISE OF DEVELOPING A TOC AS IT PRODUCES A CLEAR ARTICULATION OF OBJECTIVES AND THE MECHANISMS THROUGH WHICH THESE OBJECTIVES WILL BE ACHIEVED. A PROGRAMME THAT UNDERTAKES A WELL-ORGANIZED M&E SYSTEM WILL OFTEN FIND THAT SYSTEM PROVIDING THE MULTIPLIER BENEFIT OF SHARPENED OBJECTIVES, BETTER ARTICULATED ASSUMPTIONS, AND GREATER CLARITY IN PROJECT STAFF'S UNDERSTANDING OF THE PROJECT.

2.4.1 Elements of an Appropriately Rigorous Theory of Change and Related Monitoring

As ToCs go, an appropriately rigorous ToC is characterized by its articulation of:

- the context and external factors with which the programme works;
- the long-term outcome or impact to which the intervention is meant to contribute;
- the sequence of changes that is anticipated to take place leading to the final impact; and
- the assumptions about the context and how the intervention will lead to change. This is also related to the risks that might prevent changes from taking place.[30]

Being non-specific, the generic ToC lacks most of these elements; however, FSD-specific ToCs should be more comprehensive by including not only the context, long-term outcomes and impact, and programme-specific linkages, which they have largely done, but also articulating assumptions and considering an assumptions monitoring framework as part of the broader measurement framework. At a minimum, the ToC has to be evaluable.[31]

It is important to note that **with any ToC, as we move through the causal chain from activities to long-term outcomes/impact, the causal links become weaker.** As such, it is understood that there is a management frontier that distinguishes between the level of control the programme has over activities and their immediate results and where the results begin to be subject to many other factors that the programme is not able to control (typically that frontier sits between outputs and the subsequent results).

Likewise, in all ToCs **there is an attribution gap** where external factors and assumptions make it difficult to attribute the observed results and changes back to the programme. This is where analytical exercises such as impact evaluations or contribution analyses can be useful to understand the role that the programme played within a broader context.

[29] World Bank. "Clarifying Project Goals, Objectives and Information Needs", chapter 2 in Monitoring and Evaluation : A Guidebook for Nutrition Project Managers in Developing Countries, available at http://siteresources.worldbank.org/NUTRITION/Resources/Tool8-chap2.pdf (last accessed 11 September 2017).
[30] See: Review of the use of 'Theory of Change' in international development by Isabel Vogel, 2012.
[31] Per the IOM: "For a ToC to be evaluable it must be clear, relevant, plausible, testable, and contextualised, and it must take account of complexity", p. 3 of chapter 4, and section 4.1.4 as a whole.

Monitoring is conducted along the ToC and related evaluation and impact measurement questions. Results-based M&E/MRM places emphasis on result indicators (i.e., outputs, outcomes, and impact), as compared to implementation-focused M&E (focusing on input and activity indicators and often considered to be less meaningful). Nonetheless, where feasible and useful, indicators should be assigned to all levels of the logic model – from inputs to activities to outputs to outcomes and goals[32,33]. For example, including selected input and activity indicators on the basis of the FSD's VfM framework's data needs, could help ease the later process of assessing VfM under that framework.

If desired, the programme can take this further and use three distinct frameworks to monitor the ToC, as has been done in other OPM projects:

1. **Operational management framework:** This framework monitors how inputs and activities turn into outputs, e.g., how resources spent by the programme staff leads to directly-observable outputs. This framework is mostly of interest to the internal management of the programme.
2. **Results framework:** Monitors outcomes and other longer term results, and evaluates (in the case of the FSDs, likely by means of contribution analysis – see the output of the parallel VfM exercise) how the activities/outputs led to these outcomes. This framework is of interest to outside stakeholders as well as the internal management.
3. **Assumptions framework:** Monitors the assumptions and risks, therefore the external context, causal links, and internal programmatic assumptions and risks. This framework is primarily of interest for internal management to allow for learning and adaptation of the programme, but will also be a key input into FSDs' learning agenda which may have a public audience.

Using these three frameworks, the ToC can be translated into a comprehensive measurement system that collects the necessary information to meet all the distinct information needs and purposes for the various audiences within the context of FSD programme implementation.

2.4.2 A Special Note on the Role of the (Infamous) Logframe

Logframes lay out the measures (particularly indicators) to be used to assess progress towards the result areas (which are specified in the ToC) and set related baselines and targets over the lifetime of the intervention (or, in the case of ongoing programmes, then usually over a 5-year strategy period). A diverse range of logframe formats exist, varying between donors, implementers, and other entities in the development space; in all their diversity, logframes are commonly the essential underpinning source for results reporting to the donor for purposes of accountability.

For programmes like those being implemented by the FSDs, which are largely DFID-funded[34], this has meant following the particular format of the DFID logframe. In this process, **it appears that the logframe may have displaced the ToC as being at the core of FSDs' M&E/MRM systems. It should not be.**

[32] Sometimes result areas are not conducive to quantitative indicator measures. In those cases, qualitative indicators should be explored. Where indicators of any kind are not feasible, other methods for measuring progress in the result area under question should be applied.

[33] In addition, assumptions can be monitored (as discussed next) and a special effort can be made to include indicators measuring sustainability (though this should mainly be incorporated in relevant indicators under already-existing outcome areas).

[34] The FSDs are also funded by other donors, but they appear to defer to DFID when it comes to reporting.

Instead, the logframe should be fully derived from an evaluable ToC and the overall structure of the activities, outputs, outcomes, and impacts outlined therein. In fact, **FSDs' measurement frameworks should go beyond the logframe, to comprehensively capture all aspects that would make them accountable to their own vision, mission, and goals as reflected in the ToC**.[35] The measurement framework should accurately capture FSD activities, what they are trying to achieve, and what they value**. Thereafter, if desired or required, a logframe can be extracted (i.e., a sub-set of indicators) for the narrower purpose of donor reporting**.

> *"So at the moment we're in the process of revisiting our logframe as it's not clear what [the indicators] are measuring…so we are trying to work on our logframe and change some of the definitions to be able to better measure what we're actually doing."* – FSD MRM Lead

Beyond violating the principle of ToC-centrality, focusing on the DFID logframe has had the consequence of posing difficulties for FSDs, mainly in terms of meaningful and accurate reporting. Ideally, what FSDs are actually trying to accomplish is one and the same with what donors need to know for accountability, but it appears that this is not always the case. Specifically, the DFID logframe often appears to focus on milestones that may not reflect FSDs' actual activities, misalign outputs as outcomes, and sometimes contain other problematic features. FSDs appear to be forced to fit themselves into the logframe rather than the logframe reflecting the reality of FSD activities; this leads to an inability to clearly, adequately, and systematically identify, define, and demonstrate results.[36]

Thus, again, **FSDs should first develop comprehensive ToC-grounded measurement/monitoring frameworks (that include relevant indicators selected from this Compendium) and, only thereafter, consider extracting a sub-set of the indicators contained therein to serve as the logframe**.

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[35] Linking monitoring to the ToC enables a broader perspective to be taken beyond the typical view of monitoring being only about tracking progress against plans, milestones, and what is expected to happen. With the ToC, the programme can take into account the wider context around changes that might take place, including assumptions and unintended outcomes. Monitoring all aspects of the ToC and revisiting the assumptions that will have been made in the revised ToC during programme implementation is of great importance to know if they prove to be valid; if not, it may be necessary to adapt the strategy, or review the ToC. Therefore, the ToC is helpful to not only measure activities, outputs, and outcomes but also to understand the role of the programme and other factors in contributing to outcomes. From: Hivos Knowledge Programme (2012). "How Can ToC Thinking Help in Monitoring and Evaluation?", available at http://www.hivos.net/Hivos-Knowledge-Programme/Themes/Theory-of-Change/Resources/4.-How-can-ToC-thinking-help-in-monitoring-and-evaluation (last accessed on 25 March 2016).

[36] See also: OPM. Logframes in the context of FSD and market development programmes, a technical Paper to accompany the IOM Guidance Paper. (August 2015)

3. INDICATOR DEVELOPMENT AND DOCUMENTATION: A QUICK REVIEW OF THE BASICS

3.1 What Are Indicators?

The measurement tools that help establish the degree to which ToC results have been attained, are referred to as indicators. **An indicator is widely understood to be a variable that provides a reliable means to measure achievement, to reflect changes connected to an intervention, or to help assess the performance of an intervention.** Indicators should enable implementers to answer performance-related questions regarding progress (are we moving towards the attainment of desired results?) and success (have the intended results been attained?).

International best practices openly support the idea of starting off with a measurement system that is simple and quantitative in nature. Where feasible indicators cannot be established, the desired result can be captured through more qualitative measures.

3.2 Why Use Indicators?

Indicators, if they are well formulated, can be viewed as **key navigation tools** that are used to indicate whether interventions are on track (per their ToCs); to assess whether targets are being met; to retain focus on intended results; and to hold implementers accountable. The values that indicators have at a specific point in time provide a snapshot of an intervention's progress along its results chain up to that point, and they provide useful information on which to base learning and decisions.

3.3 When Are Indicators *Not* Useful?

Despite their usefulness, indicators are not a panacea. As implied above, not all results are amenable to being captured in the form of indicators, which are challenged when it comes to reflecting nuance and complexity – which are prevalent at the outcome and impact level of FSD programmes. This means that **there may be gaps** that need to be filled via other means.

Furthermore, by their nature, indicators are only "representatives" of the phenomena in question. As such, **changes in the data reported against them will not always be exactly proportionate to the true extent of performance**. In addition, **indicators can only answer the "what happened?" question, not the "why did it happen?" question**.

Therefore, when indicators are employed, they should not be used in a vacuum; **they have to be reported on in the context of a larger results narrative that uses other forms of evidence gathered as part of an overall ToC-grounded, impact-oriented M&E/MRM system.**

Moreover, in the context of the desire for a common approach for FSD results measurement, it should be noted that the scope for standardisation is somewhat limited[37]; therefore, so while harmonisation is perfectly feasible, direct comparisons should be made with care.

[37] Patrick Spaven and Karina Broens Nielsen. Measuring Market Development: A Handbook For Funders and Implementers of Financial Inclusion Programs. (CGAP) (October 2017). Available at http://www.cgap.org/sites/default/files/Technical-Guide-Measuring-Market-Development-Oct-2017.pdf (last visited 27 October 2017)

3.4 Understanding What Indicators at Different ToC Levels Look Like

Given the importance of having indicators at all levels of the ToC, it is useful to understand what the metrics at these different levels generally look like. The table below describes the typical features of indicators at the different levels:

TABLE 1: FEATURES AND EXAMPLES OF INDICATORS AT DIFFERENT LEVELS OF THE TOC

Level of Indicator	Common Features of Indicators	Examples
Input	Considers the problem and **resources needed** to optimally implement the intervention.	Measures of: financial resources; human resources; material resources
Activity/Process	Considers the problem and **what should be done** to optimally implement the intervention. It is thus a measurement of the actions being undertaken to achieve the desired results.	Measures of: training, advocating, research
Output	Largely concerned with **operational and structural deliverables**.	Measures of: products produced, services delivered, plans, reports, legislation drafted
Outcome	Focus on **institutional and behavioural changes**.	Measures of: knowledge and/or behaviour, access to services, access to products
Impact	Largely concerned with the **changes that occur in the lives of people**, in terms of the effects experienced by a larger community (society).	Measures of: poverty, employment, income, economic growth, income equality

3.5 Documenting Indicators

It is **imperative that a measurement framework provide comprehensive information on the indicators that it includes** in order to help ensure a common understanding among all stakeholders of their various components and a common roadmap for data collection activities. Conveniently, this also helps meet the SMART criteria (see section 3.6 below).

At a minimum, the following dimensions should be documented for each indicator that finds itself in a programme's measurement framework: indicator level (along the ToC); result statement; indicator name; complete indicator definition; unit of measure (especially if not already included in the definition); data source; frequency of reporting; baseline year; baseline value; target value for each year or other period; and space for any other remarks relevant to measuring the indicator.

3.6 Indicator Standards

Indicators should meet relevant international standards such as the widely known SMART or CREAM criteria. Since this Compendium is aligned with the IOM and the IOM adopts the SMART criteria, those are also adopted here and expressed in the same way:

TABLE 2: SMART INDICATORS[38]

Letter	Common Interpretation	Alternative Interpretation
S	Specific	Significant, stretching, simple, sustainable
M	Measurable	Motivational, manageable, meaningful
A	Achievable	Agreed, assignable, attainable, actionable, action-oriented, adjustable, ambitious, aligned with corporate goals, aspirational
R	Relevant	Realistic, results-oriented, resourced, reasonable
T	Time-bound	Time-oriented, time-based, time-specific, time-sensitive, time-frame, testable

Multiple sources lay out step-by-step processes for developing SMART indicators; these are not repeated here. There are also tomes on additional aspects of appropriate indicator construction, which are not covered here, either. However, it may be helpful to highlight a couple examples of good and bad indicators to illustrate:

- "Improvements in the quantity and quality of business advocacy and PPD (public private dialogue) events" is a poor indicator as it specifies the direction of desired change, and it specifies more than one result in a single indicator and could thus become confusing if only one or the other result is achieved. In this case, it would be best to develop/select two separate non-directional indicators: "Number of business advocacy and PPD events" and "Quality of business advocacy and PPD events." The indicator's documentation (see section 3.5) – specifically its baseline and target – will provide the desired direction.

- "Number of dissatisfied end-users" in the absence of a definition is a poor indicator as disgruntled is not understood the same way by everyone and is open to interpretation; also the indicator does not provide an indication of who or what the end-users are dissatisfied about. Moreover, reporting on just numbers sometimes does not go far enough in supporting determinations of impact. The concept should be defined in the indicator's documentation (see section 3.5) – specifically in its definition – in order to help ensure common understanding and, to go beyond numbers, it could adopt the use of a percentage; in addition, it is best to specify the product(s)/service(s) that end-users are dissatisfied about.

- "% FSPs receiving training on customer-centric practices and outreach to marginalised populations" is a poor indicator as, like the first example, it specifies more than one result in a single indicator and could thus become confusing if only one or the other result is achieved. In this case, it would be best to develop/select two separate indicators: "% FSPs receiving training sessions on customer-centric practices within the programme period" and "% FSPs receiving training sessions on outreach to marginalised populations within the programme period".

[38] Adapted from Table 38 in chapter 5 of the IOM document, p. 36.

3.7 FSD Indicators

The FSDs currently use a wide range of indicators to measure outcome- and impact-level results, even when their related result areas are generically the same (per the generic ToC presented in section 2). This Compendium responds to this diversity by suggesting the use of common indicators for common-result metrics being used by FSDs in order to fulfil the objective of helping FSD Network partners (a) have a resource of quality indicators from which to draw and, more generally, (b) move towards a more harmonised approach to measurement.

4. COMPILING THE COMPENDIUM'S INDICATORS

4.1 What Informed the Measures Presented in the Compendium?

After compiling an initial laundry list of metrics that FSDs listed as outcome- and impact-level measures of their work as well as lists of outcome- and impact-level indicators suggested or being employed by selected international institutions working in areas relevant to the sector[39] (a total of 478 indicators, 118 from FSDs and 360 from the other sources), the compilation of the final set of indicators presented in this Compendium was **informed by applying the following six filters sequentially** to zoom in on those metrics that were the most suitable:

1. the extent to which they fell into the outcome- and impact-level dimensions of interest to FSDs, with those **dimensions defined along the outcome and impact levels of the generic expanded ToC for FSD programmes**, thus serving as the measurement framework for the Compendium's indicators (this step brought the list down to 266 indicators);
2. the degree to which the indicators reflected **best practice in FSD measurement** (204 indicators);
3. the extent to which they met **the standard of being SMART**(-ish) (157 indicators);
4. the extent to which the indicators could be **replicated by FSDs**, either as is or through non-substantive rephrasing (86 indicators); and
5. the degree to which the indicator was among the best "representatives" of the dimension in question, given **duplication** among the indicators and back-checking against **what FSDs are measuring at the programme level and what FSDs had said they would like to see amongst the indicators in the Compendium** (resulting in a final set of 44 indicators for the Compendium).

Each of these is discussed in turn below.

4.1.1 Dimensions of Results at the Outcome and Impact Levels of the Generic FSD ToC

Reflecting FSDs programmes' focus on bringing about **financial market system changes that reflect positive development of the sector at large** – and, especially, that make the sector more inclusive so that

[39] Informed by suggestions made in the Compendium assignment's ToRs, a review of the relevant literature, and consultations with FSDs and other entities, in the end the following organisations and/or resources were consulted (some directly via e-mail or telephone and some by only referring to relevant documents or visiting relevant websites and other sources of publicly-available information) in order to ensure consideration of international best practice metrics: the Alliance for Financial Inclusion (AFI), specifically the AFI's Core Set of Financial Inclusion Indicators (April 2011) developed by the Financial Inclusion Working Group; the **Centre for Financial Inclusion and Regulation (cenfri)**, specifically with regard to the Insight2impact (i2i) initiative; the **Consultative Group to Assist the Poor (CGAP)**, and the guidance and indicators listed in their Measuring Market Development (MMD) Handbook (October 2017) and their list of indicators assessed by OPM as part of a mid-term evaluation; the Donor Committee for Enterprise Development (DCED), specifically the indicators listed in the Results Measurement Working Group's "Harmonized Indicators for Private Sector Development" (April 2016) and the Business Environment Working Group's "Measuring Donor-Supported Business Environment Reform" (October 2013); indicators from the Global Impact Investment Network (GIIN); the Global Partnership for Financial Inclusion (GPFI), specifically "The G20 Basic Set of Financial Inclusion Indicators" (undated); **Innovations for Poverty Action (IPA)** regarding the Progress out of Poverty Index (PPI) and the indicators reflected in the application thereof by the Social Performance Task Force; the IOM document (previously cited) and related technical notes; **The MasterCard Foundation (MCF)** and its "Learning Framework Standard Indicators" (undated work in progress); the Sustainable Development Solutions Network's "Indicators and a monitoring framework for Sustainable Development Goals"; and the World Bank's Global Findex database. Indicators reflected data sourced from the International Monetary Fund (IMF) were reflected amongst the just-mentioned sources. Telephone discussions were held with representatives of the entities whose names are shown in **bold**.

it does a better job of meeting the needs of the poor – and per the guidance of the IOM approach, the indicators in this Compendium focus on outcomes in boxes 5 to 8 of the generic expanded FSD ToC (see section 2.3), although indicators for box 9 are also presented to a very limited extent.

Per the IOM document, focus on systemic change means on the structures and dynamics of the sector, i.e., the structural aspects of the financial market and the relationships, behaviours, and power dynamics that operate therein. Though it could be argued that the entirety of FSDs' work is systemic, this distinction moves the focus of a monitoring system beyond direct acts of facilitation or direct numbers to the broader transformations taking place in the sector.[40])

Accordingly, **only indicators that fell into the sub-themes of the intermediate outcome, outcome, and impact levels** are included in this Compendium, and any metrics that fell outside of these categories and that were not actual indicators measuring the following changes at a programme level[41] were excluded:

- ✓ changes in the market system (i.e., the underlying dynamics) (box 5 in the expanded generic ToC);
- ✓ changes in behaviours of market actors (box 6);
- ✓ changes in the level and type of provision of sustainable financial services (supply side) (box 7);
- ✓ changes in the level and type of access and use of sustainable financial services (demand side) (box 8); and, to a limited extent,
- ✓ changes in poverty levels and economic growth (box 9).

At this point, it may be helpful to expound on what it is that we are interested in measuring at each level as each level's characterisation has bearing on the metrics used to assess whether or not it exists in a particular context. This expounding is done below, informed in large part by the IOM document and by CGAP's new handbook on measuring market development.[42]

Box 5: Changes in the market system (i.e., the underlying dynamics)

This level is charaterised by the nature of the environment, i.e., whether or not it is enabling of financial inclusion (FI), in terms of:

- the existence of a critical mass of rules conducive to the provision of inclusive services and products at scale; and
- the existence of a critical mass of new products and services that support sustainable scale-up.

Ideally, what should be seen here are new (i.e., beyond the initial project) diverse and appropriate financial models, processes, delivery mechanisms, and regulations being launched by partners and used by clients and non-partners appreciating their relevance to them,[43] and, more generally, a basic set of FI-relevant policies, laws, and regulations in place. (The characteristics at this level are more specific than

[40] IOM document. p. 5 of chapter 5.
[41] I.e., excluded were: (a) indicators that fell lower than intermediate outcome level in the generic ToC's hierarchy; (b) "indicators" that were in fact not indicators but indicator typologies and (c) project-specific indicators, except some of those from DCED and CGAP, which were highly illustrative and had a high potential to be harmonised at the programme level with non-substantive rephrasing.
[42] Patrick Spaven and Karina Broens Nielsen. Measuring Market Development: A Handbook For Funders and Implementers of Financial Inclusion Programs. (CGAP) (October 2017). Available at http://www.cgap.org/sites/default/files/Technical-Guide-Measuring-Market-Development-Oct-2017.pdf (last visited 27 October 2017), hereinafter referred to as the MMD Handbook.
[43] MMD Handbook.

those discussed in reference to boxes 7 and 8, i.e., regarding financial sector development and inclusion in general.[44])

Box 6: Changes in behaviours of market actors

In the complex financial sector, different actors have different roles to play in achieving financial inclusion. "For the financial services market to be efficient and inclusive, different market actors need to perform a variety of functions: core functions of demand and supply; supporting functions that shape, inform, and enable transactions between customers and providers; and rules and norms governing these functions."[45] This is why various FI initiatives have focused on different actors (e.g., the Maya Declaration, which focuses on regulators and policy-makers).

FSD programmes often tackle several different actors in their programming at multiple levels (micro, meso, and macro) to address the constraints to financial inclusion that are prevalent in their market of interest. These actors' initial responses to these efforts yield the changes in the underlying dynamics of the market system (box 5) and spur further changes by the same and different actors.

It is these further changes that are of interest here at box 6 (they are again more specific than those discussed below regarding general financial sector development and inclusion). This includes market actors reorganising, assuming new/improved roles, or repositioning to take advantage of opportunities/mitigate challenges.[46] In short, these are the behaviours expected at this level[47]:

- partners institutionalize the innovations that were fostered by the program[48];
- non-partner competing actors copy or adapt partner innovations; and
- non-partner non-competing system actors respond to partner innovations.

Boxes 7 and 8: Changes in the level and type of provision of sustainable financial services (supply side) and changes in the level and type of access and use of sustainable financial services (demand side)

These levels are treated together as, collectively, they speak to the financial sector at large and the nature of its inclusiveness. The key question then becomes:

What does an ideally inclusive financial sector looks like?

Put most simply, an inclusive financial system is one that effectively, efficiently, and sustainably meets the financial needs of all, including the poor. But, in the complex, multi-actor world that makes up the financial sector, it is obviously more complicated than that.

Thus, a more comprehensive description is called for, such as this one:

> A functioning and inclusive financial market system…is one which is characterised by strong and sustainable performance in the core – demonstrated by size and outreach (number of clients and

[44] This helpful way of stating the distinction is credited to Ian Robinson in comments make during the course of the parallel VfM exercise.
[45] MMD Handbook.
[46] IOM document.
[47] MMD Handbook.
[48] I.e., per IOM, scaling up, with innovation becoming mainstream and/or new business practices pushing innovation to scale.

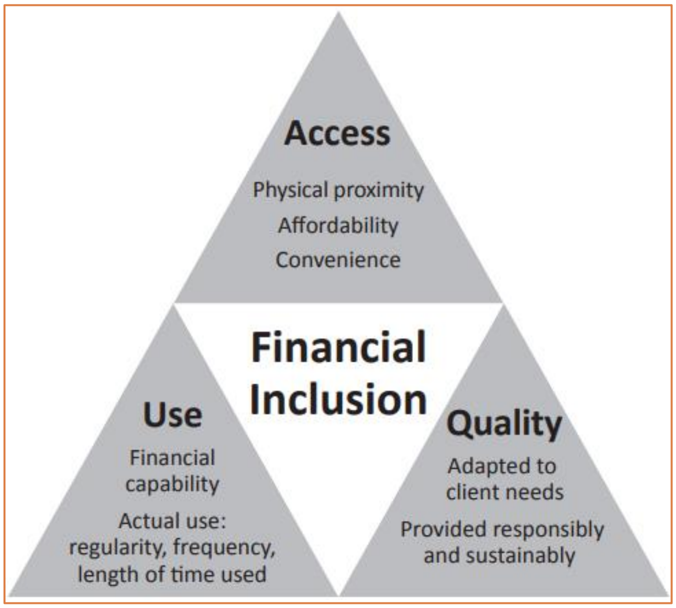
number and variety of providers), depth and quality (poverty levels and the degree to which products meet client needs) – and capacity and competence of rules and supporting functions, allowing the market to learn, adapt and develop in a sustainable manner.[49]

Other sources describe the goals of financial inclusion as being:

- access at a reasonable cost for all households to a full range of financial services, including savings or deposit services, payment and transfer services, credit and insurance;
- sound and safe institutions governed by clear regulation and industry performance standards;
- financial and institutional sustainability, to ensure continuity and certainty of investment; and
- competition to ensure choice and affordability for clients.[50]

CGAP illustrates the dimensions of financial inclusion by means of the following graphic that highlights three key components, namely access, use, and quality:

FIGURE 3: CGAP'S DIMENSIONS OF FINANCIAL INCLUSION[51]



Across the differing means of characterizing an ideal – i.e., inclusive – financial system, the essential elements can be summed up in the following manner: **<u>access</u> by (formerly) marginalized, capacitated end-users <u>to quality, affordable financial services and products</u> that <u>meet those end-users' financial needs</u>, that are <u>profitable for financial service providers</u> to offer, and that are <u>adequately regulated by capable oversight entities mainly so as to protect end-users</u>**.

[49] Alan Gibson, Springfield Centre, "Understanding the Financial Market System," as excerpted from: Financial Sector Deepening Zambia (FSDZ). Three-Year Strategy. (1 April 2016 to 31 March 2019). p. 3.
[50] Wikipedia. "Financial inclusion", available at https://en.wikipedia.org/wiki/Financial_inclusion#cite_note-2 (last visited 21 October 2017)
[51] As depicted in: Deena M. Burjorjee and Barbara Scola. A Market Systems Approach to Financial Inclusion: Guidelines for Funders. (CGAP) (September 2015). Available at https://www.cgap.org/sites/default/files/Consensus-Guidelines-A-Market-Systems-Approach-to%20Financial-Inclusion-Sept-2015_0.pdf (last visited 23 October 2017).

Indicators at this level aim to measure evidence of the "substantial, sustained use of right-quality financial services by poor people", underpinned by:

- a well-functioning financial system, as evidence by the responses of providers to market opportunities and setbacks (more generally than the market actor behaviours at box 5), the degree of customer centricity of providers' business models (knowledge of the market and how to serve it, including considerations of barriers to use, such as cost), and the degree of interoperability of points of service;
- client understanding, awareness, and extent of satisfaction with the range of services; and
- related to rules and norms, the inclusiveness of the policy-making process and extent of buy-in into the prevailing rules (which, themselves, should already be supportive of FI (per box 5)) and norms characterised by market actors collaborating and cooperating to a large extent.[52]

Box 9: Changes in poverty levels and economic growth

Measures of interest at this level relate to the **livelihoods of the poor**, especially with regard to their extent of vulnerability and the availability (to them) of income-earning opportunities.

The following list of sub-themes and dimensions, which also serves as a helpful summary of the above, was developed for each of the above-described result statements of the generic ToC (numbering intentionally starts at 5 to correspond with the box numbers of the expanded generic ToC):

5. **Changes in the market system (i.e., the underlying dynamics) (box 5 in the expanded generic ToC)**
   A. Partners launch new (beyond initial project), improved products, services and regulation, etc.
      i. Efforts made by partners to develop customer awareness and understanding of new services
      ii. Take-up of new services by targeted segments
      iii. Use of new improved services by customers, and customer satisfaction
   B. Increased appreciation by non-partner institutions of the relevance of partner innovations to them
      i. Engagement by non-partner institutions with partners' business models for underserved segments
      ii. Competing non-partner institutions identify the case for copying or adapting the innovations
      iii. Non-competing market actors identify the case for modifying their own practices in response to the innovations
   C. FI-enabling rules and structures in place
      i. Basic set of FI-relevant policies/regulations
      ii. Basic set of FI-relevant structures/processes
   D. Increased business confidence and related investment
      i. Increased confidence

[52] MMD Handbook.

ii. Increased investment

6. **Changes in behaviours of market actors (box 6)**
   A. Partners institutionalise the innovations that were fostered by the program
      i. Extent and scope of partners' continuous improvement to policies and practices
      ii. Partners' use of customer feedback and other data in decision making
      iii. Partners' use of diagnostics and other approaches
      iv. Partners' governance stakeholders' approaches to innovation and risk
      v. Partners' engagement with risk identification, monitoring and management
      vi. Partners' responses to shocks
      vii. Partners' investment in human capacity-building
      viii. Partners' networking for knowledge and ideas
   B. Non-partner competing actors copy or adapt partner innovations
      i. Extent to which non-partners develop or adopt similar practices
      ii. Extent to which non-partners acquire technology similar to that of partners'
      iii. Extent to which non-partners develop similar services
      iv. Extent to which non-partners engage more actively with target segments or with actions in relation to target segments of the population
   C. Non-partner non-competing system actors responsive to partner innovations
      i. Extent to which non-competing market actors adjust or develop new services and/or regulations in response to innovation by partners and expansion by non-partners
7. **Changes in the level and type of provision of sustainable financial services (supply side) (box 7)**
   A. Well-functioning financial system
      i. Characteristics of the sector: a. size; b. depth of supply; c. adequacy and diversity of supply; d. efficiency; and e. safety and soundness (general as well as management of liquidity risk and risk diversification and management)
      ii. Responses of providers to market opportunities and setbacks
      iii. Degree of customer centricity of providers' business models, including considerations of barriers to use (i.e., knowledge of market and how to serve it)
      iv. Degree of interoperability of points of service (an element of quality of financial service/product from supply perspective)
   B. Sustainable rules and norms
      i. Extent of buy-in among services providers regarding voluntary industry codes
      ii. Extent to which FSPs and other stakeholders face regulatory barriers/incentives to entry
      iii. Reach of regulatory regime
      iv. Perceptions of policy, regulation and normative frameworks among stakeholders affected
      v. Extent and depth of cooperation and collaboration among market actors, including supplier stakeholder participation in policy and regulatory reform efforts (as a reflection of the inclusiveness of policy-making process)

8. **Changes in the level and type of access and use of sustainable financial services (demand side) (box 8)**
    A. Improved knowledge, capability, and participation of users
        i. Customers' awareness about the range of services
        ii. Clients' understanding of how to access and use specified types of services
        iii. User stakeholder participation in policy and regulatory reform efforts
    B. Substantial, sustained use of right-quality financial services by poor people
        i. Level of general access to financial services
        ii. Account penetration - small enterprises
        iii. Account penetration - individuals/households
        iv. Numbers and percentage of users of financial services and products - small enterprises (disaggregated by client segments, type of financial product/service, duration, regularity)
        v. Numbers and percentage of users of financial services and products - individuals/households (disaggregated by client segments, type of financial product/service, duration, regularity)
        vi. Extent to which needs are met, measures, attitudes of users and non-users, including quality of formal financial product/service from the user perspective
        vii. Sustainable small enterprises
9. **Changes in poverty levels and economic growth (box 9)**
    A. Inclusive economic growth - country level
        i. General growth
        ii. Reduced poverty levels
        iii. Reduced inequality
    B. Improved economic situation – individual/household level[53]
        i. Increased job creation/employment for poor people[54]
        ii. Increased and stabilised income of people previously at or below the poverty line
        iii. Increased resilience/Reduced vulnerability
    C. Improved livelihoods
        i. Increased wealth
        ii. Improved financial health
        iii. Improved well-being/livelihood

The indicators in the Compendium are organised around these sub-themes, and are also numbered accordingly – see the layout in table format in **Annex B1**. Note that the sub-themes' arrangement does not mean to imply a rigid, linear sequence of steps. As outlined in section 2, different pathways lead to FSD programmes' outcomes and ultimate impacts, and each programme-specific ToC and measurement framework will have to reflect its own hypothesis for how the intervention will lead to the desired results.

The vision for the Compendium was for it to have at least one harmonised indicator for each dimension that FSDs are measuring or indicated that they want to measure (out of the 51 dimensions, 28 fell into this

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[53] These can also be thought of as the factors to understand financial health. A consumer's financial health is significantly influenced by his or her: absolute income level; income and expense volatility; social network; and financial role.
[54] Note that the quality of the jobs created through financial inclusion and general financial sector development may be a point of debate.

category, so a possible minimum of 28 indicators was envisioned) as well as at least one top-down and one bottom-up indicator each for dimensions at the outcome and impact levels.

As a first step towards this vision, the initial 478 indicators were screened for fit with the above-described sub-theme dimensions; those that fell outside of these categories and that were not actual indicators measuring programme level changes were excluded.

4.1.2 Filtering on the Basis of FSD Measurement Best Practice

The remaining indicators were culled on the basis of FSD measurement best practices, largely based on what is outlined in the IOM document, with additional insight drawn from CGAP.[55] The key criteria applied here were to focus on the indicators measuring intermediate outcomes and systemic change (so not impacts) as well as on those metrics that would produce data often enough to inform the timely decision-making that is so necessary in the dynamic contexts in which FSDs operate.

4.1.3 Largely Meeting the SMART Criteria

In the next step, in order to ensure robustness, only **indicators that met – or that, with non-substantive reworking, could be revised in order to meet – the SMART criteria** (see section 3.6) were retained. This was largely informed by the implicit and/or explicit definitions of each indicator and its data collection implications.

However, the **SMART criteria were relatively loosely applied in this instance**, given that they require knowledge of the context in which the indicators are to be applied, along with targets, for a full assessment, details that were not relevant for the purpose of the exercise – in any case, this information was lacking among the internationally-sourced indicators (given the absence of a programme-specific measurement framework) and disregarded in the case of the FSD indicators (given the focus on harmonisation). Another reason why the SMART criteria were loosely applied is to acknowledge that some elements that might be SMART in one context may not be so in another. For example, a certain data collection exercise for an indicator may be more realistic (e.g., less expensive) to conduct in one FSD country versus another.

Therefore, among the SMART criteria, it was appropriate to place less emphasis on the A (achievable) and give greater consideration to S (specific), M (meaningful and sensitive to change), R (relevant, which was to some extent already built into the framework discussed under section 4.1.1, so at this step the idea was to focus on relevance in the sense of the indicator capturing the essence of the dimension in question), and T (whether or not the indicator would produce data on a timely basis, ensuring a double-check on the consideration in 4.1.2).

It is thus important that after adopting indicators and setting related baselines and targets, each FSD should further apply the SMART criteria to their own situation in order to ensure that the indicators are SMART to their particular context.

[55] MMD Handbook.

4.1.4 Replication Potential

The indicators that remained at this point were assessed for the extent to which they were could be **replicated by FSDs**, either as is or through non-substantive rephrasing. Replicability was decided on the basis of (a) how generic the indicator was or could be made to be through rephrasing and (b) how generally widespread the related data collection exercise had the potential to be (for example, indicators that involved bespoke data collection methods with limited applicability in other countries were dropped in order to better enable portfolio-like monitoring across FSD countries).

4.1.5 Removing Duplication and Ensuring Inclusion of Outcome- and Impact-Level Measures Used and/or Requested By the FSDs

Several of the indicators remaining at this stage measured identical or substantially similar evidence within a sub-theme dimension. These **duplicates were removed**, with the indicators best representing the sub-theme dimension in question being retained. Often this simply came down to selecting the original producer of the data or choosing the indicator in its most appropriately-phrased form.

As a last sub-step in the process of establishing indicators to include in the Compendium, the resultant list was **back-checked against what FSDs are measuring at the programme level and what they are not measuring but said they would like to see amongst the indicators in the Compendium** to ensure that all relevant typologies of interest were adequately reflected. Where they were not, an effort was made to find them among the remaining internationally-established indicators (which in some cases meant adding in indicators that had not passed through earlier steps of the filtering process). Where such a metric did not substantively exist among the indicators, a gap remains, and FSDs could consider having these developed as a follow-on to this exercise.

Whether generated by way of adopting an internationally- or FSD-established indicator as is or through rephrasing, the steps described above had the effect of producing generic outcome- and impact-level indicators that can be used by any given FSD if relevant to its strategy (as reflected in its ToC). This serves to **enhance indicator harmonisation**.

However, it is worth noting that such **harmonisation does not necessarily have the goal of comparing FSDs against each other**, especially given their differences in context (including the identified problems they are tackling, the improvements they are working towards, and how they are working towards those improvements). This would run the risk of making invalid comparisons. Furthermore, not all data collection sources are designed for cross-country comparison, even when they are called by the same name. For example, not all indicators drawn from Finscope and FinAccess surveys are comparable across countries.[56] In addition, one should remain cognizant that there may be inconsistencies in data quality in these data collection exercises, which are conducted by different entities, leading to the potential to make false comparisons.

As such, differences in some details involved with regard to the related data collection will remain, reflecting the dissimilarities in FSDs' contexts as well as in their main areas of concern, approaches, and

[56] Karina Broens Nielson. Blog post, "10 Useful Data Sources for Measuring Financial Inclusion" (CGAP) (10 January 2014). Available at http://www.cgap.org/blog/10-useful-data-sources-measuring-financial-inclusion (last visited 2 November 2017).

activities. All these factors limit the ability to compare data on harmonised indicators. It may in any case be preferable to compare progress within a given FSD's own context, as noted by respondents in the consultations.

But it at least allows for a common approach and hopefully helps open up the way for possible fuller harmonisation down the line (and already, in some cases, where appropriate, it may be useful to aggregate certain results). Collecting data from FSD Network partners in a consistent and systematic way means a greater ability for the Network as a whole to measure and report on progress towards FSD outcomes and impacts. Knowing and having this evidence is an essential part of each FSD's work and as well as that of FSDA as a facilitator of the Network.

4.2 Fast Facts About the Compendium and Its Indicators

The final list of indicators that remained after making the above-described considerations/steps are presented in this Compendium. They provide a menu of possibilities from which FSDs can choose. Here are some fast facts about these indicators:

1. The Compendium has 44 indicators.
2. There are indicators for each of the 5 relevant outcome- and impact-level results (per the generic expanded FSD ToC).
3. Indicators should be chosen according to each FSDs' local/national context and its priorities and interventions, in line with its strategy. (See section 6 for detailed guidance on how to select from among the indicators.)
4. Each indicator has a profile containing documentation to support appropriate measurement.
5. Indicators in the Compendium are mostly for measuring at baseline and annually, but some can also be monitored more frequently, if appropriate and feasible; others are only for measuring at key stages of an evaluative assessment.

The full set of indicators is summarised in section 5, and they are laid out in detail in Annexure B.

5. 5 OUTCOME AND IMPACT AREAS, 44 INDICATORS

5.1 How the Indicators Are Organised

The full set of Compendium indicators is organised according to the following hierarchy of outcomes and impacts, per the expanded generic ToC:

- ✓ changes in the market system (i.e., the underlying dynamics) (box 5 in the generic expanded ToC);
- ✓ changes in behaviours of market actors (box 6);
- ✓ changes in the level and type of provision of sustainable financial services (supply side) (box 7);
- ✓ changes in the level and type of access and use of sustainable financial services (demand side) (box 8); and
- ✓ changes in poverty levels and economic growth (box 9)

Within the above-mentioned outcome and impact areas, indicators are organised along the key dimensions of the result area in question, as laid out in the previous section.

5.2 Documentation of the Compendium Indicators

Each indicator in the Compendium is documented according to the following dimensions included with each indicator profile:

- level in the ToC (along the generic FSD ToC);
- outcome/impact area (along the generic FSD ToC);
- sub-theme of result statement;
- dimension of the sub-theme;
- indicator name;
- indicator definition;
- source of indicator suggestion;
- unit of measure;
- disaggregation options;
- likely data source/measurement methodology;
- frequency of reporting (based on the ideal measurement frequency);
- indicator classification (top-down versus bottom-up); and
- any other remarks relevant to measuring the indicator, especially data quality assurance mechanisms for each indicator.

5.3 Summary of the Compendium Indicators

This sub-section presents, in summary form, all the indicators that are included in the Compendium (square brackets denote a rephrased indicator or rephrased/added indicator definition). The detailed indicator profiles are laid out in **Annex B2**.

TABLE 3: SUMMARY OF COMPENDIUM INDICATORS

Indicator Level	Result Statement (Box # Per Generic Expanded ToC)	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
IMPACT INDICATORS				
Impact	**Changes in poverty levels and economic growth (BOX 9)**	9.4	Employment to population ratio (EPR)	The employment-to-population ratio is defined as the proportion of a country's working age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities, because they are either unemployed or (more likely) out of the labour force altogether. (From ILO)
		9.3	Number of [FSD-facilitated jobs]	No. of new jobs that can be linked to [the FSD's] investments
		9.2	Percentage of population living below national poverty line, differentiated by urban and rural (modified MDG indicator)	The national poverty rate is the percentage of the total population living below the national poverty line. The rural poverty rate is the percentage of the rural population living below the national poverty line (or in cases where a separate, rural poverty line is used, the rural poverty line). Urban poverty rate is the percentage of the urban population living below the national poverty line (or in cases where a separate, urban poverty line is used, the urban poverty line). Estimates are based on population-weighted subgroup estimates from household surveys.
		9.1	[Poverty Probability Index (PPI)]	The likelihood that the household is living below the poverty line.
OUTCOME INDICATORS				
Outcome	**Changes in the level and type of access and use of sustainable financial services (demand side) (BOX 8)**	8.13 and 8.14	[Percentage change in the value of company tax returns] [Percentage change in the value of tax returns of companies that the FSD has invested in]	[The change in the value of company tax returns over the past 3 years (multiplier of tax).] [The year-on-year change in the value of tax returns by companies that the FSD has invested in (multiplier of tax).]
		8.12	Percentage of clients expressing satisfaction with FSPs	[The proportion of all clients surveyed who indicate that they are satisfied with the FSP. [FSP needs defining.]]
		8.11	[Number of adult individuals accessing financial services as a result of FSD interventions]	[The number of people that have been provided with a financial service by an FSD-funded project. The service may include credit, savings, insurance, etc.]
		8.10	No deposit and no withdrawal in the past year (% with an account, age 15+)	[The proportion of adults with an account at a financial institution who have not made any deposit or withdrawals from said account in the past year.]
		8.9	Borrowed from a financial institution (% age 15+)	[The proportion of adults who have borrowed from a financial institution.]
		8.8	Saved at a financial institution (% age 15+)	[The proportion of adults who have saved at a financial institution.]

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		8.7	Number of poor people ~~and microenterprises~~ accessing a new financial service	[The cumulative number of poor people who have accessed a new financial service from an FSP, attributable to the FSD. "New financial service" means that the person has not previously accessed the financial service from the FSP in question.]
		8.6	[Number of small businesses accessing financial services as a result of FSD interventions]	[The number of small businesses that have been provided with a financial service by an FSD-funded project. The service may include credit, savings, insurance, etc.]
		8.5	% of SMEs with an outstanding loan or line of credit	[The proportion of SMEs surveyed that report having an outstanding loan or line of credit.]
		8.4	Account at a financial institution (% age 15+)	[The proportion of adults who have an account at a financial institution.]
		8.3	Mobile account (% age 15+)	[The proportion of adults who have a mobile account.]
		8.2	Percentage of SMEs with an account at a formal financial institution	[The proportion of SMEs surveyed that report having a financial account at a formal financial institution.
		8.1	Percentage of people within 5kms of a financial access point	[The proportion of a population that lives within 5 kilometers of a financial access point.]
	Changes in the level and type of provision of sustainable financial services (supply side) (BOX 7)	7.12 and 7.13	[Number of business advocacy and PPD events] [Quality of business advocacy and PPD events]	[The number of business advocacy and pubic private dialogue (PPD) events held in the last 12 months.] [The level of quality of business advocacy and public private dialogue (PPD) events, on a scale of [tbd].]
		7.11	[Perceived importance of reform]	[The level of perceived importance of reform among key public, private, and civil society actors.]
		7.10	Percentage of formal accounts subject to price transparency regulation	[The proportion of formal financial accounts that fall under the jurisdiction of price transparency regulations.]
		7.9	[Costs of compliance]	[The amount of money it costs a business to comply with laws and regulations governing the financial sector.]
		7.8	[Proportional increase in firms applying good management practices]	[The year-on-year increase in the number of firms applying good management practices, expressed as a percentage. "Good management practices" are defined as FI-relevant practices that are certified, such as ISO.]
		7.7	Average annual cost for using a bank account as a percentage of GDP per capita	Average cost for operating a bank account on a monthly basis
		7.6	[Percentage of constrained MSMEs]	[Percentages of MSMEs noting constrained access to loans and other financial products.]
		7.5	[Number of relevant financial services]	[The number of available financial services in the FSD country, each category that meet the criteria for relevance, which pertains to being FI-relevant. FI-relevance to be determined by each FSD, along with its key stakeholders.]

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		7.4	[Listing of the country's NBFIs by total asset size]	[A listing of the country's main non-bank financial institutions (NBFIs) with a simple summary of their size based on total assets. "Main" needs defining; alternatively, all NBFIs can be included if the additional level of data collection effort is reasonable.]
		7.3	Percentage of administrative units with at least 1 access point	[The number of administrative units, as defined by the country, with at least one financial access point, divided by the total number of administrative units in the country, expressed as a percentage.]
		7.2	[Savings as a share of GDP]	Gross domestic savings as percentage of Gross Domestic Product (GDP).
		7.1	[Volume of credit/deposits provided by FSD-supported FSPs]	[The volume of credits and deposits provided by FSD-supported FSPs.]
INTER-MEDIATE				
Outcome (Intermediate)	**Changes in behaviour of market actors (FSD and non-FSD partners) (BOX 6)**	6.3	[Percentage of relevant regulators and industry associations revising relevant regulations and codes]	[The number of relevant regulators and relevant industry associations undertaking relevant regulation and code revision, divided by the total number of relevant regulators and relevant industry associations, expressed as a percentage. Relevant regulations and codes means those regulations and codes that require revising, as determined by the FSD, in order to unlock market constraints to financial inclusion.]
		6.2	[Number of providers leveraging the digital channel]	[The number of providers leveraging the digital channel to offer 'frontier' financial services in the FSD's target economy.]
		6.1	Percentage of firms changing practice in priority sectors	[The number of firms reporting a change in practice, divided by the total number of valid responses, expressed as a percentage.]
	Market system changed (i.e., the underlying dynamics) (BOX 5)	5.10	Percent increase in investments in the financial markets	[The proportion increase in the amount of investment in the financial sector in the latest calendar year (or other annual period) as compared to the immediately preceding period.]
		5.9	Increase in investment in [FSD-facilitated firms]	[The amount of investment generated as a result of [FSD name]-facilitated innovation. This indicator tracks all investment that happens as a result of interventions through the [FSD name] interventions. A financial institution is a bank, equity investment firm, or impact investment firm. Can include investment made by strategic investors (non-FIs) where the FI-support market has enabled it.]
		5.8	[Perception of domestic and foreign investors]	The perception of domestic and foreign investors.
		5.7	Global Financial Centres Index	Rating on the Global Financial Centres Index (GFCI). The GFCI provides ratings, rankings and profiles for financial centres, drawing on two separate sources of data – instrumental factors and responses to an online survey.
		5.6	[Relevant structures and processes in place]	Whether or not new or improved structures and processes that are likely to stimulate development of new pro-poor products are in place. These structures and processes are defined by the FSD, with input from key experts and stakeholders, as necessary.]
		5.5	[Basic regulatory enablers in place]	Regulations in place that including rules governing a) e-money, b) agents, c) tiered KYC, d) allowing multiple types of institutions to deploy DFS, AND e) consumer protection in financial services.
		5.4	[Percentage of market actors influenced by [FSD name]]	The number of market actors surveyed that indicate they have incorporated input from [FSD name]'s knowledge products or dissemination activities in their workplans, activities or approaches divided by the total number of market actors surveyed, expressed as a percentage. Stakeholders include providers and funders who work/invest/promote [financial services].

Indicator Level	Result Statement (Box # Per Generic	Indic Ref #	Compendium Indicator Name	Compendium Indicator Definition
		5.3	# of users of new value-adding financial solutions relevant to low-income households and small-scale businesses	[The number of individuals linked to accounts related to financial solutions (products, services, platforms) that have a high potential to further the cause of financial inclusion in the country. Low-income households are defined per national poverty line. Small-scale businesses are those that fall into the FSD's categorisation of said businesses.]
		5.2	Number of [products offered] by a financial institution	Total number of products within the portfolio of the financial intermediary. Financial services products can include loans, lines of credit, insurance, export guarantees, deposit accounts targeting individuals or firms as defined by the FI. Financial intermediaries can include commercial banks, MFIs, NGOs, mobile operators or other providers offering [finance products].
		5.1	# of new value adding financial solutions relevant to low-income households and small-scale businesses	[The number of solutions (products, services, platforms) that have a high potential to further the cause of financial inclusion in the country. Low-income households are defined per national poverty line. Small-scale businesses are those that fall into the FSD's categorisation of said businesses.]

6. GUIDANCE FOR SELECTING FROM AMONG THE COMPENDIUM INDICATORS – AND HOW TO PREPARE AND WHAT TO DO NEXT

6.1 Preparing for Indicator Selection

As emphasised earlier (see section 2), a sufficiently rigorous ToC should be the core of each FSD's M&E/MRM system. Monitoring (which is largely done through the use of indicators) is then conducted along the ToC and its results statements and related evaluation and/or impact measurement questions. To underscore this point, indicators should be **tightly aligned with the (sufficiently rigorous) FSD-specific ToC and its result statements and evaluation and/or impact measurement questions**. If these are clearly articulated, it should almost automatically ensure that the right measures are chosen (i.e., those that reflect the appropriate results given the FSD's key priorities and pathway to change).

Therefore, **the first step in selecting indicators to monitor is to ensure that the ToC is sufficiently rigorous or, using the terminology of the IOM, evaluable**. This is true both for selecting measures from among the Compendium indicators as well as for lower-level indicators sourced from elsewhere. The IOM checklist for ensuring the evaluability of the ToC is provided in **Annex B3**.

In short, **Step 1** is to ensure that the ToC is evaluable. Then, in preparation for the step to follow, align it with the generic FSD ToC presented in the IOM document.

6.2 Selecting Indicators

Step 2 is to make a selection from among the indicators in the Compendium (which are organised along the sub-themes and dimensions built out from the generic FSD ToC in the IOM document). Even with common outcome- and impact-level objectives, it cannot be expected that all the indicators will be equally appropriate to all the FSDs. There is no 'one size fits all.' Therefore, **each FSD should select those that are most relevant to them and to what they are trying to measure,** in consultation with sector stakeholders.

It is suggested that **the following factors be taken into consideration when making this selection** (note that they are not all mutually exclusive):

a) The IOM document, with which this Compendium is aligned, notes that priority consideration should be given to whether the indicator is useful. At the outcome and impact level, usefulness is most appropriately viewed through the lens of **whether the indicator helps demonstrate impact and the extent to which it can help answer the evaluation and measurement questions** that are of interest to the FSD. (The other considerations noted by the IOM are addressed by the criteria used for including or not including indicators in this Compendium (section 4.1) and by the points that follow.)

b) Selection also depends on the **information needs of various other analytical exercises,** such as VfM assessments, **and the timing thereof.** The indicators that will inform these exercises on a timely basis are relevant to be included in an FSD's measurement framework. This includes consideration of whether indicators are top-down or bottom-up and, if the adopt-adapt-expand-respond (AAER) model is being applied, what quadrant of that model they fall into (more on AAER later in this section).

c) Indicators should also be selected on the basis of each FSD's **broader M&E/MRM objectives**. For example, if the system has a strong learning objective, which indicators would best inform learning?

d) The selected indicators should be **SMART** in the FSD's context. This will especially help ensure that they are feasible to measure in the specific setting of the FSD.

e) Lastly, taken together, the indicators selected by an FSD should be **sufficient in number** (but not so many that the principle of parsimony[57] is violated) **and varied enough to portray a meaningful results picture,** so indicators should be added or dropped on this basis in the selection process.

FSDs may also want to ensure inclusion of those indicators that have resulted from data produced through **their own and other FSDs' measurement advocacy efforts,** e.g., considering FinAccess, which is conducted by FSD Kenya, and FinScope, which was developed by FinMark Trust, the FSD for southern Africa. However, this should not be one of the driving considerations in selection.

6.3 Tailoring and Supplementing the Selected Indicators

Once selected, FSDs should ideally include the exact wording of the indicator and its definition as it appears in this Compendium for purposes of harmonisation; however, as **Step 3**, FSDs may want to – in fact are encouraged to – include notes in their indicator profiles that would describe any country-/FSD-specific aspects of the indicator in order to **capture and convey context- and programme-specific details and other considerations.**

For example, it is important to tailor the Compendium indicators to each unique situation by allowing the use of locally-/nationally-understood terms while still knowing that the same concept is being measured. Or it may be necessary to tailor an indicator to a particular sector. Some examples of how Compendium indicators can be tailored on the basis of those details follow:

[57] Parsimony not only in the sense of using the fewest possible indicators that are necessary and sufficient to measure relevant change, but also in the sense of adopting those that are already in use, for example, those that tie into the country in question's broader national (reporting) priorities, such as progress towards achieving sustainable development goals (SDGs). For practical reasons, it is useful to prioritise indicators that are already collected in the country or that can easily be integrated in existing surveys and data systems.

TABLE 4: EXAMPLES OF HOW TO TAILOR SELECTED INDICATORS

Compendium Indicator Ref. No.	Compendium Indicator's Standard Name and Definition	Possible Tailored (i.e., FSD-Specific) Name and Definition for the Indicator
5.4	**Name:** Percentage of market actors influenced by [FSD name] **Definition:** The number of market actors surveyed that indicate they have incorporated input from [FSD name]'s knowledge products or dissemination activities in their workplans, activities or approaches divided by the total number of market actors surveyed, expressed as a percentage. Stakeholders include providers and funders who work/invest/promote financial services.	**Name:** Percentage of market actors influenced by AFR **Definition:** The number of market actors surveyed that indicate they have incorporated input from AFR's knowledge products or dissemination activities in their workplans, activities or approaches divided by the total number of market actors surveyed, expressed as a percentage. Stakeholders include providers and funders who work/invest/promote financial services. However, given AFR's focus on the agricultural sector, the financial service providers considered are only those providing agriculture-relevant or -specific services.
7.3	**Name:** Percentage of administrative units with at least 1 access point **Definition:** The number of administrative units, as defined by the country, with at least one financial access point, divided by the total number of administrative units in the country, expressed as a percentage.	**Name:** Percentage of administrative units with at least 1 access point **Definition:** The number of administrative units, as defined by the country, with at least one financial access point, divided by the total number of administrative units in the country, expressed as a percentage. In Zambia, an administrative unit equates to a provincial district.
8.12	**Name:** Percentage of clients expressing satisfaction with FSPs **Definition:** The proportion of all clients surveyed who indicate that they are satisfied with the FSP.	**Name:** Percentage of clients expressing satisfaction with FSPs **Definition:** The proportion of all clients surveyed who indicate that they are satisfied with the FSP. In Mozambique, digital financial service providers are not included as FSPs.

The Compendium indicators' reference numbers can be used to help keep track of thusly-amended indicators.

Although the Compendium indicators should cater for all the outcome-level indicators that FSDs are *currently* tracking, FSDs may find that on the basis of their evaluable ToCs (see Step 1) it is necessary to supplement the selected indicators with additional harmonised indicators or additional country- and programme-specific metrics. This is perfectly fine. FSDs should feel free to do so, if the related data are feasible to obtain.

6.4 Reflecting on the AAER Model

Next, as **Step 4**, FSDs (especially programmes that involve micro-level interventions) should **consider the AAER model** – which distinguishes between direct effects, changes within partner/project, and broader changes in the market as reflections of transformational change at the intermediate outcome level of the ToC (and at lower levels that are not dealt with in this Compendium) – and, on that basis, decide whether it is necessary to add supplemental indicators to provide evidence of such transformational change for their specific programmes.

However, such higher-level change may already be reflected among the selected (and, if any, supplemental) indicators. This would not be unusual as, depending on which of the three main pathways the FSD takes to achieving outcomes and impact, AAER largely aligns with the hierarchy of outcomes as one moves up the ToC and is therefore reflected in the related indicators by virtue of the nature of indicators at these levels. In that case, there would be no need to add supplemental AAER indicators at this step.

In the rare cases where the additionally-needed AAER-specific indicators are not reflected among the Compendium indicators, it may be necessary for FSDs to develop their own AAER-specific indicators. To aid this process, see the example typologies for AAER indicators that are provided in the IOM document.[58]

6.5 Ensuring Sufficiency and Variety

Step 5 involves assessing the final set of indicators on the basis of whether, taken together, they are sufficient in number (but not so many that the principle of parsimony is violated) and varied enough to portray a meaningful results picture. This is another aspect of the SMART criteria but with a more global view rather than being indicator-specific.

6.6 Documenting the Indicators

It is imperative that the **indicators that have been selected (and, where application of the AAER model suggested the need for additional indicators, developed) are fully documented** to ensure a common understanding among all of their various components and a common roadmap for data collection activities. This furthers the interests of indicator harmonisation and is also an important consideration to help enhance accurate understanding which, in turn, supports data quality. **Step 6** is to ensure such documentation. FSDs' indicator documentation templates should ideally provide a framework for organising indicator components along key documentation dimensions, which could include:

- **Indicator Level**: whether the indicator is at the input, activities, output, intermediate outcome, outcome, or impact level, per the level in the FSD-specific ToC
- **Result Statement**: the statement of desired change
- **Sub-Theme of Result Statement**: descriptor of the result area's sub-theme as reflected in the indicator
- **Indicator Name**: the name of the indicator
- **Indicator Definition**: the definition of the indicator (needs to be extremely clear and specific so that anyone reading it would understand exactly what the indicator is measuring)
- **Unit of Measure**: the units in which the indicator's value is measured
- **Counting Method**: whether the indicator's value will be counted as incremental, cumulative, level, or date

[58] IOM document, Annex 5.

  - Incremental indicators reflect values that only take into account the period under consideration and not a running total. It is strongly advised that incremental counting be avoided.
  - Cumulative indicators report a running total, so that each targeted amount or reported actual includes the target or actual of the previous period. This means that each target and actuals reflects all targeted or actual progress to date.
  - Level indicators track trends over time and may fluctuate up or down. This is the recommended method for counting values of most quantitative indicators.
  - Date indicators have values provided in the form of a date.
- **Disaggregation**: the dimensions along which the indicator will be disaggregated; depending on the intervention's objectives and stakeholders' concerns or interests, it may be desirable to disaggregate indicators by sex, region, urban/rural, or other categories
- **Data Source**: the source where the values for the indicator will be taken
- **Institution Responsible for Reporting**: the institution that has the main role of reporting the data for the indicator
- **Frequency of Reporting**: how often data collection on a particular indicator should be reported
- **Indicator Classification**: whether the indicator is a top-down or bottom-up metric
- **Placement in AAER Model**: if applicable and desired, the AAER-specific characteristic(s), i.e., adopt, adapt, expand, or respond, of intermediate outcome-level indicators can be denoted
- **Baseline Year**: the year to which the baseline value of the indicator is related
- **Baseline Value**: the value of the indicator that serves as the starting or reference point against which future performance will be measured, i.e. it is the actual data available for a particular indicator at the starting point of the plan or, if available and appropriate, it represents the previous year's performance (where baseline data are not available, options should be explored given the financial implications, e.g., where it is very important to have baseline data a baseline study could be commissioned but, in cases where such a study would not be feasible or cost-effective, implementation should proceed even without a baseline value). In the process of setting baselines, it is advisable to retain all source documents for future reference.
- **Target Values** (by year): the result, in concrete terms, that the programme aims to achieve for that particular indicator within a certain period of the plan. Targets thus help to establish clear expectations among all stakeholders. Targets should be set against the baselines and should model or quantify the intended results to be achieved at various stages of the intervention. In the process of setting targets, it is advisable to retain any documentation that clarifies how the targets were arrived at. The targets should reflect the counting method of the indicator – i.e., if an indicator is cumulative the target should reflect the cumulative nature of the indicator.
- **Other Notes/Additional Information/Remarks**: this is where any additional information that might clarify any elements of the indicator can be inserted, e.g., on measurement methodology

A generic template containing the above-mentioned dimensions for a generic FSD's operational and results framework is included in **Annex B4**, available as a soft-copy. If they choose to use this template, FSDs can tailor it according to the dimensions they choose to include in their programme's measurement framework (and they can of course make formatting and other changes to match it their own distinct branding).

Furthermore, whether employing the provided template or using their own, FSDs should consider adding columns for reporting actual values, thus making their indicator documentation template part of the same template used for reporting. This would eliminate the need to (a) have a separate document where indicators are documented (which supports ease of reference and conveniently also serves as an additional means to assure data quality) and (b) create another distinct document for reporting; the non-applicable columns can simply be hidden when not relevant for the purpose at hand.

6.7 Reviewing the Selected Indicators and Monitoring Beyond Indicators

As noted in the IOM document, "[a]s with all aspects of a measurement framework, FSDs must also review and revise their indicators as their programmes and environments evolve."[59] Therefore, as a **Step 7**, **the adopted indicators should be reviewed** both immediately following selection (ideally by a different person/different persons than those involved in making the initial selection; a workshop format that brings FSD MRM, project, and executive staff as well as donor staff together is recommended) and on a regular basis thereafter, at least an annually – perhaps timed with the revision of the Compendium –, to ensure continued relevance and comprehensiveness.

Beyond indicators, the IOM recommends tracking sector change (boxes 5 and 6 in the generic FSD ToC) from a broader perspective than indictor measures.[60] If appropriate, FSDs should plan for such monitoring and related narrative reporting.

Here is a summary of the steps involved in selecting indicators from the Compendium:

- ✓ **Step 1**: ensure that the ToC is evaluable
- ✓ **Step 2**: choosing from among the Compendium indicators taking into consideration whether the indicator is: (a) useful in answering the measurement questions that are of interest to the FSD; (b) helpful in meeting the information needs of various other analytical exercises; (c) aligns with the broader objectives of the M&E/MRM system; and (d) SMART in the FSD's specific context
- ✓ **Step 3**: tailor the indicators to capture and convey context- and programme-specific details and other considerations and, if necessary, supplement them with additional SMART indicators to fill any remaining data gaps in answering the programme-specific measurement questions and serving the information needs of various other analytical exercises;
- ✓ **Step 4**: consider the AAER model and, if necessary (i.e., where transformational change is not already reflected among the indicators selected so far), add supplemental indicators by selecting from among the Compendium indicators or, if not adequately reflected there, by developing the needed indicators
- ✓ **Step 5**: assess the final set of indicators on the basis of whether, taken together, they are sufficient in number (but not so many that the principle of parsimony is violated) and varied enough to portray a meaningful results picture
- ✓ **Step 6**: document the indicators, including setting baselines and targets
- ✓ **Step 7**: review the indicators and plan to monitor beyond indicators

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[59] IOM document. p. 21 of chapter 5.
[60] IOM document. p. 19 of chapter 5.

Having followed these steps, FSDs should end up with a set of fit-for-purpose outcome- and impact-level indicators that best reflect the results that they are aiming to achieve at these levels.

7. PLANNING M&E/MRM SYSTEMS TO CAPTURE AND REPORT ON SELECTED INDICATORS

7.1 Immediate Considerations

7.1.1 Inclusion in the FSD's Measurement Framework and Programme Management Processes

The indicators selected from the Compendium should be **included in FSDs' broader measurement frameworks** (which will include lower-level indicators and possibly indicators tracking assumptions and risks at all levels of the ToC). They may be considered for inclusion among the sub-set of indicators that is extracted from the overall measurement framework for the purposes of donor reporting (i.e., for inclusion in the logframe); however, given that outcomes and impacts fall on the far side of the ToC's management frontier (see section 2.4.1), FSDs should not be held directly accountable for their achievement.

As is the case for any programme, M&E/MRM should be closely aligned with the programme's overall management processes. This is especially important in FSD programmes, whose M&E/MRM systems will likely have a prominent learning objective. The process and timing of M&E/MRM activities should allow for timely learning in order to enable the programme to make the necessary adjustments to achieve overarching goals (i.e., desired outcomes and impacts).

7.1.2 Making Provision for Data Collection and Analysis

Most of the data that inform FSD results at the outcome and impact level (i.e., the indicators presented in this Compendium) would be collected through administrative forms, key informant interviews, and surveys of various types (perception surveys, market surveys, household surveys, and so on).

Some of the relevant data collection exercises are already undertaken by external entities (especially at the impact level where the information is available in international databases, though even these may need to be supplemented by more bespoke data collection[61]), but those that are not – or not to an adequate extent – would need to be planned for as part of the M&E/MRM system. This entails making **financial and other planning and preparatory provisions for the data collection and analysis** (ideally starting at baseline). As part of this, FSDs will also need to give some thought to how to incentivise partners and non-partners to provide needed information, especially continuing after a particular sub-intervention has ended.

Where the necessary data collection activities are not part of the M&E/MRM plan and are not being conducted by external entities, other means of gathering evidence for the outcome area in question may be considered; however, it may be challenging to produce adequate evidence to support analyses aiming to determine how the programme is affecting FSD outcomes and impacts.

[61] Feasible options (in terms of being able to elicit information more quickly and less expensively than larger scale impact-level data collection exercises) include the Poverty Probability Index (PPI), previously known as the Progress out of Poverty Index, which is included among the Compendium indicators.

7.1.3 Data Quality

It is recommended that FSDs' M&E/MRM systems include a plan for **periodic data quality assurance and assessment** on all indicators in its measurement framework, not just the indicators sourced from the Compendium. This means that sometimes it may be necessary to mobilise additional technical assistance to ensure that the data collected are fit for purpose; this should be appropriately planned for.

7.1.4 Reporting on the Indicators

Reporting on indicators should be done with cognizance of the previously-mentioned limitations of indicators, particularly that they are only "representatives" of the true phenomena of interest. Therefore, it is important to **report on them within the context of a broader narrative** that also draws on other evidence characterising the situation at hand in order to arrive at valid conclusions (this should be done as part of regular programme reviews).

Furthermore, at the outcome and impact levels, where the indicators drawn from the Compendium lie, unless the indicator is bottom-up, reporting should be done with the recognition that **change in the indicators cannot be directly attributed to the FSD in the absence of a sufficiently rigorous assessment of *why*** the change occurred.

7.1.5 Updating the Compendium of Indicators

As noted earlier in this document, this Compendium is only as good as the currently available data collection exercises and related instruments. Therefore, some areas of measurement importance may not be comprehensively or adequately covered or may not be covered at all. And, of course, **both existing and new data systems will require continuous strengthening**. Therefore, many ideas outlined in this Compendium can be improved upon, and FSDs should plan to **participate in updates to the Compendium**, which are recommended to be conducted on an annual basis.

The IOM document provides a checklist that FSDs can use to confirm that they have followed all the necessary steps in establishing indicators as well as planning for related data collection; since having an additional checklist may be helpful to FSDs, it has been reproduced and provided in **Annex B5** of this Compendium.

7.2 Additional Future Considerations for the Compendium

Following on from section 7.1.5 above, the FSD Network may want to consider further work on the Compendium, specifically to **refine and fully populate the generic measurement framework** (i.e., the sub-themes and their dimensions presented herein) and to broaden its scope by **incorporating a measurement framework for assumptions and unplanned/unexpected outcomes**. These are key considerations in FSD-type programming that takes place in complex and dynamic contexts and that requires timely evidence on which to base any necessary adjustments to take advantage of new opportunities, thus ensuring that the necessary flexible programming is well- and fully-informed to maximise results.

In addition, it may be helpful to establish a **harmonised system for qualitative indicators** (for example, by way of scoring), which are important to capture the nuances involved in FSD programme results but which by their nature are notoriously difficult to standardise. It may also be desirable in the future to expand the Compendium – or commission another, separate compendium – to compile **indicators at lower levels of the generic programme ToC**, if this would be seen to be useful.

The FSD Network may want to consider eventually housing the Compendium indicators in a **searchable database** to enhance ease of reference as FSDs consider them in the course of designing, implementing, and updating their M&E/MRM systems. This would also facilitate future updating of the Compendium, possibly, hopefully, allowing updates to become available more immediately and with less effort.

8. OPPORTUNITIES TO ENHANCE OUTCOME AND IMPACT MEASUREMENT THROUGH FSD PROGRAMMING

8.1 Opportunities for FSD Programming to Address Measurement Gaps

As noted in a couple places in this Compendium, the indicators are only as good as the available data collection exercises and related instruments. In many cases, the most appropriate and meaningful indicators are not being collected. This represents a gap – but also an opportunity – in the ability to assess the impact that FSDs are having on the outcome areas of interest and weakens their ability to meet the challenge of measuring their contributions to systemic changes they seek to influence through their M4P approach.

FSDs can turn this gap into an opportunity to contribute to amassing a more convincing weight of evidence on the results of financial sector deepening outcomes and impacts. To this end, **FSDs may want to consider, as part of their core programming, advocating for initiatives that would help fill areas of measurement importance that are not be comprehensively or adequately covered or that may not be covered at all**. By doing this, FSDs could influence improved measurement in the sector.

Some examples of areas where such advocacy could occur follow in the remainder of this section.

8.1.1 Measurement That Focuses on the Determination and Fulfilment of End-Users' Needs

During the consultations undertaken to inform this Compendium and the parallel VfM exercise, the importance of shifting from focusing on financial services and products (and related technologies and providers) to a **focus on measuring end-users' financial needs and whether they are being met** was noted. In particular, the beneficiary needs- and usage-oriented approach being advocated for through the Insight2impact (i2i) initiative[62] is one such effort.

The i2i initiative was launched in recognition that traditional data collection in the space may have had an over-focus on financial products and services, leading to problems such as programming that encourages making these as universally available as possible, whether or not needed by beneficiaries. Instead, greater consideration could be given to what beneficiaries actually need in meeting their financial needs and in related transactions, including the extent to which they use the available products and services and how they use them, as an aspect of the appropriateness of financial services and products (i.e., quality from the perspective of the beneficiary).

By supporting related data collection methods, FSDs would aid in the production of information for **indicators that have consumers' needs and usage patterns as a central point of interest, which are arguably a more meaningful measures of whether FSD programmes are making a real difference in poor people's lives.**

[62] Insight2impact (i2i) is a resource centre that aims to catalyse the provision and use of data by private and public sector actors to improve financial inclusion through evidence-based, data-driven policies and client-centric product design. The i2i advocates for an end-user welfare focused approach that looks at whether financial services actually meet the financial needs of end-users.

8.1.2 Development of Indices of Financial Inclusion

FSDs could also support the **development of financial inclusion indices** such as the CRISIL Inclusix index developed in India,[63] which measures financial inclusion on the three critical parameters of basic banking services – branch penetration, deposit penetration, and credit penetration. Other indices include the Total Financial Inclusion (TFI) Index and the Access to Finance Scorecard (AFS) that "form a diagnostic framework that has been developed by the Microfinance Centre (MFC) to assess access to finance within a given market. The TFI Index captures national use of financial services using publicly available data, and the AFS complements these data with household surveys and analysis. AFS looks at six elements of inclusion: financial infrastructure, availability of financial services and products, user-friendliness of products and openness of institutions, public confidence, financial literacy, and pro-access policies and regulations."[64] In addition, FSDs might consider supporting the development of a barometer such as the EU's Access to Finance Barometer[65], but tailored to FSD Network markets.

The **development of such indices would support efforts to harmonise measurement approaches and help elicit comparable metrics reflecting FSD contexts and outcomes**.

8.1.3 Collaborating on Assessing Longer-Term Impact

FSDs should consider collaborating with others in-country or across countries on the commissioning of **evaluations to assess the longer-term impact of their programmes**. Collaborators can – perhaps should – include those who operate outside of the FI space, given that the impacts of interest are shared by stakeholders operating from a multitude of approaches. This could have the advantage of benefiting from economies of scale and expanding on findings that could inform a more nuanced understanding of the drivers of change and ultimately help lead to better programming for a broadened and deepened level of financial inclusion.

8.1.4 Research on Mechanisms Leading to FSD

In addition, FSDs may want to consider supporting further work and analysis to compare **how institutional and policy variables (which FSDs have greater influence over) relate to predicted levels of financial sector development**, as well as to build related benchmarks.[66]

8.1.5 Building Measurement Capacity

Furthermore, **where there is limited capacity to collect data on key indicators, FSDs can plan resources for capacity development** on the collection, analysis, and use of these new indicators.

Such efforts by FSDs to improve the outcome- and impact-level measurement framework in the sector could, in turn, inform annual updates to this Compendium, creating **a virtuous circle of improved**

[63] See the CRISIL Index's website at: https://crisil.com/about-crisil/crisil-inclusix.html.
[64] Deena M. Burjorjee and Barbara Scola. A Market Systems Approach to Financial Inclusion: Guidelines for Funders. (CGAP) (September 2015). p. 15. Available at https://www.cgap.org/sites/default/files/Consensus-Guidelines-A-Market-Systems-Approach-to%20Financial-Inclusion-Sept-2015_0.pdf (last visited 23 October 2017).
[65] See MFC's website at http://mfc.org.pl/european-union/ for more detail on the Access to Finance Barometer.
[66] See OPM. Benchmarking financial sector development, a technical Paper to accompany the IOM Guidance Paper. (August 2015)

measurement options and more and more appropriate Compendium indicators. Taken together, this would lead to better-informed learning, programming, and decision-making to improve un- or under-served end-users' ability to meet their financial needs – and, ultimately, lead to greater improvements in beneficiaries' livelihoods, which goes to the heart of what FSD programming aims to achieve.

9. ANNEXURE A: THE FSDS, SIDE-BY-SIDE

See Annexes A1 and A2 on the pages that follow.

9.1 Annex A1: Summary Comparison of FSDs Along Key Dimensions

TABLE 5: COMPARISON OF FSDS ALONG KEY DIMENSIONS

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
GDP per capita (USDs)		**706.8**	**1,455.40**	**382.1**	**2,178**	**702.8**		**879.2**	**615.3**	**1,178.40**
Budget of the FSD and timeframe	GBP 60 million (GBP 35 million grant funding, GBP 25 million investment fund) 2017-2020	GBP 69 million September 2012 – August 2020	KES 3,801,500, 825 FY2017	GBP 13.5 million 2013-2018	Not Available	USD 33.6 million 2016-2020	GBP 19.6 million 2011-2017	USD 40.3 million 2016-2020	GBP 17 million 2017-2019	GBP 3.5 million FY2016

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Mission and vision statement	Increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in SSA. Vision: Aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in SSA and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households.	Foster job creation through SMEs by piloting new business models and developing partnerships, increase income among the poor, especially for women, and stimulate green growth investment. The main sub-programme is Enterprise Partners	Strives to become a thought leader in understandi ng the opportunitie s and constraints in the markets. Vision is developmen t and poverty reduction led by finance.	Its vision is to create a dynamic financial sector offering quality services that enable resilience and economic empowerment. In order to achieve this, it identifies and partners with key stakeholders, offering them targeted investments and insights to unleash the potential of the financial sector to improve financial inclusion.	Mission: To make the Nigerian financial system work better, especially for the poor. Vision: To be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system.	Contribute to a deeper and more inclusive financial sector and help to develop more appropriate and affordable financial products which would support the livelihoods and wellbeing of low income people in Rwanda, and lead to greater financial inclusion. The goal is also to promote innovations that will lead to systemic changes in the financial sector by focusing on the parts of the financial ecosystem that have the greatest potential to lead to financial inclusion.	The programme goal was to contribute to a strong, stable and inclusive growth in the Southern Africa region. The vision is shaping inclusive financial markets which contribute to economic growth and prosperity for all people	Goal is to generate sustainable improvements in the livelihoods of lower income households through reduced vulnerability to shocks, increased incomes and employment. Its purpose is to build a capable financial sector that can deliver the products and services to meet the financial needs of poor Tanzanians and micro, small and medium enterprises on a sustainable basis	Improved institutions and regulatory environment for expanding financial services A broader range of financial services provided to individuals and MSMEs Increased knowledge and understanding of Ugandan financial sector by all stakeholders.	Mission: FSDZ supports public and private sector to develop an efficient and vibrant financial sector that offers a wider range of financial services through diverse channels to significantly more households and micro, small and medium enterprises. Vision: Zambia will have a sustainable financial market system serving poor people where services are accessed and used by a broad range of poor households and enterprises to meet a variety of financial service needs. Capable to make informed decisions regarding the use of financial services and financial management for the benefit of their households and enterprises.

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Strategy	FSDA's strategy is to: - Take on significantly more risk in pursuit of market transformation - Accelerate investments in the development of inclusive capital markets - Deploy Development Capital (DevCap) intelligently, in volume across a range of sectors - Refocus and manage the existing portfolio intensively to maximise developmental returns - Align with UK government priorities and accelerate transfer of UK financial sector know-how - Include digital finance, new platforms, new markets (primarily FCAS) and youth in programme design	Extensive contextual and situational scoping analysis to identify binding constraints, for targeted interventions.	Aligned with GoK's Vision 2030 – financial market development (following an M4P approach) is key to poverty reduction. The 2016-2021 strategy focuses on how value is created by financial inclusion: high utilization of services, cost and a high degree of trust.	The programme is based on the assumption that an increase in access to financial services will enable a sustainable improvement in the livelihoods of poor people through increased incomes, employment creation and long-term security against shocks.	Based on the National Financial Inclusion Strategy to decrease financial exclusion from 40% in 2010 to 20% in 2020. Financial inclusion in northern Nigeria is a cross-cutting strategy for EFINA, given DFID's focus on the region.	AFR works as a catalyst for financial inclusion by stimulating financial sector stakeholders to provide appropriate products and services. For long term sustainability, it supports the development efforts of the government by aligning its interventions to the national policy framework. It also focuses on value chain financing and supporting innovations in the sector to ensure sustainability as well as mass outreach.	The strategy was to focus on two interconnected regional agendas: 1. Work with regional and national policymakers and stakeholders to promote greater integration of financial sectors across Southern Africa 2. Address constraints preventing effective access of poor men and women to financial products and services across the region	Follows the M4P approach Advocating for an improved policy, institutional, legal and regulatory framework at national and subnational levels Promoting more relevant market infrastructure and ways to reduce transaction costs between FSPs and potential clients Stimulating improved access to financial products and services that respond to the needs of MSMEs; and separately households and individuals.	Influencing actors in the financial sector Enabling actors to progressively and successively transition through phases of adoption, adaptation (pilot), response and expansion (scale up) Facilitating partners and a partnership approach along the entire cycle of developing and delivering new and innovative financial products and services.	Strategy is to catalyse systemic change in financial market systems through: - improved support services and financial infrastructure - improved information and data provision - improved policy and regulatory environment - improved capacity to deliver relevant financial services To lead to improved access to financial services and thus improved livelihoods for poor men and women.

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Thematic & sectoral focus	Thematic focus: FSPs skills development and training, develop and disseminate knowledge products, develop and implement market building programmes, and provide a platform for regional cooperation. It works across sectors. However, digital finance is explicitly mentioned in its strategy.	Thematic focus: creating new private investment, jobs and increasing income. Crosscutting issues: women's empowerment, energy and water efficient industries ("green" investments) Sectoral focus: Agro industrial group (cotton, labour and apparel; fruits and vegetables; leather and livestock), financial sector (access to finance).	Long-term policy and research, regulation, industry infrastructure and innovation	Thematic focus: developing deeper and broader financial sector. Sectoral focus: No sectoral focus, works across sectors to enhance access and usage of formal financial services.	Agent networks: Increase ubiquity to increase use of mobile money. Target northern Nigeria where there are fewer financial access points per capita. Electronic payments. Aim to increase access to and use of payment services from 24% in 2014 to 70% by 2020.	Thematic focus: Market development and facilitation, risk mitigation to include insurance and informal pension, development of SACCOs and savings groups, digital finance, value chain finance, financing innovations. Sectoral focus: agriculture	Pilot collaborations with the private sector on remittances and insurance products Policy and regulation: - Contributed to changes to reduce anti money laundering and counter financing of terrorism documentation requirements for undocumented migrants. - Contributed to a model payments law for SADC which eased money transfers Financial infrastructure: - Contributed to the implementation of the Southern African Regional Integrated Electronic Settlement System (SIRESS) Research and diagnostics: - FinScope and other studies	Focuses on four areas: 1. Policy, legal, regulatory framework and data 2. Financial sector infrastructure 3. Access to finance for MSMEs 4. Access to finance for households and individuals Priority themes: SME finance, agriculture and rural finance, digital finance, research and insurance, consumer protection. Cross-cutting themes of gender and youth.	Policy, legal and regulatory – in financial services Innovative financial services Research in financial sector	Financial services (supply): rural and agriculture finance, savings groups, insurance, SME FSPs support, e-payment systems Digital financial services, policy and infrastructure Women and financial inclusion Research

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Level of intervention	Macro level coordination and support through network facilitation. Meso level sectoral support (Market building programmes, knowledge products) Micro level capacity building (of FSPs)	Meso level sectoral support (M4P approach) Macro level support (developing national strategies and policies)	Macro level: advice to GoK on how to improve the enabling framework to support the use of moveable collateral Meso level: research for banking and finance sector; support for Kenya Bankers Association to set up a cross-banks payment system Community: graduation from HSNP cash transfer project and healthcare projects (cashless clinic, m-transport voucher, mobile based remittances platform)	Macro level support for GoM Meso level support for FSPs Micro level support for capacity building of MSMEs	Meso level support to banks and MM agents State level: Advocacy for financial inclusion in northern Nigeria and innovation fund.	Macro level support for policy reform. Meso level support to SACCOs, FSPs, and other complementary service providers,	Macro level support to national and regional policy makers Research and analysis on meso and micro level factors including supply side analysis, and demand side analysis	Macro level support to government and policymakers Meso level support to FSPs and other stakeholders Micro level research and data analytics.	Macro level with Min of Finance, Planning and Econ Dev, Bank of Uganda Meso level support to FSPs	Macro level support to government Meso level support to FSPs and other stakeholders Micro level capacity building of consumers

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Key services offered	Capacity buildingTechnical assistanceResearch Awareness raising Network facilitation and development capital.	Technical assistance, Macro level policy reform and strategy, Capacity buildingNet work identification , facilitation and consultation Demand side capacity building for greater access to finance, Financial support through investment fund.	TA to GoKResear ch: study on usefulness of data and analysis from FinAccess Household Survey, study on costs of banking services in Kenya Tailored credit solution for HSNP (Hunger Safety Net Programme) graduation	Financial assistance to FSPsCapacity buildingTechnical assistance to GoMDevelopmen t of financial infrastructureRese arch, analysis, knowledge activities	Awareness raisingScopin g studies, research and analysisDema nd side data generation through A2F survey and analysisAdvo cacy at state level Capacity building Financial assistance through innovation fundStrategic engagements with other stakeholders	Technical and financial assistance to SACCOsFina ncial assistance to projects and FSPs as well as complementa ry services like credit bureaus, policy reform, market facilitation.	Technical assistanceCapacity buildingTrainingRes earch and analysis	Technical Assistance for policy reform, surveys (e.g.. finscope and other diagnostic studies) TA to support national ID number schemeDevelop ment of sectoral finance models Supporting innovative financial product offerings	Capacity building and influencingPromot ing innovative business models and productsCommissi oning research and facilitating coordinate approach across sector	TACapacity buildingAdvocacyRe search and analysisFinancial assistance to FSPsRegulatory reform

9.2 Annex A2: Comparison of FSDs' Outcome and Impact Statements

TABLE 6: COMPARISON OF FSDS' OUTCOME AND IMPACT STATEMENTS

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Desired impact	Aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in SSA and in the economies they serve.	Poor people, particularly women, benefit from increased incomes and jobs		The proposed programme impact is expected to be the "active use of responsibly provided financial services by poor people and MSMEs that meet their needs".	(Goal:) To promote pro-poor growth in Nigeria	Low income Rwandans, especially women and youth, benefit from use of a variety of appropriate financial services	The purpose was to ensure that financial sectors in Southern Africa are broadened, deepened and developed to benefit livelihoods of poor men and women.	All Tanzanians derive value from regular use of financial services which are delivered with dignity and fairness	Sustainable improvements in the livelihoods of poor people	Sustainable improvements in the livelihoods of poor people

Organisation and focus economy	FSD Africa Focus is across sub-Saharan Africa	FSD Ethiopia (PEPE) Focus is on Ethiopia.	FSD Kenya Focus is on Kenya	FSD Mozambique Focus is on Mozambique	EFINA Focus is on Nigeria	AFR The focus is on Rwanda	FinMark Trust Focus is on southern Africa	FSD Tanzania Focus is on Tanzania	FSD Uganda Focus is on Uganda	FSD Zambia Focus is on Zambia
Desired outcomes	-More inclusive financial markets across SSA due to the replication of successful working practices - Increased efficiency of FSPs through increased access to local capacity building services markets - Better regulated financial markets across SSA - Inclusive economic growth - Delivery of sustainable, high quality inclusive financial products and services - Sustained take-up and use of affordable, useful financial services by the unbanked and under-served - Sustainable supply and demand of BDS (business development services) - New institutions and infrastructure launched through FSDA support or replication - Better networked, skilled and informed investors, investees, and other market actors - Increased access to finance, especially to poor and women.	Priority agro-industrial sectors grow and access to finance for firms and individuals increases	- Financially healthy adults who have the ability to manage liquidity, deal with risk, invest in future - Security of deposits and transparency - Increased access to financial services - Access to DFS (digital financial services) - Finance industry infrastructure becomes more open and efficient to support increased competition, expanded services, and lower costs - Market capacity and incentive to innovate increase financial solutions for real world problems of poor households and economies of the poor - Rules of the game change to shift incentives in favour of low income consumers and small scale enterprises - Public-private industry players develop a shared vision of how the financial system should develop to support national development objectives and specifically, to reduce poverty	Greater access to financial services for more men, women and businesses in Mozambique, particularly in rural areas	(Purpose:) To increase access to financial services	Low income Rwandans, especially women and youth, have access to, understand and use a variety of appropriate financial services to improve their lives	Financial sectors in southern Africa are broadened, deepened and developed to benefit livelihoods of poor men and women.	A financial sector in which stakeholders implement policies, regulations and solutions which are innovative and responsive to the needs of MSMEs, individuals and smallholder farmers.	A deeper, broader and more inclusive financial sector in Uganda measured by a greater number of adults and small businesses accessing financial services as a result of FSDU interventions (disaggregated by type of product/service, gender and other categories) (30% northern Uganda)	The financial sector delivers a wider range of financial services to more poor people and businesses in Zambia

10. ANNEXURE B: COMPENDIUM INDICATORS, TOOLS, TEMPLATES

See Annexes B1 through B5 on the pages that follow.

10.1 Annex B1: The Compendium Indicators' Measurement Framework: Outcome and Impact Level Sub-Themes and Dimensions

TABLE 7: MEASUREMENT FRAMEWORK FOR THE COMPENDIUM INDICATORS: SUB-THEMES AND DIMENSIONS ALONG THE GENERIC FSD TOC'S OUTCOME AND IMPACT LEVELS

Indicator Level	Result Statement (Box # Per Generic Expanded ToC)	Sub-Theme of Result Area	Dimension of Sub-Theme
IMPACT INDICATORS			
Impact	Changes in poverty levels and economic growth (BOX 9)	9. C. Improved livelihoods	9. C. iii. Improved livelihoods - Improved well-being/livelihood
			9. C. ii. Improved livelihoods - Improved financial health
		9. B. Improved economic situation for poor individuals/ households	9. B. iii. Improved economic situation - individual/household level - Increased resilience/Reduced vulnerability
			9. B. ii. Improved economic situation - individual/household level - Increased and stabilised income of people previously at or below the poverty line
			9. B. i. Improved economic situation - individual/household level - Increased job creation/employment for poor people
		9. A. Inclusive economic growth	9. A. iii. Inclusive economic growth - country level - Reduced inequality
			9. A. ii. Inclusive economic growth - country level - Reduced poverty levels
			9. A. i. Inclusive economic growth - country level - General growth
OUTCOME INDICATORS			
Outcome	Changes in the level and type of access and use of sustainable financial services (demand side) (BOX 8)	8. B. Substantial, sustained use of right-quality financial services by poor people	8. B. vii. Substantial, sustained use of right-quality financial services by poor people - Sustainable small enterprises
			8. B. vi. Substantial, sustained use of right-quality financial services by poor people - Extent to which needs are met, measures, attitudes of users and non-users
			8. B. v. Substantial, sustained use of right-quality financial services by poor people - Numbers and percentage of users of financial services and products - individuals/households
			8. B. iv. Substantial, sustained use of right-quality financial services by poor people - Numbers and percentage of users of financial services and products - small enterprises
			8. B. iii. Substantial, sustained use of right-quality financial services by poor people - Account penetration - individuals/households
			8. B. ii. Substantial, sustained use of right-quality financial services by poor people - Account penetration - small enterprises
			8. B. i. Substantial, sustained use of right-quality financial services by poor people - Level of general access to financial services
		8. A. Improved knowledge,	8. A. iii. A. Improved knowledge, capability, and participation of users - User stakeholder participation in policy and regulatory reform efforts

Indicator Level	Result Statement (Box # Per Generic	Sub-Theme of Result Area	Dimension of Sub-Theme
		capability, and participation of users	8. A. ii. Improved knowledge and capability of users - Clients' understanding of how to access and use specified types of services
			8. A. i. Improved knowledge and capability of users - Customers' awareness about the range of services
	Changes in the level and type of provision of sustainable financial services (supply side) (BOX 7)	7. B. Sustainable rules and norms	7. B. v. Sustainable rules and norms - Extent and depth of cooperation and collaboration among market actors, including supplier stakeholder participation in policy and regulatory reform efforts
			7. B. iv. Sustainable rules and norms - Perceptions of policy, regulation and normative frameworks among stakeholders affected
			7. B. iii. Sustainable rules and norms - Reach of regulatory regime
			7. B. ii. Sustainable rules and norms - Extent to which FSPs and other stakeholders face regulatory barriers/incentives to entry
			7. B. i. Sustainable rules and norms - Extent of buy-in among services providers regarding voluntary industry codes
		7. A. Well-functioning financial system	7. A. iv. Well-functioning financial system - Degree of interoperability of points of service
			7. A. iii. Well-functioning financial system - Degree of customer centricity of providers' business models
			7. A. ii. Well-functioning financial system - Responses of providers to market opportunities and setbacks
			7. A. i. e. Well-functioning financial system - Characteristics of the sector - safety and soundness - risk diversification and management
			7. A. i. e. Well-functioning financial system - Characteristics of the sector - safety and soundness - management of liquidity risk
			7. A. i. e. Well-functioning financial system - Characteristics of the sector - safety and soundness - general
			7. A. i. d. Well-functioning financial system - Characteristics of the sector - efficiency
			7. A. i. c. Well-functioning financial system - Characteristics of the sector - adequacy and diversity of supply
			7. A. i. b. Well-functioning financial system - Characteristics of the sector - depth of supply
			7. A. i. a. Well-functioning financial system - Characteristics of the sector - size
INTER-MEDIATE OUTCOME			
Outcome (Intermediate)	Changes in behaviour of market actors (FSD and non-FSD partners) (BOX 6)	6. C. Non-partner non-competing system actors responsive to partner innovations	6. C. i. Non-partner non-competing system actors responsive to partner innovations - Extent to which non-competing market actors adjust or develop new services and/or regulations in response to innovation by partners and expansion by non-partners
		6. B. Non-partner competing actors copy or adapt partner	6. B. iv. Non-partner competing actors copy or adapt partner innovations - Extent to which non-partners engage more actively with target segments or with actions in relation to target segments of the population

Indicator Level	Result Statement (Box # Per Generic	Sub-Theme of Result Area	Dimension of Sub-Theme
		innovations	6. B. iii. Non-partner competing actors copy or adapt partner innovations - Extent to which non-partners develop similar services
			6. B. ii. Non-partner competing actors copy or adapt partner innovations - Extent to which non-partners acquire technology similar to that of partners'
			6. B. i. Non-partner competing actors copy or adapt partner innovations - Extent to which non-partners develop or adopt similar practices
		6. A. Partners institutionalise the innovations that were fostered by the program	6. A. viii. Partners institutionalise the innovations that were fostered by the program - Partners' networking for knowledge and ideas
			6. A. vii. Partners institutionalise the innovations that were fostered by the program - Partners' investment in human capacity-building
			6. A. vi. Partners institutionalise the innovations that were fostered by the program - Partners' responses to shocks
			6. A. v. Partners institutionalise the innovations that were fostered by the program - Partners' engagement with risk identification, monitoring and management
			6. A. iv. Partners institutionalise the innovations that were fostered by the program - Partners' governance stakeholders' approaches to innovation and risk
			6. A. iii. Partners institutionalise the innovations that were fostered by the program - Partners' use of diagnostics and other approaches
			6. A. ii. Partners institutionalise the innovations that were fostered by the program - Partners' use of customer feedback and other data in decision making
			6. A. i. Partners institutionalise the innovations that were fostered by the program - Extent and scope of partners' continuous improvement to policies and practices
	Market system changed (i.e., the underlying dynamics) (BOX 5)	**5. D. Increased business confidence and related investment**	5. D. ii. Increased business confidence and related investment - Increased investment
			5. D. i. Increased business confidence and related investment - Increased confidence
		5. C. FI-enabling rules and norms in place	5. C. ii. FI-enabling rules and structures in place - Basic set of FI-relevant structures/processes
			5. C. i. FI-enabling rules and structures in place - Basic set of FI-relevant policies/regulations
		5. B. Increased appreciation by non-partner institutions of the relevance of partner innovations to them	5. B. iii. Increased appreciation by non-partner institutions of the relevance of partner innovations to them - Non-competing market actors identify the case for modifying their own practices in response to the innovations
			5. B. ii. Increased appreciation by non-partner institutions of the relevance of partner innovations to them - Competing non-partner institutions identify the case for copying or adapting the innovations
			5. B. i Increased appreciation by non-partner institutions of the relevance of partner innovations to them - Engagement by non-partner institutions with partners' business models for underserved segments
		5. A. Partners launch new, improved products, services and regulation	5. A. iii. Partners launch new, improved products, services and regulation - Use of new improved services by customers, and customer satisfaction
			5. A. ii. Partners launch new, improved products, services and regulation - Take-up of new services by targeted segments
			5. A. i. Partners launch new, improved products, services and regulation - Efforts made by partners to develop customer awareness and understanding of new services

10.2 Annex B2: Compendium Indicators

TABLE 8: THE COMPENDIUM'S INDICATORS

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10.3 Annex B3: Checklist for Ensuring the Evaluability of the ToC

TABLE 9: IOM CHECKLIST FOR ENSURING THE EVALUABILITY OF THE TOC

Evaluability Dimension	Headline Question	Sub-Question(s)
Clear	**Are the final impact, the financial sector outcomes and the outputs clearly identified?**	Are the impact, outcome and output statements are clearly defined? At each level, have the changes, targeted beneficiaries and expected timeframes been defined? *This means specifying, at each level, the change(s) that you want to see, who should benefit (or what beneficial change should happen) and by when.*
	Are the proposed steps towards achieving these clearly identified? *FSDs that achieve change rely on complex interactions and feedback loops. Key causal strands need to be unpicked to show how change is expected to occur.*	Does your ToC explain how your programme outcome is expected to lead to poverty reduction and/or economic growth? *The links discussed in the IOM paper The relationship between financial sector development, economic growth and poverty reduction could be applied here*
		Does your ToC explicitly incorporate systemic change? *For example, does it capture both the direct and indirect effects of your interventions?Does it show how change in rules and norms or supporting functions could lead to changes in the interaction between suppliers and consumers of financial services?*
Relevant	**Are the programme objective(s) clearly relevant to the needs of the target group, as identified by any form of situation analysis, baseline study or other evidence (undertaken by FSD or others)? Is the intended target group clearly identified?**	Could you use your market diagnostic to check the relevance of your programme objectives and if the intervention logic still holds?
		Do you have a focus on a particular group—for example, small and medium-sized enterprises (SMEs) or women?
		Have you explained why an M4P approach is more relevant to the target group than alternatives such as direct interventions/ service delivery?
Plausible	**Is there a continuous causal chain connecting the FSD with impacts at the outcome or final impact levels?** *Markets are complex and it can be hard to capture this complexity. There is a danger that a programme ToC will be too simplistic, or be based on past projects or an existing logical framework; it can also be too linear, with every step in the chain expected to follow automatically on from the next.*	Does the target group at the final impact level logically follow from the target group at the financial sector outcome level? *For example, it is less plausible that poverty reduction could be achieved for all poor people in a country if the outcome is improved financial inclusion for only a small sub-set of people.*
		Can project or thematic results chains be 'nested' within the programme ToC? *It will be difficult for FSDs to capture the entire causal chain, particularly all the potential links from inputs to outputs, in one diagram. However, assumptions about how the mechanisms might work between inputs and outputs are often unstated or simplistic, with limited consideration given to contextual factors or unintended consequences. This is why IOM recommends that FSDs nest their project or thematic results chains within the programme ToC.*

Evaluability Dimension	Headline Question	Sub-Question(s)
	Is it likely that the programme objective will be achieved, given the planned interventions, within the programme lifespan? Is there evidence from elsewhere that it can be achieved?	To what extent can existing evidence can be used to substantiate the causal links in the ToC? *"For example, the relationship between financial sector development, economic growth and poverty reduction" could be used to explain the links between financial sector outcomes and 'final impact.' This is a difficult area, one that is still being tested by global research, so the ToC should be clear regarding the extent to which evidence from other studies substantiates the FSD ToC in a particular context.*
		Are longer-term effects adequately captured? *Apart from initial 'quick wins', FSDs are more likely to be aiming for changes that require time to take root, and in some cases for changes that are not solely related to their own interventions, but that are dependent on a variety of factors coming together.*
Testable	**Is it possible to identify which linkages in the causal chain will be most critical to the success of the programme, and which should thus be the focus of evaluation questions?** *Assumption testing is essential to the robustness of theory-based evaluation.*	What did your market diagnostic identify as the primary constraint on the programme objective being achieved? *Testing to what extent this constraint was overcome is important. If it was overcome, then the impact on financial sector development of the removal or easing of the constraint should then be captured in the evaluation questions*
		Are assumptions about the systemic nature of your interventions critical to the success of your programme? Have you defined exactly what you mean by systemic change, and how to measure it?
Contextualised	**Have assumptions about the roles of other actors outside the programme been made explicit?** *A risk of taking a theory-based approach is the overstatement of causal contribution. For FSDs, which seek to facilitate change, it is important that the interaction of the programme with the context (i.e. the financial sector and the economy as a whole) is elaborated, to help ensure that impact is not overestimated (or underestimated). Understanding what others are doing and ensuring that FSD interventions are coordinated with such actions is part of a good market diagnosis. FSDs should explain their incremental strategic role (i.e. relative to others) in the narrative part of their programme ToC.*	
Complexity	**Are there expected to be multiple interactions between different components, thus complicating the attribution of causes and identification of effects? How clearly are the expected interactions defined?**	Have you identified potential unintended effects? *Assessing impact is about understanding the unintended as well as the intended consequences of action — particularly the negative unintended consequences. One way of doing this is by developing a 'negative' programme theory; for example, some households or enterprises may be negatively affected because others are benefitting from programme activities (displacement). When is this likely to occur? What exactly are the implications for households and enterprises, and how will this affect the achievement of the programme objective?*
		Have you identified sequential dependencies in your ToC? *For example, the market diagnosis may have identified that achieving a policy change will be important in regard to the effectiveness of other interventions.*

Evaluability Dimension	Headline Question	Sub-Question(s)

Tips for assessing the evaluability of the programme ToC include the following:
– A facilitated workshop may be an effective way of checking the evaluability of your programme/theme ToC. This can occur as part of the strategy design process. Working through the evaluability criteria above may reveal some weaknesses in the current version, or perhaps even the strategy that it underpins, and these weaknesses will need to be addressed. A facilitated workshop should help to build consensus on these points, and also confirm which ToC should be used as the framework for the evaluation.
– External perspectives, either obtained at the workshop or gathered separately, may be helpful for ensuring, in particular, that contextual factors are included, that large attribution gaps are not present, and that secondary evidence is marshalled. This also helps confirm if someone not closely involved with developing the ToC (e.g. a member of the FSD Programme Investment Committee (PIC)) can understand the core logic and underlying assumptions and deal with any 'self-importance bias'.
– Keep a record of the different versions of your programme ToC and of the reasons for the changes. This will be useful for evaluation questions such as:

- To what extent has the programme been implemented as envisaged by the programme level ToC?
- If an envisaged result was not achieved, was this due to a failure in the original theory or a failure in implementing the project or programme?

10.4 Annex B4: Generic Template for Documenting FSD Indicators for the Operational and Results Frameworks

TABLE 10: GENERIC TEMPLATE FOR DOCUMENTING FSD OPERATIONAL AND RESULTS INDICATORS

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10.5 Annex B5: Checklist for Developing Indicators

TABLE 11: IOM CHECKLIST FOR DEVELOPING INDICATORS

Steps in Developing Indicators and Planning for Related Data Collection	Completed?
Indicators are aligned with the ToC and results chains, and the overall reporting is agreed with the funders	
Have you considered the different types of indicators suggested: – progress indicators; – market system development indicators; – top down sector tracking; and – 'beyond indicators'?	
Ensure your indicators distinguish between indicators used for accountability and those indicators which will help track and test the impact measurement questions (some overlaps can be expected).	
In the final selection of indicators prioritised, do you have clear indicators for systemic change and sector tracking?	
Does the set of indicators adequately fill the gap between programme outputs and the final desired market change?	
Indicators capture key quantitative and qualitative data (especially, in the case of the latter, for sector tracking). Are you capturing both at different steps of your ToC/results chains?	
Have you prepared indicator profiles for each selected indicator – definition, rationale for use, the data source(s), frequency and method(s) for data collection, cost implications, and who will be responsible for data collection, analysis and reporting?	
Have you collected baseline information where possible? Have you set realistic and transparent targets (i.e. based on evidence and explicit assumptions) for those indicators?	
Have you established processes to: – periodically check if the indicators being measured miss a focus on key drivers for expected change and create distortions in the behaviour of FSD staff and/or implementers? – Are there unintended and/or negative impacts happening? Do you have processes to measure these?	

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