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# Pacific Financial Inclusion Programme (PFIP)

**NARRATIVE PROGRESS REPORT REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2019**

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| **Programme[[1]](#endnote-1)Title & Project Number** | |  | **Country, Locality(s), Priority Area(s) / Strategic Results[[2]](#endnote-2)** |
| Programme Title: Pacific Financial Inclusion Programme   * MPTF Office Project Reference Number:[[3]](#endnote-3)   *00092020* | | *Country/Region*  Fiji, Papua New Guinea (PNG), Vanuatu, Tonga, Solomon Islands (SOI), Samoa, |
| *Priority area/ strategic results: Priority area/ strategic results*  *Financial Inclusion: To reach 1,500,000 individuals with financial services by end of programme.* |
| **Participating Organization(s)** | | **Implementing Partners** |
| * Organizations that have received direct funding from the MPTF Office under this programme. * UNCDF * UNDP | | * National counterparts (government, private, NGOs & others) and other International Organizations.   Regional financial service providers, Central Banks and/or Government Agencies in Fiji, SOI, PNG, Samoa, Vanuatu, Tonga. |
| **Programme/Project Cost (US$)** | | **Programme Duration** |
| for 2014 -2020: 34,162,391 |  | Overall Duration *(months) 72 months* |
| By Agency: | Funded by the Joint Programme Account through 31 December  2019 | Start Date[[4]](#endnote-4) 16/12/2014 |
| UNDP: US$8,075,143  UNCDF: US$18,305,753 | US$26,380,896 | Original End Date[[5]](#endnote-5)30/06/2020 |
| Other contributions (donors) Australia US$ 21,305,052 New Zealand US$ 5,185,698 | | Current End date[[6]](#endnote-6) *30/06/2020* |
| Total: US$ 26,490,750 | |  |  |
| **Programme Assessment/Review/Mid-term Eval.** | |  | **Report Submitted By** |
| Assessment/Review  Yes Date: *Dec 2019*  See here for full report: <https://erc.undp.org/evaluation/evaluations/detail/9950> | |  | Name: Bram Peters  Title: Programme Manager  Participating Organization (Lead): UNCDF  Email address: bram.peters@uncdf.org |

# NARRATIVE REPORT FORMAT

**EXECUTIVE SUMMARY**

The year 2019 focused on driving initiatives aimed at achieving programme objectives, with the second phase of PFIP coming to an end in 2020.Other key activities undertaken included the review of progress on the different projects to take key decisions on project closures and documenting lessons learnt. During the second half of the year, the Pacific Financial Inclusion Programme planned the next phase of its programme, a successor to PFIP II.

As a region, the average estimated percentage of adults with access to formal financial services in the Pacific is around 41%, far lower than both the World and Developing countries peer groups. Sub Saharan Africa considered one of the lowest globally stands at 43%. This is according to a [demand side survey](http://www.pfip.org/our-work/work-streams/market-information/national-demand-side-surveys/). (December 2018). The data means that inspite of the successes chalked by PFIP, there still remains a good percentage of Pacific Islanders excluded from formal financial services.

# Purpose

The objective of PFIP is to increase the number of low-income Pacific Islanders who adopt formal financial services.  PFIP achieves this objective by supporting financial service providers to innovate with products and services for mass market customers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. The primary countries of focus of PFIP are Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu. PFIP is jointly administered by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government.

The first phase of PFIP ended in June 2014 and the programme surpassed its objectives by reaching 687,620 underserved clients as against a target of 500,000. Phase II of PFIP which commenced in July 2014 aimed at extending financial access to an additional 1,500,000 previously underserved, low-income people in the region. As of December 2018, PFIP II initiatives have already reached over 2 million clients cumulatively.

With the second phase of PFIP coming to an end in 2020, two new initiatives have been developed as successor programmes; the Pacific Digital Economy Programme (PDEP) and the Pacific Insurance and Climate Adaptation Programme (PICAP). The two new initiatives are seen as good propositions to further the work done under PFIP I & PFIP II and ensure Pacific Islanders are not left behind in the digital economy era.

**United Nations Pacific Strategy (UNPS):**7 In the UNPS, PFIP falls under “Outcome 3: Sustainable and Inclusive Economic Empowerment”. This outcome has the following outcome statement, “By 2022, people in the Pacific in particular youth, women, and vulnerable groups, benefit from inclusive and sustainable economic development that creates decent jobs, reduces multi–dimensional poverty and inequalities, and promotes economic empowerment.” This is measured by indicator 3.6 which is the, “Number of countries in which the percentage of the population with access to formal financial services has increased based on the latest available data8 (SDG 8.10.2)”

# Sub-Regional Program Document (SRPD) (2018-2022) for Pacific Island Countries:9

In the SRPD, PFIP aligns with the regional priority of, “: Sustainable development that combines economic, social and cultural development in ways that improve livelihoods and well-being and use the environment sustainably. (SDGs: 1, 5, 8, 10, 17). This outcome level has multiple indicators, one of which is, “Number of PICTs in which the percentage of the population with access to formal financial services has increased based on the latest available data. The outputs of PFIP fall under Output 3.3, “National financial inclusion policies and strategies in place and implemented to expand access to financial services for rural and low-income women and youth”.

7 In the Pacific, the UNDAF has been renamed UNPS.

8 Tier I

9 This is the guiding document for UNDP in the region.

# Results

The Pacific Financial Inclusion Programme continues to make significant progress by introducing formal financial services and products to Pacific Islanders all across the region. Over the last ten years, the programme has been able to provide more than 2 Million people with formal access to financial services.

**Results Pacific Financial Inclusion Programme as** *of December 2019*

* + 1,615,928 people enrolled (phase II)
  + approx. 40% of these new customers to formal financial services are women
  + 22% of people used one of these products in the last 30 days
  + 40% used it in the last 90 days
  + 2 sustainable business models
  + 14 innovations scaled
  + 44 projects undertaken
  + 5 active National Financial Inclusion Taskforces
  + 3 countries with a in the financial education curriculum

The Programme continuously strives to ensure the timely collection of data from our project partners. This is however not without challenges. Not all partners for instance provide gender disaggregated data, but we do our utmost to continue to improve on this.

# i) Narrative reporting on results:

**FIJI**

**Continued partnership with Vodafone through the in-house Innovation Lab**

The M-PAiSA wallet and its network of agents have been rebooted through the in-house Innovation Lab at Vodafone. The current project phase is coming to end. And the next phase has already expanded the mobile wallet throughout the region, starting with Vanuatu (TVL) and Samoa (BlueSky).

**Review of Vodafone’s digital payments strategy**

With support of the Programme, a review of Vodafone’s digital payments strategy was conducted. Findings reveal that Vodafone is a well trusted and recognized brand, in Fiji and across the region. It also finds that in Fiji, the Government is a strong promoter of digitization and in many cases, it relies on Vodafone’s existing digital infrastructure to implement these initiatives. At Vodafone itself, the executive committee has identified the digital payments ecosystem as a priority and is willing to make the necessary investments. The review identified a possible migration of the e-transport card to the M-PAiSA mobile wallet as a way to drive the overall usage of the wallet. These findings are now likely to shape the company’s next steps.

**Vodafone Launches M-PAiSA App and QR payment**

For Q3 and Q4, The IL had focused on innovations centered around developing and trialing an app for M-PAISA and integration of M-PAISA as a payment option on e- commerce platforms. After debugging and user testing, in November 2019 Vodafone launched its M-PAiSA app, which included a QR payment option – this is the first deployment of a QR payment channel in any developing PIC. The service has generated a lot of interest from merchants in Fiji and we expect to see deployment picking up steam within the next 12 months. Current merchants who have signed up for the service include Damodar Cinemas, Grace Road Group, and major supermarket chains throughout Fiji. Vodafone is aggressively marketing this channel through quirky adverts, free 1GB data bundle for downloading the App and a 5% discount offer for purchases using QR pay at supermarkets.

**Development of an online marketplace**

Another recommendation made in the digital strategy review of Vodafone is the setting up of an online marketplace platform where Vodafone’s existing and new commercial partners can easily run their e-commerce business. This will provide Vodafone with a large amount of valuable information. This will not only reinforce M-PAiSA payment method but will also present an opportunity to provide other financial services such as loans to users of the platform.

And that is exactly what the winner of the Financial Innovation Challenge, Manifera Software Development from Singapore will bring to the table. With the support of the Programme an online marketplace will be developed, onboarding ten major merchants in Fiji on the platform in the months ahead.

Following initial scoping country visit in Q3, Manifera has programmed the e-commerce platform and will be undertaking a second country visit in Q1, 2020 for integration of the platform with Vodafone’s systems. It is expected that by June 2020, the system will be fully operational, and Vodafone will be onboarding local entrepreneurs and merchants on the e-commerce platform.

**Creating a digital ledger for farmers through the PacFarmer application**

Next to the already existing PacFarmer app for farmers, the application for the agent, the farmer organizations, is also completed. This platform can now be used by the aggregator to push information and directly engage with their farmers.

Though this is a significant step in the right direction, smartphone ownership amongst farmers remains an issue of concern as without such a device, farmers cannot access the app. To address this issue the Programme approached Vodafone and arranged for a pilot whereby 500 smartphones are sold to farmers at a reduced price and payable in installments, which will be deducted from the sales of their produce. 120 of these smartphones are now available to copra farmers who sell their produce to Copra Miller Fiji in Savusavu.

In the months ahead the project will continue to focus on advancing usage and uptake of the application. This is as an ongoing activity for PFIP and we are working with partners such as the Fiji Rice Limited, Copra Millers Fiji Limited, Sugar Cane Growers Fund and FCDCL to enroll more farmers to enhance penetration and usage of the App.

In Q4, 2019, PFIP partnered with the UNDP Pacific Office to undertake a Human Centered Design (HCD) exercise on the PacFarmer App to improve usage of the App amongst women. This is supported by UNDP under its TFoW4GE initiative. Digital Disruptions, an HCD expert consultancy firm has been engaged for this exercise that will commence in Q1, 2020. To initiate the study, a team from UNDP went across the Northern parts of Fiji to inform partners and clients on the intend of the study. This was successfully carried out in December 2019.

**Insuring low-income Fijians**

While the current project phase has come to an end, the Programme continues to work with FijiCare to complete nomination forms for beneficiaries of the insurance, to increase awareness amongst sugarcane farmers and to invest in marketing efforts aimed at informal groups, such as market vendors and taxi drivers. A new project with FijiCare has started as well; an expansion to Vanuatu and Solomon Islands to roll out the product, which was originally developed for Fiji.

From Q4, 2019 FijiCare has been aggressively marketing the bundled insurance amongst the informal sector and women groups in Fiji and has been able to sign up new members. The Fijian government has also renewed its policy for civil servants and social welfare recipients and due to a slight increase in welfare recipients and with newer signups, the total coverage for the bundled insurance scheme has increased to around 135,000 Fijians at the end of 2019.

**Encouraging a healthy lifestyle with FijiCare**

As a result of the Pacific-ASEAN Financial Innovation Challenge, FijiCare is partnering with KLEAN. A FinTech that will provide FijiCare with an innovative digital solution, promoting a healthier lifestyle of clients. Unhealthy habits that will otherwise raise the costs of health insurance products, making these unaffordable for low-income Fijians.

KLEAN has developed a solution that encourages people to recycle plastic bottles, whilst customers will earn credit that can be used for various purposes, starting with the purchase of microinsurance, but also other use cases, such as top-up of the e-transport card and airtime credit.

An in-country scoping mission was carried out in Q3 with KLEAN meeting several stakeholders in the health, environment and insurance sector. In the meeting with the Fiji Ministry of Environment, there was keen interest from the Ministry to partner with FijiCare and KLEAN on this project and they indicated interest in providing financial support for awareness building and campaign materials during launch of the scheme. FijiCare together with KLEAN is currently working on an MOU for this engagement with the Ministry. The project is expected to be rolled out by June 2020.

**Digitizing P2G payments for Ministry of Health**

A scoping was done at the Ministry of Healthon how best to digitize payments made to the hospital by patients. Increased efficiency in handling payments will result in the enhanced service delivery of this public hospital. Recommendations from this scoping were to completely digitize the back-end operations of the hospital before testing two new payment modalities; digital banking and mobile money payments. All stakeholders involved are ready to follow up with these recommendations. Given the remaining time left for the current phase of PFIP a decision was made to hold off supporting this until a successor for PFIP has started.

**Optimization of complaints management at Consumer Council of Fiji**

The Programme is finalizing the launch of a pilot that will design, build, test and implement a digitized complaints management system (CMS) at the Consumer Council of Fiji. With access to a more structured and reliable complaints management system this will strengthen consumer protection for financial services in the country. This development of the CMS has been completed in Q4, 2019 and testing & loading of the system onto the CCF hardware and servers will commence in early Q1, 2020. The CMS system is expected to be operational by March 2020.

**Training seasonal workers with the Australian Pacific Technical Coalition (APTC)**

A scoping was done on how to integrate financial education in the APTC regional Labor Mobility Scheme curriculum and a way forward was shared. Another assessment was done on how to best digitize the financial education modules; making this material available on for instance, smart phones, as over 90% of students who have a phone, own a smartphone. In interviews, students expressed interest in learning more about managing their money, taxes and superannuation schemes. For both initiatives, a way forward is being discussed by project partners.

The partnership between APTC and PFIP was finalized through the signing of the Letter of Exchange in September 2019. This project has already accomplished the development of a Financial Education (FinEd) curriculum providing targeted and comprehensive FinEd learning within the selected training course – *APTC to Work*, for all five main campuses – Fiji, Papua New Guinea, Solomon Islands, Vanuatu and Samoa. PFIPs involvement has mostly been in the form of TA support to develop the FinEd curriculum for APTC.

APTC to Work program provides several skills to support students to transition from training to work and is compulsory for all students to undertake. The selected program will be rewritten to integrate FinEd components into the already existing plan that is aimed at making financial education an integral part of the curriculum.

The development of the curriculum will be followed by resource development, rigorous teacher training and review. A set of comprehensive assessment and impact tools will be designed in partnership with the APTC, to be administered and monitored during the piloting and implementation stages.

The second aspect of the project is the development of an APTC-approved structured financial literacy training module for candidates for *Labor* *Mobility Track*, quite like the seasonal workers programme, to be delivered by APTC or their partners, prior to departure. In December, PFIP conducted its first FinEd Labor Mobility Track training to 19 participants in Honiara, that were scheduled to leave for Australia in January for their respective work posting. An important component of this project is to leverage technology during monitoring, assessments and for easy access of FinEd materials.

From the starting of this year’s academic term, FinEd is currently offered within all five main campuses within the region.

**PAPUA NEW GUINEA**

**MamaBank Access Points with Women’s Micro Bank**

As shared in previous reports, since the TA contract with PHB was concluded, PFIP PNG team has been providing technical support to WMBL MAPs project. In the month of July and August 2019, a team from PFIP PNG visited all the MAPs to thoroughly assess their operations. The assessment focused on liquidity management, connectivity, strategic placement of the MAPs, relationship management and other issues pertaining to their day to day operations. The recommendations from the mission were successfully implemented by WMBL, resulting in increased operational and marketing efficiency at the MAPs.

In September 2019, PFIP and WMBL implemented a Monthly Performance Review exercise where the performance of each MAP is measured against set target and deliverables at the end of each month. These project health checks increased ownership, responsibility and competition among the different MAP teams resulting in increased performance across all the major financial indicators.

The biometric system has brought renewed confidence and trust in banking services especially for women who cannot read or write, and this has led to almost 10,000 customers being biometrically enrolled at the MAPs. The opening of the six MAPs has also given a big boost to the savings mobilization for WMBL and there is a significant increase in the savings deposits in 2019.

Women’s Micro Bank has increased its team considerably, to adequately deal with new customers. There is still need for improvement in certain areas such as strengthening of the middle management, improved marketing and branding for WMBL and expansion of MAPs beyond the current numbers to leverage on the technology solution and momentum gained.

**Loan to Women’s Micro Bank**

With the increased demand for credit, also enhanced by the establishment of the MAPs, the Bank is looking at opportunities for commercial borrowing to increase its lending portfolio to bankroll the income generating activities of its female members. For this reason, UNCDF approved an unsecured loan of USD 250,000 (PGK830,000) to Women’s Micro Bank, with a tenor of five years. The loan was disbursed In September 2019 with funds provided by the Norwegian Agency for Development Cooperation (NORAD).

The loan will be used for on-lending to women entrepreneurs through existing branches as well as the Mama-Bank Access Points (MAPs) for the informal and agricultural sector, to create entrepreneurship opportunities for women in PNG.

**Increasing off-grid power with SolaPayGo**

This project has got off to a good start and provided solar kits to 2,467 customers under lease, 43% of which are women. These household solar kits provide three lights and mobile phone charge points in remote rural households that are off-grid. Through a pay-as-you-go payment option, using airtime credit (Bmobile Vodafone users) and mobile banking platforms from BSP and MiBank, Sola PayGo has improved access to low-cost energy solutions to low-income households, 91% of which are in rural communities in PNG Highlands, thereby increasing their opportunity to engage in small businesses beyond normal day-light hours and their children getting the benefit of studying in the evening hours.

**Testing the bundled microinsurance with Life Insurance Company Limited (LICL PNG)**

Life Insurance Corporation (LICL) and United Church in Papua New Guinea (UCPNG) with support from PFIP are supporting the development and distribution of a bundled microinsurance product. Although there was significant delay in completing the hiring process for a technical consultant with support from the Suva regional office and PNG office progress was made on product revamp and improvement of templates/ forms.

A consultant from Risk Shield ltd. visited Port Moresby and Hela between 18th November and 6th December 2019. He met with key stakeholders and United Life Insurance Product (ULIP) potential clients. The consultant has advised on a redesigned product and process in line with global microinsurance best practices. PFIP, LICL and UCPNG have agreed with the consultant on the work-plan and way forward regarding ULIP’s new design and pilot phase. A partnership with financial institution MiBank is to be established as per the project plan and pilot to commence. The consultant will be in Port Moresby from end of March for fine tuning of implementation and complete the deliverables under the workplan.

**Innovation Lab to test agent network models with MiBank**

An expert from consulting firm MicroSave worked with the MiBank team in Goroka from October 2019 and commenced work on the project, the Innovation Lab team put in place. Two other senior consultants from MicroSave later visited PNG in November and December. Their mission was to finalize the Agency Banking Models to be tested under the project, based on assessment of the modus operandi of different cooperatives and organized groups visited. The models were agreed to by MiBank and PFIP and currently in its implementation phase under the project.

Under the innovation lab established in Goroka branch of MiBank, development and testing of three different agent network models will be done, whereby the agents will be capable of offering a range of financial services to farmers in the Highlands. The project aims to reach 5,000 clients through farmer cooperatives and other organized groups and create opportunities for additional digitization of agricultural value chains in the future.

The functioning of the three agency network models will be reviewed jointly by the project steering committee in Q1 2020 to take important decisions on the way forward.

**Voluntary pensions with NASFUND**

For the redesign of the existing voluntary micro pensions product, a regulatory ‘sandbox’ approval is required, which is to be created under the Bank of Papua New Guinea. Given the limited time left for the programme, it has been decided to shelve further progress under this project and redeploy the resources allocated to other projects and initiatives.

**Enhancing financial skills through TVET centers**

Certificates were awarded to all eight teachers who participated and completed the training of trainers in an event held in the Western Highlands province. The provincial government has taken the ownership of this programme and committed to make investments in training of trainers for other educational institutions.

Three vocational centers (Kimil, Tambul and Rebiamul) all in the Western Highlands Province (WHP) have completed their modules 1-7 and their teacher to teacher training. One of the vocational centers, Ogelbeng also in the WHP has completed modules 1-3 and is yet to complete 4-7. Accordingly, an extension has been given to the institution from 31st Dec. 2019 to 31st March 2020 to complete modules 4-7 and submit its reports.

Across these four Technical and Vocational Education and Training (TVET) centers, every year over 400 students in Western Highlands province will participate in these financial education trainings.

**KINA Bank financial innovation bank**

As a result of the Pacific-ASEAN Financial Innovation Challenge, Intain, a Singapore based FinTech company was chosen to partner with KINA bank to upgrade its back office with support of the Programme. However due to the turnover of key management staff who were the champions of the project within KINA bank, the project has suffered time delays. The PFIP management has decided to explore for another potential partner, for which discussions are underway.

**A Note on Farmer Resources Centers**

The Farmer Resource Centers (FRC’s) were set up under component III of the Rural Economic Development Programme (RED2) with the overall objective of helping improve livelihoods through income generation from agricultural produce from the highlands. The FRC’s were set up towards the far end of the project and some were used to provide - agri training and seedling supply, depot for storage of produce. FRC’s are operating below capacity, with some having governance and other related issues and with no sustainability plans in place.

In order to leverage the work done under component-III and put in place sustainability aspects for FRC’s, the PFIP PNG office and National Authorizing Office (NAO) visited some of the FRC’s in April 2019 to assess their status.

Four FRCs were identified as potential candidates to be developed further to become one-stop-shop’s for different needs of agricultural value chains in the Highlands, including – agri-trainings, seedling supplies, information sharing points, offering financial services, financial literacy and act as center for fostering entrepreneurship within the farming community.

PFIP hired the services of an individual consultant for a more detailed assessment in September 2019 and came up with recommendations to support the FRC’s. The consultant delivered a very detailed report with recommendations for implementation. As per the recommendations, the timelines for FRC related work should be at least a year since it involves capacity building support and helping FRC’s overcome some governance and structural issues. However, given the fact that the extension of RED2 is only till 29 June 2020 the feasibility of implementing the recommendations is being reconsidered.

**Ongoing engagement under EU EDF 10 and EDF 11**

UNCDF is a participating UN agency under the EU-Support to Rural Entrepreneurship, Trade and Investment in Papua New Guinea (EU STREIT) project led by the Food and Agricultural Organization (FAO) with UNDP, ILO and ITU as the other UN partner agencies. UNCDF is responsible for the access to finance component under the project and the partnership agreements were signed between all agencies signaling the successful conclusion of the agreements with the PNG Government and EU as well as the participating agencies. To be implemented in the East and West Sepik provinces, the primary focus of the project is the vanilla, cocoa and fisheries sector. The one-year inception phase of the project is set to commence in early 2020 while the total implementation will run for five years.

The Programme has received a no-cost extension until 29 June 2020 to the ongoing EU-RED2 project in the PNG Highlands to allow for completion of the remaining deliverables under Component 2.

**Mid-term review of the National Financial Inclusion Strategy**

A review of the National Financial Inclusion Strategy was conducted by the Programme, preliminary findings and recommendations have been shared with the Bank of Papua New Guinea and CEFI. A presentation of the report to the NFIS Steering Committee was originally planned for Q-4 2019 but has been rescheduled to Q1-2020.

**Improving regulatory supervision of microbanks by the Bank of Papua New Guinea**

The nature of their business model, governance structure and geographic presence gives microbanks the unique capacity to scale the delivery of credit, savings and payments, while focusing on the needs of lower-income people. Over the past few years, however, not all microbanks have met their respective potential, many of which struggle to maintain adequate capital adequacy, manage corporate governance issues or modernize their management information systems. A diagnostic was done upon request of the Bank of Papua New Guinea to verify the need for regulatory changes and the creation of a dedicated microbank supervision unit to improve the service delivery of microbanks.

Key recommendations of this assessment are to:

* Set up a dedicated microbank supervision unit, give the microbanks time to adjust their operations on potentially new prudential standards.
* Conduct a study to better understand the cost of digitization and the impacts on the microbanks and how they can benefit from this process.

The responsible unit within BPNG presented the finding to the Executive Committee and received an approval for implementation. Next step is the hiring of a specialist to design the new supervision unit and develop prudential guidelines for microbanks.

**SOLOMON ISLANDS**

A new government was elected in Solomon Islands in April 2019. Even though some minor unrest followed the elections, this did not impact the Programme’s projects. Projects are successfully continuing to scale, allowing more and more Solomon Islanders access to formal financial services.

**Voluntary pension savings with the National Provident Fund**

Over 15,000 Solomon Islanders have signed up for the youSave account. An account that will allow people to save money for their pension. Savings into this account can be made at SINPF offices, through ANZ Bank’s goMoney digital channel and 54 agents, all over the country, across all nine provinces. SINPF further recruited 138 Brand ambassadors to promote the youSave product in the provinces besides increasing awareness on the use of LoMobile, for using airtime top-up for paying member contributions.

The Programme continues to support the scaling of this project by looking for ways to improve usage and mobilize deposits into youSave accounts. One way to ease regular savings is the use of airtime top-ups as a payments channel. Through the pilot underway more than 4,000 new customers have been onboarded and over 10,000 transactions using airtime credit completed. An overwhelming majority of the transacting customers are women.

**Airtime as digital currency as a value addition to youSave, the informal sector pension**

This new project brings a lot of excitement, because this unique approach has never been tested before in the Pacific as it facilitates payments using an already existing infrastructure of around 8,000 airtime top-up agents all across the country.

The technical integration of the two mobile operators systems with the SINPF was completed, trials done, closed group tests commenced on 23rd October followed by actual service launch on 9th November 2019 by the Finance Minister in the presence of senior Government, Australian Deputy High Commissioner, Central Bank officials and the private sector besides customers. The pilot is well underway to test and validate the use of airtime top-up as currency to accept SINPF informal Micropensions payments.

Through a grant to the Central Bank, an equalization fund has been availed to act as a special facility to off-set the taxes on airtime transfers utilized for this pilot. If this trial is successful, the Government will consider a permanent waiver for this.

**Digitizing payments to coconut farmers**

This project that currently has over 1,000 small holder farmers receiving their payments through ANZ goMoney, could not be scaled up as planned due to problems ANZ Bank had with the agreement with its third-party agency network operator. The bank has terminated the contract with this provider and selected key personnel as employees and is in-sourced the agency network management as part of its own internal business operations. With the team in place, ANZ is fully geared to proceed with implementing the remaining deliverables as per workplan.

**Paying for school fees with ANZ goMoney**

Paying school fees in the Solomon Islands can be time intensive as well as expensive with parents having to travel long distances and spending significant amounts on transport. The payment of school fees through digital means using ANZ goMoney was identified as a viable use case, tested and validated. After the initial cohort of 10 Honiara based schools, ANZ Bank expanded the service to outer islands and provinces with good mobile network connectivity. However, for the same reasons outlined above, the services of the agency network manager were terminated and there was a setback to this project. Having recruited and beefed up its internal team, ANZ requested PFIP for a no-cost extension to the grant agreement and with that the project is back on track for delivery.

**Paying taxes online to the Inland Revenue Department**

For the first time in the Pacific, this G2P-P2G initiative involving the Government tax authority has been completed successfully. Over 300 businesses and 12 licensed tax agents are now interacting with the online systems of the Department of Inland Revenue for all five tax categories, illustrating the success of this project.

The Programme is therefore finalizing the support to the Department and drawing up lessons learned during the course of the project that commenced in July 2016 and came to an end late last year. Insights that will enable our partners across the Pacific to draw valuable lessons from this exercise.

**FinED with the Anglican Church of Melanesia (ACOM)**

The integration of financial education into the curriculum of the Rural Training Centers (RTC) managed by the Church of Melanesia is now complete. Further following the successful pilot in three RTCs, the scale phase included expansion into the three other RTCs. To supplement learning delivery by the RTC faculty, specialists from the Central Bank, the insurance sector and the Inland Revenue Department also contribute in their respective subject areas. The project with the ACOM is developing as one of the best practices for integrating FinED into TVET curriculum

Over the last decade, financial education has been a core strength of the Programme. And the successful scaling of these projects, throughout different countries in the Pacific, continues to illustrate this.

**Creating a shared infrastructure for agency banking with the Central Bank**

Upon request of the Central Bank, a scoping mission was conducted to assess the viability and requirements to establish a shared agency network amongst financial service providers in the Solomon Islands. Such a shared network should result in a more efficient distribution network, with more access points for customers, further easing the usage of digital financial services. Three key recommendations were made:

* To develop specific regulations for agency and mobile banking.
* To conduct a system audit of all currently deployed agent channels; that will assess the health and appropriateness of technology and how these channels serve customers.
* Once the steps above have been completed, implement a shared agency banking platform.

Following the initial scoping and the justification for setting up a shared agency network established, the Programme has hired technical resources who will assist in the implementation, for which the work is to commence in Q1 2020.

**Exploring other opportunities**

The Programme also completed two other technical assistance projects- one to the Solomon Islands Customs & Excise Department (SICED) to explore the feasibility of digitizing their inward payments into the automated ASYCUDA system. The final report with recommendations has been submitted by the consultant to SICED and the Programme is awaiting their decision on the way forward.

Solomon Islands National Provident Fund (SINPF), under directive from a Parliamentary committee also sought the Programme’s support to scope the opportunity for microinsurance to serve its existing members and the public. PFIP supported with the study and the consultant provided the required recommendations, the SINPF Board and senior management are considering the next steps

**National Financial Inclusion & Digital Strategies:**

Following request from the Central Bank of Solomon Islands and the Ministry of Communication & Aviation, the programme has finalized a technical support consultancy to undertake a review of the ongoing National Financial Inclusion Strategy (2016-2020), formulate the new NFIS (2021-2025) that proposes to include a separate digital inclusion strategy as well. Work on the review of NFIS and developing the new strategy will commence in Q1 2020.

**REGIONAL: SAMOA, VANUATU AND TONGA**

**Raising awareness on insurance across the region**

To further boost the uptake of insurance projects across the region, the Programme designed an insurance awareness campaign. The campaign aims to:

* raise awareness and understanding of the concept of insurance for individuals and businesses.
* explain the use of insurance within a risk mitigation strategy for businesses.
* explain the main types of risks that can be dealt with by insurance, especially for natural disasters.

The campaign commenced across the region with active participation of the Central Banks and the private sector

**Building capacity of partners across the region**

As part of the Reuben James Summerlin Annual Scholarship initiative nine new applicants were given the opportunity to take part in online trainings on digital finance and financial inclusion as from June. These students are working with financial service providers in Fiji, Kiribati, Samoa and Solomon Islands. Additionally, last year’s students have progressed onto new modules of the online training and the Programme continues to monitor their progress.

The Programme also supported five participants to attend the Impact Insurance Academy at the International Labor Organization (ILO) Training Centre in Turin, Italy. Drawn from the region’s Central Banks and insurance companies, the training offered insights into the developing area of weather index based parametric insurance, relevant to the new PICAP initiative being developed.

**SAMOA**

**Innovation Lab with the National Bank of Samoa**

The first product from the Innovation Lab at the National Bank of Samoa (NBS) is designed to allow people to move money from their NBS bank account to their Digicel mobile money wallet. This was set up in such a way to encourage savings behavior of seasonal workers and recipients of remittances, allowing people to cash out some of the money, while maintaining some savings on their bank account. This product, Ezibank, was launched in October 2018.

Though the uptake was promising, NBS customers were mainly using the new service to check their bank account balance. This was partly driven by the way the NBS team promoted the product. Therefore, an expert consultant was hired in April 2019 to assess the functionality of the product, the commitment of the stakeholders involved and map out a way forward to improve the uptake of Ezibank. As well as laying the foundation for the introduction of potential new services by the Innovation Lab.

The following recommendations were made after the assessment:

* Prioritize the recruitment of a new project manager.
* Strengthen the internal capacity of the National Bank.
* Improve agent network management.
* Improve messaging around the product.
* Focus on seasonal workers as the key consumer segment for this product.

The exercise highlighted that all stakeholders are committed to making this project a success. And so, an implementation plan was drafted for the above recommendations.

In Q3 and Q4, NBS worked on the implementation of these recommendations. A new project Manager was hired, who started with specific KPIs geared towards increase of usage of EziBank in addition to customer onboarding. New marketing tests, such as village campaigns, pop up activations and promotions were done to test and determine the best way to recruit customers and promote usage of the product. The marketing materials were adjusted to better communicate the correct message to the target audience, promoting complete usage of all EziBank functionalities beyond just checking account balance. This new effort has seen a steady increase in customer usage and new customers onboarded.

In Q4, Digicel launched their utility payment functionality for electricity payments through their Digicel mobile money platform and with that providing an additional use case for EziBank customers. NBS and Digicel collaborated on a campaign to promote this use case. Digicel also grew its agent network from 12 to 18 mobile money agents, which has improved the value proposition and facilitated the use of the EziBank product.

**Funeral insurance with Apia Insurance Company**

This project is well on its way to becoming a financially sustainable product for Apia Insurance. Due to renewed marketing campaigns, more and more Samoans are signing up for the funeral insurance, up to more than 100 people each month. And all claims have been paid out within 48 hours, creating additional trust in this home-grown Samoan insurance provider.

The approach of insuring groups, similar to the experience in Fiji, has been less effective in Samoa. People prefer to opt for personal insurance schemes, as they can then also personalize their cover.

To further boost sales, Apia Insurance has opened up a total of 4 agent points on Upolu Island where customers can get onboarded, inquire about funeral cover insurance and pay their premiums. Apia Insurance is also engaging with both Digicel and Bluesky to open up a mobile money biller account to ease payment of premiums from their customers. It is envisioned that an additional agent point, in Savaii will further increase the uptake.

**Women’s MSME Fintech Innovation Challenge with SkyEye**

In collaboration with UN ESCAP, the Programme is supporting the winner of the Women’s MSME FinTech Innovation Challenge; SkyEye. This Samoan FinTech, which already received support from GSMA for another initiative of theirs, will develop a payments gateway into their online sales platform. This will also be available to other organizations in need of such a platform. With this online sales platform and payment gateway in place, women can sell goods and products right from their home and thus growing their market reach.

This project was expected to kick off at the end of Q4, however the measles outbreak in Samoa during that time led to a delay. This project is now expected to kick off in Q1 2020.

**Digitizing collection payments for the Electric Power Cooperation**

Support on how best to digitize utility payments was sought from the Programme. In recent months however, the market demand has increased in such a way that stakeholders decided to take this up themselves without financial or technical support from the Programme. Nevertheless, the Programme continues to facilitate discussions between the Mobile Network Operators (MNO) and the Electricity Power Cooperation (EPC) when needed, but the digitization effort is materializing without further intervention by the Programme. A clear sign that nudging stakeholders can guide players in developing digital solutions by themselves. As long as there is a clear market demand, a viable business case and the required regulations are in place.

The programme was able to support the commercial discussions between EPC and the Telcos. Utility payments on the mobile money platforms from both Bluesky and Digicel were launched by the end of Q4.

**Mapping learning outcomes of FinEd**

In order to achieve the targets of the National Financial Inclusion Strategy, the Central Bank of Samoa and the Ministry of Education, Sports and Culture (MESC) requested for a gap analysis regarding the learning outcomes on financial education in the current school curriculum. The Programme provided technical assistance to measure the outcomes of the existing learning materials. Recommendations from this exercise were provided to MESC for further improvements to the learning materials and implementation.

**Ensuring the implementation of the National Financial Inclusion Strategy**

A review of the National Financial Inclusion Strategy (NFIS) was done upon request of the Central Bank of Samoa (CBS). This assessment concluded that of the 23 key results areas outlined in the strategy, four have been achieved and the remaining ones are in various stages of progress. Though not an uncommon finding from an NFIS review, it is a noteworthy recommendation from this particular review, that to track the strategy outcomes significant investments and commitments from the various NFIS stakeholders have to be made in the data collection.

Following recommendations from the mid-term review, In Q3 and Q4, CBS was able to collect complete data from March 2018 to March 2019 and determine a supply side data baseline that will be used moving forward. Engagement with the various NFIS stakeholder is still ongoing to keep the data collection updated. The programme will monitor these efforts as data collection on financial inclusion continues to remain an issue across the region, as was also highlighted in the programme’s final evaluation report.

**VANUATU**

**Digital innovation with National Bank of Vanuatu**

National Bank in Vanuatu is the only in-country bank to have a nationwide reach covering all provinces. Under the project, the bank will convert all its existing (~27,000) passbook based manual account holders to a digital POS based transaction platform and aims to add 14,000 new accounts primarily targeting farmers and other rural populations. Also, with a view to increasing opportunities to transact, NBV will provide easy access to remote rural customers with the bank officers travelling to communities and facilitating their transactions through a digital tablet banking interface allowing both deposit and withdrawal transactions.

Since the project commenced in July 2018, NBV has onboarded 16,002 new customers and has provided them with ATM cards – These cards can be utilized at 16 NBV ATM’s island-wide and at BSP machines / POS terminals due to the existing interoperability agreement between the two banks. NBV has also signed up 10,048 customers onto their IsiSMS platform which enables customers to receive SMS alerts on transactions conducted in their accounts. The recently launched IsiMobile – An android based mobile app has over 3,005 users since its launch in July 2019 and has proven to be a popular digital platform given the increase in smart phone usage in Vanuatu.

NBV has ensured that the digitization process in inclusive by enrolling women customers (roughly 45% of its new customers are women).  The 90-day activity rates of women customers with ATM cards is over 90%. NBV is the only bank in Vanuatu which is focused on extending financial services to the rural population. Since July 2018, the bank has onboarded more than 7,500 rural customers and is currently working on automating its loan process to drive down costs thereby making financial services more affordable to Ni-Vanuatu.

**Automating the loan process with National Bank of Vanuatu**

As a result of the Pacific-ASEAN Financial Innovation Challenge, the National Bank of Vanuatu (NBV) has partnered with Cloud case Software Solutions Pyt Ltd. This FinTech, based in Sydney is providing the bank with a digital solution to grow its MSME credit portfolio, by completely digitizing and automating the loan origination and underwriting process. The project is on track to deliver on time and is scheduled to go-live in March 2020.

**Mobile money with Telecom Vanuatu Limited**

The creation of a mobile money network has the potential to solve some of the payment challenges, especially in the many sparsely populated islands of Vanuatu. And that is exactly what Telecom Vanuatu, one of the two mobile operators in the country, set out to do with the new M-Vatu platform.

The project was focused on enabling set-up and roll-out of the Mobile Money platform – M-Vatu, first in select locations in the 12 to 18 months and thereafter throughout Vanuatu. The mobile money platform will allow registered users to use their mobile phone like a bank account or debit card. The real money resides in a conventional mobile money account.

The M-Vatu was officially launched 23rd October 2019 by the Deputy Governor of Reserve bank of Vanuatu. This new service by TVL will provide registered customers a secure platform to send and receive money in Vanuatu using a mobile phone. Registration to access the M-Vatu services will be free of cost. Amongst other features, the M-Vatu service will include airtime top-up, bill and salary payments, utility payments, and international remittances. To access this service, customers can be on either post-paid or pre-paid and need not own a bank account. In the initial phase, M-Vatu will be available across Port Vila, Santo, Tanna and Malekula with plans to extend the roll out in the outer islands by end of 2020.

In the two months following the launch TVL registered 600 M-Vatu customers and its objective is to enroll 8,000 customers and 50 mobile money agents by December 2020.

**Micropensions for the informal sector with Vanuatu National Provident Fund**

After the design and implementation of a Micropensions product in Solomon Islands, a similar product has been designed for Vanuatu. In order to launch this product, a change in legislation is needed. This change to the National Provident Fund Act is expected by July 2020.

VNPF presently provides superannuation services to Ni-Vanuatu working in the formal sector. The VNPF Act stipulates that all employees in Vanuatu are required to contribute 4% of their wages to their provident fund account. Their employers are to top-up this contribution by 4% contribution of their own, making it 8% of the total cost of wages.

Those in the informal sector, such as small holder farmers, fishers, casual workers, market vendors, taxi drivers and other informal sector workers do not have any formal arrangement for old age financial security at present, either state provided or self-funded. They constitute nearly 80% of the economic active population of the country, the backbone of the rural economy. With a view to providing them sustainable superannuation savings services and micro pensions, PFIP in partnership with VNPF aims to replicate the successful model from its Solomon Islands experience and through this grant project test and validate a micro-pension pilot in Vanuatu over a six-month period commencing in Feb 2019.

VNPF’s Informal Sector team has enrolled 631 customers under this pilot program with a view to better understand customer interest and acceptance for this product. At present, PFIP with the help of expert consultants from Blueprint Pension Services are analyzing the data to understand demand, their interests as well as the financial feasibility and operational viability for VNPF.

**Bundled Insurance with VanCare**

After the kick-off of this project, a replication of the bundled insurance product developed in Fiji, the VanCare team is now in the process of hiring additional staff and relocating to a larger office space. The company is also in discussions with Vanuatu Insurance Brokers (formerly AON brokers) for the latter to distribute the bundled microinsurance product, an MOU and commercial agreement is likely to be signed in Q1 2020.

This microinsurance is an adapted version of the one offered in Fiji and will offer term life, funeral expenses, property and personal accident coverage at standardized affordable premiums. The product offers a combined cover for personal accidents, term life and fire. The company plans to sell this via cooperatives and employers. Everyone under the age of 65 is eligible to subscribe to this product, allowing for improved resilience and ability to cope with financial shocks.

**Projects in Pipeline:**

**Police Clearance Certificate – Digitization of fee (P2G Payment)**

PFIP is looking to work with Ministry of Finance and Economic Management and The Police Department of Vanuatu to assess the Police Clearances process with a view to establish opportunities for digitization of the related payments process, including mapping the existing payment flows (Person to Government or P2G). The objective is to scope out the feasibility of (i) digitization of the process for issuance of police clearance certificates and (ii) linking this digitization to the introduction of digital payment options to improve efficiency of operations and traceability of incoming payment flows.

**Country Diagnostics for implementation of a multi-country e-KYC / Digital Credit Bureau solution**

PFIP plans to use a two-pronged open-source secure digital solution targeting self-sovereign identification of individuals and businesses as well as for the storage of credit history. When integrated into the financial sector, it extends reliable, secure credit reporting to all levels of the economy, and provides a pathway for unbanked borrowers to use their informal financial history to become banked.

As part of this work, the Programme has already commissioned a scoping study in Fiji for internal purposes and is now planning to undertake a country diagnostic exercise for Vanuatu, Solomon Islands and Fiji at the specific request of its central bank partners in these countries. The primary objective of these country diagnostics is to understand the current situation in Vanuatu, Solomon Islands and Fiji and to provide recommendations in regard to a potential implementation of any e-KYC and digital credit history solution.

**Complaints and grievance handling framework study –Internship for students of Kings International Development Association from Stanford University**

Stanford University’s Kings International Development Association (KIDA) has proposed to collaborate with the Programme to work on short term projects and create actionable solutions to substantive problems faced by our partner organizations. In Vanuatu, the proposed project is to review the existing mechanisms on complaints and grievance handling for financial services and develop a comprehensive redressal framework that will help improve the public confidence in the financial system.

**Ecommerce Payments Infrastructure Landscape and Analysis**

With a rising interest by policy makers for the digital economy, and a nascent, but growing eCommerce market in the Pacific, businesses have been scrambling to find a solution to settle transactions from online business. As a result, many of the start-ups and even more established businesses who would like to venture into eCommerce work through all sorts of work-around solutions that are inefficient, expensive and very often non-compliant; settling in private accounts overseas, using PayPal and even using crypto-currencies etc.

To address these market failures, and especially the challenges around commercial viability, the Programme seeks to commission a market study with a focus on identification of opportunities to pool transactions from multiple Pacific markets through payments aggregation services to support the development of eCommerce and the digital economy in the Pacific.

**TONGA**

**Promoting affordable remittances solutions with the Tonga Development Bank**

This project aims to: 1) Scale the already existing remittances product Ave Pa’anga Pau (APP), covering temporary workers who go to New Zealand and Australia for seasonal employment, enabling these workers to send money home using a secure, cheap, and formal service. 2) Create new use cases that will encourage Tongans to use low-cost digital remittance channels to access savings, insurance, and retirement services that improve their financial lives. 3) Upgrade the Ave Pa’anga Pau platform to scale remittances to several thousands of Tongan living and working in Australia and New Zealand.

The project performance has been exemplary with the TDB team conducting pre-departure campaigns in Tonga as well as field visits to farms in New Zealand resulting in over 2,600 clients being onboarded for the APP product, nearly 2,300 of them active in the six months ending Dec 2019. Furthermore, the total number of transactions exceeded 9,700 during the last half-year with a value of NZD$3.5 million with an average cost to client of 4.95% (compared to an average of 11% through other providers).

**KIRIBATI**

**Putting financial inclusion on the agenda**

In 2018, the Government of Kiribati reached out to the New Zealand High Commission for support in conducting a financial sector gap analysis. During 2018 the Programme conducted this analyses and results were presented in Kiribati early 2019. These recommendations included:

* The establishment of a National Financial Inclusion Strategy and a Task Force to implement this strategy, similar to what has been created in other Pacific countries.
* Supporting piloting and launch of innovative financial services such as microinsurance, micro pensions.
* The strengthening of the regulatory framework in the country, and
* The expansion of financial literacy at schools.

In order to implement these changes, a request for funding has now been submitted to Kiribati Government Cabinet and the proposal after endorsement will be sent to country donors for support.

**Financial Literacy and online banking with ANZ Bank**

The project with ANZ Bank in Kiribati aims to provide ANZ Money Minded financial literacy programme to over 10,000 individuals and small business in Kiribati. Another component of the project is to transition payment flows from manual payments to electronic mediums through the introduction of internet banking and a mobile banking application.

By December 2019, the Money Minded financial literacy training programs had covered 9,301 participants since launch of the project in Sept 2019 with 6,700 female and 2,601 male attendees. ANZ Kiribati has covered 262 communities with their Money Minded training. Internet banking services have been introduced with the pilot testing with a closed group of 500 small businesses, the formal launch is planned in Q1 2020.

**Exploring the potential for microinsurance with Kiribati Insurance Corporation**

At the request of Kiribati Insurance Corporation (KIC), PFIP completed a technical assistance support to assess the market potential for microinsurance in that country. The final report with recommendations were submitted to the Board of KIC in December 2019, the same has since been accepted, further discussions are underway between KIC and FijiCare to jointly develop and launch microinsurance products. A meeting of the KIC board with the PFIP Inclusive Insurance team is planned for March 2020 to discuss the way forward.

**END OF PROGRAMME EVALUATION**

In preparation for the successors of the Programme an independent end-of-programme evaluation was done by the UNCDF HQ evaluation unit, who contracted Grameen Foundation from India as the firm tasked with conducting the independent evaluation. It included a thorough review of all the documents related to the programme, such as various projects implemented, financials, budgets etc. As part of the evaluation, the evaluation specialists visited Fiji, PNG, Solomon Islands and Vanuatu to conduct key informant interviews, which included senior officials of Central Banks, Government departments, donor partners, project partners, as well as field visits to interview a cross-section of clients.

On completion of the country visits, the Grameen team prepared specific country reports as well as an overall programme evaluation report, covering the findings and recommendations. The PFIP management has provided its responses and comments on the report and both these were shared with the Investment committee in December. As envisioned, the PFIP management team has used the evaluation findings and recommendations and integrated these into the development of the successor programs.

**DEVELOPMENT OF SUCCESSOR INITIATIVES**

The Programme has been working on developing two initiatives as successors to the present phase of PFIP. Both initiatives are aligned to the new UNCDF global digital strategy, with complimentary workstreams and activities while the foundational strength is derived from the existing partnerships, networks, implementation experience and the in-country expertise developed during lifespan of PFIP.

The progress made under PFIP regarding digital financial inclusion is directly contributing to the emergence of digital economies, and vice versa. Digital technologies are connecting financial services to ‘real-economy’ related services and solutions that can transform the lives of Pacific Islanders. The wider application of digital solutions to solve daily constraints and needs of vulnerable islanders (such as around agriculture, education, energy and entrepreneurship), strengthens use cases for the adoption and usage of digital financial services to impact many more lives in the Pacific. Also considering the significant investments that have recently been made in core digital infrastructure, such as the various under-sea fiber optic cables and priorities national governments are giving to establish and increase the digital connectivity in the region. Improved internet connections and the rapid uptake of smartphones in the region will allow PFIP’s successor programmes to leverage the opportunities that these new technologies and digital platforms present for low-income consumers, whilst building on a decade of in-depth experience working with key stakeholders within the Pacific financial inclusion and digital ecosystem.

As result, the scope of of PFIP’s successor programmes will both be broader as well as deeper, riding on the digital ‘waves’ in the Pacific, but with a very specific focus on “Leaving No One Behind in the Digital Era”.

The first successor initiative, the Pacific Digital Economy Programme (PDEP) recognizes that digital technology will be at the forefront of development efforts, especially in the Pacific region where the challenges of remoteness and territorial dispersion call for innovative digital solutions. It is against this background and in close collaboration with key stakeholders from public and private sector a joint programme between UNCDF, UNDP and UNCTAD is being developed with the objective to support the development of inclusive digital economies in the Pacific. Inclusive digital economies that allow rural communities, women and MSMEs, as well as seasonal workers to enhance market participation, resulting in poverty reduction, improved livelihoods and economic growth.

The other successor initiative, the Pacific Insurance and Climate Adaptation Programme (PICAP) will be closely aligned with PDEP and its specific objective is to address the significant development challenge of building financial resilience for Pacific islanders, communities, cooperatives, small businesses and Government, who are highly vulnerable to climate change and natural disasters. The programme aims to develop appropriate and affordable market-based climate disaster risk financing instruments, including parametric insurance, targeting the micro, meso and macro level clients. Hereby it will be building on the robust microinsurance portfolio of PFIP and addresses one of the key recommendations of the final programme evaluation.

Upon completion of country stakeholder consultations and validation workshops, proposal documents for both initiatives were sent to the PFIP Investment committee and visits were recently made to Canberra and Wellington to discuss further with the DFAT and MFAT teams to firm up support for the implementation of both initiatives.

Both programmes will share common resources, both in the Suva regional office as well as in the countries and will be using specialists from other UN agencies participating in these successor programmes (i.e. UNCTAD and UNU/MCII) in specific areas of expertise required for the respective initiatives.

**TRANSITION PLAN**

The final evaluation report and recommendations strongly advocates for the Programme to continue support to the countries in their financial inclusion journey, while exploring new emerging opportunities. Given that the ongoing innovation projects are in various stages in the implementation cycle- some early stage, a few reaching maturity and others set to close shortly- the Programme is working on a transition plan that will cover at the minimum the following and include a proposal for a no-cost extension of the current phase of PFIP until December 2020.

* Background and context
* Country wise status of ongoing projects and indicative timelines for completion
* Ongoing or proposed studies and assessments to kick-start the next generation programmes
* Human resources plan
* Financial planning
* Updated risk matrix
* KM and Communications plan
* Monitoring and evaluation

The transition plan will be submitted to the PFIP IC for approval in March.

**SHARING OUR STORIES**

In 2019 Programme learnings and successes were shared through several communication channels. To further boost the reach of our content, articles are now also published on the UNCDF global website and boosted through country-specific as well as Programme-wide newsletters. Throughout the period six online campaigns have been sent out.

**PFIP Website** *(during January - December 2019)*

18,134 website users and 61,571 pageviews

**PFIP Social Media**

Facebook: 4,290 likes and 4,358 followers

Twitter: 3,460 Tweets and 1,395 followers

LinkedIn: 1,593 connections, 2,267 followers

**ii) Indicator Based Performance Assessment:**

Using the **Programme Results Framework from the Project Document / AWP** - provide an update on the achievement of indicators at both the output and outcome level in the table below. Where it has not been possible to collect data on indicators, clear explanation should be given explaining why, as well as plans on how and when this data will be collected.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Achieved Indicator Targets** | **Reasons for Variance with Planned Target (if any)** | **Source of Verification** |
| **Objective Indicator**  **Indicator: Number of people enrolled Baseline: 687,620**  **Planned Target: 1,500,000** | 1,615,928 | Target achieved and exceeded. | PFIP Quarterly Data Collections |
| **Objective Indicator**  **Indicator: Number of people enrolled, women**  **Baseline: 47%**  **Planned Target: 50%** | 40% | Not all partners provide gender disaggregated data. | PFIP Quarterly Data Collections |
| **Objective Indicator**  **Indicator: Number of viable business models**  **Baseline: 0**  **Planned Target: 4** | 2 | On track to achieve | PFIP Quarterly Data Collections |
| **Objective Indicator**  **Indicator: Number of enrolments, active in 30 days**  **Baseline: n/a Planned Target: 50%** | 22% | Original target of 17% was too low, which was later adjusted to 50%. This may be achievable for a 90 day period, but not for 30 days. | PFIP Quarterly Data Collections |
| **Objective Indicator**  **Indicator: Number of projects Baseline: 0**  **Planned Target: 30** | 44 | Target achieved and exceeded | PFIP Quarterly Data Collections |

|  |  |  |  |
| --- | --- | --- | --- |
| **Objective Indicator**  **Indicator: Number of innovations scaled Baseline: 0**  **Planned Target: 14** | 14 | Achieved | PFIP Quarterly Data Collections |
| **Objective Indicator**  **Indicator: PICs with FI Strategies Baseline: 4**  **Planned Target: 5** | 5 | Achieved | NFIT Membership |
| **Objective Indicator**  **Indicator: Number of Active NFIT Baseline:**  **Planned Target:5** | 5 | Achieved | NFIT Membership |
| **Objective Indicator**  **Indicator: Number of countries with FinEd curriculum**  **Baseline: 1**  **Planned Target: 3** | 3 | Achieved | Partnership documents |
| **Objective Indicator**  **Indicator: Number of FinEd projects Baseline: 1**  **Planned Target: 5** | 5 | Achieved | Partnership documents |

# Other Assessments or Evaluations (if applicable)

* During these last six months, the Pacific Financial Inclusion Programme prepared for the next phase- completing the independent final evaluation of the Programme and developing two new initiatives, the Pacific Digital Economies Programme (PDEP) and the Pacific Insurance and Climate Adaptation Programme (PICAP). Across the portfolio, efforts focused on fast-tracking implementation to meet project deliverables, review of progress to take key decisions on closing projects and documenting lessons learnt.
* The team completed stakeholder consultations for the two new initiatives PDEP and PICAP across six countries, conducted validation workshops, received feedback on both project documents and finally shared the updated versions with the PFIP Investment committee in Dec 2019. The final programme evaluation was also completed with the findings and recommendations along with the management responses sent to the Investment committee in Dec 2019.

# Programmatic Revisions (if applicable)

* n/a

# Resources (Optional)

* During the second half of 2019, the Programme team bid farewell to Abigail Chang, Financial Education and G2P P2G specialist, Erica Lee, the Communications Associate and Vularewa Ramaqa, Administrative assistant.
* Naomi de Groot, the Knowledge Management specialist has been seconded to the Fiji Multi-country office Resident coordinator’s office for a short-term assignment.

End Note-Page 1

1. The term “programme” is used for programmes, joint programmes and projects. [↑](#endnote-ref-1)
2. Strategic Results, as formulated in the Strategic UN Planning Framework (e.g. UNDAF) or project document; [↑](#endnote-ref-2)
3. The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to as “Project ID” on the project’s factsheet page the [MPTF Office GATEWAY](http://mdtf.undp.org/) [↑](#endnote-ref-3)
4. The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](http://mdtf.undp.org/) [↑](#endnote-ref-4)
5. As per approval of the original project document by the relevant decision-making body/Steering Committee. [↑](#endnote-ref-5)
6. If there has been an extension, then the revised, approved end date should be reflected here. If there has been no extension approved, then the current end date is the same as the original end date. The end date is the same as the operational closure date which is when all activities for which a Participating Organization is responsible under an approved MPTF / JP have been completed. As per the MOU, agencies are to notify the MPTF Office when a programme completes its operational activities. [↑](#endnote-ref-6)