Evaluation Summary

International Labour Office

Evaluation Office

Final Independent Evaluation

Change Management to achieve impact with insurance - Phase II

Quick Facts

Countries: Kenya, Ethiopia, Mozambique, Nigeria, Ivory Coast

ILO Administrative Office Responsible: SFU
ILO Technical Backstopping: Enterprise Department

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Evaluation Consultant(s): Eddah Kanini

Joint evaluation agencies: International Labour Organisation and FSD Africa
Project End Date: 31 October 2019
Evaluation Mode: Final Independent Evaluation
TC/Symbol Project Code: RAF/16/03/FSD

Donor & project Budget: $1,702,128.00

Keywords: Final Evaluation, Impact Insurance Facility, Microinsurance, Small and Medium Enterprises

Background & Context

Summary of the project purpose, logic and structure

Financial Sector Deepening Africa is a non-profit entity that promotes financial sector development across Sub Saharan Africa. FSD Africa is funded by UK aid from the UK Government. It aims to reduce poverty across sub-Saharan Africa by building financial markets that are efficient, robust, and inclusive. It uses funding, research and technical expertise to identify market failures and strengthens the capacity of its partners to improve access to financial services and drive economic growth.

International Labour Organisation is a specialized United Nations agency devoted to promoting social justice, human and labour rights. The ILO's Impact Insurance Facility focuses upon enabling the insurance sector, governments, and their partners to embrace impact insurance to reduce households' vulnerability, promote stronger enterprises and facilitate better public policies. The Facility has worked with more than 60 national and multinational insurers and distributors such as MFIs and banks. Based on this vast experience, the Facility identified the critical role that innovation plays in expanding the reach of micro-insurance globally. The Impact Insurance Facility is housed at the ILO. The project aimed to cumulatively reach one million Micro, Small and Medium Enterprises (MSMEs) and poor individuals in selected Sub-Saharan African countries with affordable and ideal insurance products by January 2020.

Present Situation of the Project

The Project ended on 31 October 2019.

Purpose, and clients of the evaluation

The independent evaluation served the following purposes:

- To determine the degree of efficiency with which FSD Africa and the Facility delivered the intervention.
- To identify good and promising management practices used in the planning, design and delivery of the initiatives
- Provide evidence of the achievements on target institutions, and the insurance markets, including the end-line clients of the insurance products developed under this initiative
- Provide strategic and operational recommendations as well as lessons to improve performance and delivery of programme results; and
- Assess the relevance, efficiency, orientation towards impact and sustainability of the intervention

Methodology of evaluation

This was a cross-sectional study covering the five countries where the project was implemented. The methodology allowed the collection of specific key performance indicators and compared to the baseline and midterm evaluations to show the progress made.

Desk review of relevant project documents, implementing partners, the donor and government's documents was carried out. In addition Policy frameworks and electronic search of the project was conducted.

The in-depth interviews were conducted with various key stakeholders and project beneficiaries and fellows using a predetermined set of questions. The interviews were carried out in a person to person interaction through Skype, telephone interviews and in-person meetings in cases where informants were in Kenya.

Main Findings & Conclusions

Project management, Coherence and Validity

FSD Africa/ILO project interventions targeted the main needs and sought to create impact by increasing access to formal financial services for poor adults in Sub Saharan Africa. The project strategies supported the organizations to become the ambassadors of change demonstrating the impact and encouraging other institutions to adopt change management.

Relevance and strategic fit

The FSD Africa/ILO project has been relevant and well targeted as it sought to address the need for the various stakeholders and agenda as follows:

Low-income clients: All the seven implementing partners aimed at addressing challenges affecting micro-insurance uptake among the low-income segment. The projects designed new products or redesigned existing products informed by the market research conducted within the low-income clients in respective countries.

Farmers: Small holder farmers benefited through accessing weather index-linked crop insurance product bundled with loans and livestock index products. The implementing countries have agriculture being practised by approximately 80 per cent of the population and accounting for 45 per cent of the country's economic output.

Health insurance, funeral insurance products, life insurance covers were beneficial for family members, registered groups and small and medium enterprises. The project was also instrumental in increasing awareness and customer education on formal insurance products and its benefits. Insurance in most Sub Saharan

Africa countries was a rare notion particularly for the low-income population.

The project innovations were relevant to the business strategies of the implementing partners which led to structural changes being implemented by all the seven partners in the project. Some of the innovations includes digitization of various processes, capacity building, incentive schemes, process mapping, and development or refinement of micro-insurance products.

Partnerships were formed under the project, which enhanced the project's outreach to the low-income segment and increased the value proposition of micro-insurance to the segment. Some of the partnerships included cooperatives, insurers, digital health, and the government bodies among others.

In the global Agenda, the Project´s was relevant in making contributions to the following priority Sustainable development goals (SDGs), 1- No poverty, 2- Zero hunger, 3-good health and wellbeing, and 17-partnerships for the goals.

Effectiveness and Validity

The project overall achieved most of its targets. The projected had aimed that each partner would design or refine two solutions but some of the partners like Kifiya Plc. surpassed and designed four new products and redesigned one existing product and AXA Mansard designed five new products and refined two existing products. The project was also innovative including product innovation where the project used gamification marketing techniques to encourage high customer enrolment and generate volumes and process innovation where the micro-insurance simplified customer registration processes and reduced the number of KYC documents for the Malaria Plan product. The partners leveraged on technology to develop products and implement new operational changes within their institutions.

Some of the implementing partners had challenges meeting some of the set targets and implementation of the project activities were not done in a timely way, some dragging behind. FSD Africa and ILO decided to terminate the project Nyala in Ethiopia, based on the results of the mid-term evaluation, and as a result of the lack of progress in setting up the microinsurance department and lack of sales. For NBC Mozambique, the project had delays in achieving its milestones. This necessitated the review of the results framework to allow for a design of only one product as opposed to two products. The project experienced considerable delays in contracting process of the ILO Fellow who reported to NBC six months late.

Efficiency

The Project was efficient in terms of utilising resources. The project awarded the implementing partners an innovation grant of USD 50,000 in tranches based on the achievement of project milestones. They were expected to contribute half of the amount of innovation grants and cover the costs of market studies. AXA Mansard, self-funded the project and did not receive the fund. Equity and Kifiya received the funds from AFD. The partners spent the grant fund on market research activities including field visits and training. However, the efficiency of the project would need an elaborate assessment measuring the milestones achieved and beneficiaries from the innovations in comparison to the resources used.

Each partner was allocated an ILO Fellow who was based at their organization. To improve the quality of the products developed, the project conducted mentorship and trainings for the staffs. Notably, the project utilized the pre-existing resources such as ILO fellows to provide the day to day support and technical assistance to the implementing partners. The project has also contributed to enhancing the skills of the ILO Fellows.

Impact and sustainability of the intervention

The project was implemented at a time when there was wide recognition of the need for insurance products particularly to the population. The project interventions led to the increased knowledge and awareness through customer education on formal insurance products and their benefits among the low segment populations where acquiring an insurance was a rare notion. All partners implemented strategic and operational changes in their micro-insurance business. The impact of these interventions in the institution and on clients will be anchored on how well these changes are institutionalized such as mainstreaming the process of market research and use of technology in product development.

For sustainability and business viability of the products, the partners will need to continue mainstreaming the interventions into the normal business operations of the partner organizations. The project employed a participatory approach to technical assistance where the Fellow transferred skills and competencies to the partner staffs.

However, the projects heavily relied on the Fellows in executing the set interventions. This poses a risk to the continuity of the innovations after the end of the support or after the Fellow's term comes to an end.

The project period was short taking around two years whereas on average, an insurance product can take more than three years to break-even.

Project Environment

The regulators and government bodies of the countries where the project was implemented namely Kenya, Ethiopia, Mozambique, Nigeria, and Ivory Coast envisage deepening of micro-insurance as the penetration of insurance services is low in most Sub Saharan Africa countries. To reach the targeted one million households with insurance services, the project and the implementing partners would need to scale up the products to more clients.

Conclusion

Monitoring and Evaluation

The project envisioned that it will deepen the reach of insurance to the low-income segments. The project reporting frequency was well done on a quarterly and semi-annual basis which was adequate for tracking the project process, progress and timeline. The narrative reporting templates were shared by the FSD Africa for consistency. The dashboard was used by the project to monitor respective partner's outcome. The dashboard clearly showed the products and process in different stages such as 1) products under development, 2) products designed and redesigned 3) Number of products tested, 3) Number of products scaled up, and 4) Number of new people reached.

The monitoring tools including the dashboards did not clearly indicate the time in terms of months and year, making it challenging to clearly track the progress and timeliness of the achievements. The progress against set milestones was difficult to monitor due to failure to use any kind of ratings to assess progress of the project key performance indicators.

There was no clear definition of who the middle and low-income customer segments would be. Additionally, there was no tracking of the changes that took place among the community or beneficiaries to know the changes that took place due to the products developed or the change processes implemented.

Gender Issues

The monitoring tools including the dashboards did not clearly disaggregate the data into gender.

Lack of disaggregated data makes it difficult to track how many women or men were specifically reached by the projects and how differently they were affected positively by the project interventions.

Recommendations and Lessons learned

Main recommendations and follow-up

These are the recommendations:

1. The facility did not participate in the selection process of NBC. In such a case, the facility should facilitate regular joint discussions and check in meetings with all the project stakeholders to address any issues arising and give needed advice.
2. Consider extension of the Fellowship programme and the extension of the project time from two years to a slightly longer period approximately three years, in future programmes. This will provide time for support for partners and time for the project to achieve considerable outcome, milestones and even impact in the market. A longer support period to the institutions on consumer education and awareness activities on insurance would help in sustaining achieved outcomes.
3. The program should expand the standardized monitoring and reporting template to incorporate timelines in months and years. This will accurately and systematically capture the progress of the project activity implementation by partners and the effect of the project interventions on the end clients. This will also detect early enough the cause of any delay of a set activity and look an appropriate solution.
4. The program should consider revising the monitoring and reporting tools to systematically disaggregate the information of the end client into both male of female and age groups.
5. For sustainability of the project gains, the project should consider developing and documenting a clearer exit strategy for Fellows at the end of the project term for future projects.
6. The ILO/FSD Africa should consider supporting the respective partners in lobbying to the regulators to consider revising policy that hampers innovations in micro insurance.

Good practices

1. The FSDA/ILO approach of partnership and the implemented change management process was a good practice. The use of fellow was very innovative and strategic. The fellows were versatile and instrumental in mapping out processes, project management, and working with the different internal and external teams as well as partners to ensure a proper implementation of the key initiatives.
2. Market research and value chain assessment is a good practice to understand all the actors involved in the production of products and deployment of a distribution channel. This leads to understanding the target client segments and obtain insights on the customers, hence design a tailor made micro-insurance products for clients.
3. Project staff´s ability to learn through community of practice and exchange forums. Is also a good practice to disseminate the lessons learnt to the larger population.

Lessons learnt

1. Good insurance regulations have, positive impact on the projects and on micro insurance. This leads to quick approvals for development, testing and launching of insurance product

2. The importance of use of Digital and technological platforms enhance the quality, development and distributions of the products.
3. The project period was short taking around two years whereas on average, an insurance product can take more than three years to break-even.