

END OF PROJECT EVALUATION FOR ANCP MALAWI MICROFINANCE PROJECT

FINAL REPORT

Prepared by

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ACRONYMS

OIBM	Opportunity International Bank of Malawi
SDG	Sustainable Development Goals
VA	Village Agent
VSLA	Village Savings and Loans Association
ADC	Area Development Committee
VDC	Village Development Committee
OECD-DAC	Organization for Economic Cooperation and Development- Development Assistance Committee.
SPSS	Statistical Package for Social Scientists
USSD	Unstructured Supplementary Service Data
STK	SIM Application Toolkit

EXECUTIVE SUMMARY

Introduction

The Malawi Microfinance Project is a three-year Australian NGO Cooperative Program (ANCP) funded project that is being implemented in Dowa (TA Dzoole and Chiwere), Lilongwe (TA Kalumbu) and Kasungu (TA Kaomba, Mwase and Njombwa). The Project, which started in October 2013 and ending in June 2016, was being implemented with the overall aim of helping 20,000 rural households to overcome chronic food insecurity through enabling women access to finance, appropriate training and finance. An end of project evaluation was commissioned by Care Malawi to assess the overall performance of Malawi Microfinance Project against set goals and outcome benchmarks.

Methodology

The evaluation involved both a desk study and primary research. The primary research involved both quantitative (Beneficiary Questionnaire) and qualitative data in the form of focus group discussions, case studies and key informant Interviews. In total, 147 respondents from the three project districts were interviewed. The study employed the OECD-DAC criteria of relevance, efficiency, effectiveness, impact and sustainability.

Evaluation Results

Relevance

Overall, the performance of the project under project relevance was rated as highly satisfactory as the project was supportive of the international and national development agendas and the project was designed and implemented to address critical challenges that the beneficiaries faced.

At the international level, the project was supportive of the United Nations' Sustainable Development Goals which, among other things, emphasize the importance of access to financial services especially to women. At the national level the project was in line with the objectives of the MGDS II, the Malawi Social Support policy, and the National Financial Inclusion Strategy (2015-2016), which are key policy documents on financial inclusion and access to financial services among the rural poor Malawians. At the local level, the project addressed the key challenges faced by the beneficiaries which are chronic food insecurity and lack of security of savings at VSLA level. It also provided financial literacy trainings and business development and management trainings which were crucial in increasing the savings in the VSLAs.

Efficiency

On project efficiency, the evaluation examined the extent to which the project results have been achieved at reasonable cost. The provisional financial data have shown that the project's absorption rate has been low, 46%, 84% and 74% for first, second and third years, respectively. The low absorption rate in the first year (of around 46 percent) is attributed to the fact that the project started in October 2013, but implementation of activities was delayed until March 2014 because of delays in the disbursement of funds from Care Australia. It was reported that the first disbursement was in December 2013. Overall, the performance of the project under project efficiency has been rated as satisfactory as the project has been proven to be efficient with the use of project funds, even though the project's burn rate was lower than planned.

Effectiveness

Under project effectiveness, the evaluation has shown that the programme as a whole was highly effective. It was noted that the linkage of VSLAs to the Bank and mobile money technology provided and ensured security of VSLA funds. It was also noted that 22,167 individuals benefited from financial education training, 16,220 individuals benefited from Business management training and this resulted in 174 groups starting new businesses which have a total of 8,650 members. This enhanced the savings in the VSLAs as most members were able to start and run businesses. It was noted that the members were more confident to save money in the VSLAs that were linked as they were assured of the security of the funds as compared to those that were not linked. Overall, the performance of the project under the effectiveness has been rated as highly satisfactory as the project has been able to demonstrate improved financial literacy, business skills development and successful linkage of willing VSLAs to airtel money and Opportunity Bank. With regards to the achievements on the project indicators, there are no statistical differences between the endline values for linked and non-linked VSLAs. It is however, not possible to ascertain the extent to which the project has been able to meet its set targets in the absence of baseline values and project targets for the indicators.

Impact

Under project impact, the project was found to have created some impact on the direct and indirect beneficiaries. It was found that beneficiaries suffering from chronic food insecurity now are better off since they are able to use savings from VSLAs during lean months. It was also noted that project beneficiaries, after using the knowledge gained from the project have managed to buy assets and the security of the savings in the VSLAs has been enhanced. Overall, the project impact has been rated as highly satisfactory.

Sustainability

Under project sustainability, it was noted that the project offered a training of trainers to Village agents. The Village agents in turn would train the VSLAs. The village agents pledged their support to the VSLAs even after the project as they narrated that the project capacitated them. It was noted that the Village agents are involved as third parties during sharing out of money in the VSLAs and that the village agents are remunerated for this. Overall, under sustainability, the project was rated as highly satisfactory as it demonstrated that the benefits will accrue even after the project has phased out.

Conclusions

It has been noted that the project overall performance was satisfactory. The impact of the project and burn rate would have been greater if the project life had not been curtailed. The project demonstrated as being highly relevant at international, national and community level by being in support of different development agenda at the same time addressing the need of the project beneficiaries of chronic food insecurity and security of funds in the VSLAs.

Recommendations

The following were the recommendations that were generated from this study.

1. Orienting existing staff on the approach of designing projects to add value to existing projects is critical.
2. Use same staff to be handling queries specific to targeted issues, since they will still be on the ground. i.e guide through VAs where possible for those requesting to be linked. Potential to mobilise savings has been demonstrated.

3. Implementing an add on project should have one coordination unit (for example one manager for both the add on and a sister project) for easy resource utilisation and reporting beneficiaries.
4. In future, provision of mobile phones to facilitate linkage should be considered. However, mobile phones should only be given on a loan basis to the group.
5. Assess and orient partner institutions of projects interventions, and key outcomes before implementation.
6. OIBM and Airtel should design an innovative way to ensure that when the pin is entered it is hidden. Awareness sessions on the same would be beneficial to the project
7. The Project has been very relevant to link informal savings groups to the formal sector; continued support is recommended, however at a declining pace. This is because a number of people are aware. However, purchasing decisions are made when a consumer is convinced of the preferred choices, not only after awareness and knowledge.
8. The evaluation faced challenges related to the M&E, especially the lack of baseline data for the project and lack of targets for each indicator. In future, the project management should ensure that the projects have indicators that are well defined, with comprehensive baseline values and targets.

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We take responsibility for any omissions, misrepresentation of facts or any other errors in this report.

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1 INTRODUCTION

The Malawi Microfinance Project is a three-year Australian NGO Cooperative Program (ANCP) funded project that is being implemented in Dowa (TA Dzoole and Chiwere), Lilongwe (TA Kalumbu) and Kasungu (TA Kaomba, Mwase and Njombwa). The Project, which started in October 2013 and ending in June 2016, is being implemented with the overall aim of helping 20,000 rural households to overcome chronic food insecurity through enabling women access to finance, appropriate training and finance. The ANCP Malawi Microfinance Project was implemented using other CARE projects structures and staff which included Pathways, WE-RISE and MAZIKO. The project also worked with the private sector including Airtel Malawi for mobile Money services and Opportunity Bank of Malawi for financial linkages of Village Savings and Loan Associations (VSLAs), within the mentioned Traditional Authorities. The extent of collaboration was guided by a Memorandum of Understanding (MOU), which was drawn to safe guard Village Savings and Loans Associations (VSLAs) from being exploited by the profit oriented business partners.

This report details the overall performance of the project against set targets using set criteria, which will inform the future project design by CARE Malawi, CARE Australia, and other stakeholders.

2 SCOPE OF THE EVALUATION

According to the Terms of Reference (ToRs) the purpose of the final evaluation was to assess the overall performance of Malawi Microfinance Project against set goal and outcome benchmarks. Specifically, the evaluation objectives were:

1. To determine the extent and provide evidence to which project outcome and outputs have been attained both quantitatively and qualitatively.
2. To assess the performance of VSLAs linked to mobile and banks as compared to non-linked groups that had almost equal performance on selected indicators used to measure VSLA overall performance.
3. To determine the proportion of VSLAs that had been linked with either the mobile money or the bank, to ascertain the level of uptake of the linkages at both group and individual member's level.
4. To assess the gains and losses of mobile and banks linkages that groups or members may have experienced as a result of being linked.
5. To ascertain likelihood of continuation and sustainability of project outcomes and benefits, after completion of the project.
6. To identify and isolate key lessons learned from the project intervention that can inform the design of similar projects in future.
7. To develop strategic recommendations for future similar projects.

3 METHODOLOGICAL APPROACH

A participatory mixed methodology approach was adopted, where both qualitative and quantitative data were collected based on the nature of the outcome and impact level indicators for the project. All key stakeholders, including the primary beneficiaries, were consulted in the data collection process. Data were analyzed by gender, because women economic empowerment was central to the whole project.

3.1 Evaluation Criteria

The OECD-DAC Evaluation criteria, of relevance, efficiency, effectiveness, impact and sustainability, was employed in the evaluation. A brief description of each criterion is presented in Table 1.

Table 1: Description of Evaluation Criteria

EVALUATION CRITERIA	DESCRIPTION
Relevance and appropriateness	How appropriate the project objectives are to the problems being addressed ¹ , and to the physical and policy environment within which the project was operating
Efficiency	Extent to which the project results have been achieved at reasonable cost. How well inputs have been converted into activities and, hence quality of results.
Effectiveness	Assessing contribution made by results to achieve the project purpose. An assessment of each output and outcome indicator was made and compared to targets
Impact	Assessing the effect of the project on its wider environment, and its contribution to the wider policy or sector objectives. Performance of linked and non-linked VSLAs was done.
Sustainability	Likelihood of benefits produced by the project to continue to flow after the project comes to an end

Apart from the proposed OECD-DAC Evaluation Criteria, the evaluation also generated lessons learned and best practices from the design and implementation of the Malawi Microfinance Project.

3.2 Evaluation Components

The data collection consisted of two components namely (i) Secondary Component; (ii) Primary Component.

3.2.1 Secondary Data Component

The first component of the evaluation was a desk study to review literature, project documents and other related policy documents. The following documents were reviewed during the desk study.

- 4 Year Care Malawi ANCP Concept Summary;
- Malawi Microfinance Project Annual Report (2014);
- Project Interim Report;
- Project Case Studies (Njombwa and Mwase, Kasungu);
- Airtel Money in VSLA – Project Report;
- National Strategy on Financial Literacy.(2015-2020);
- Malawi Growth and Development Strategy II;

3.2.2 Primary Data Component

The primary data component involved gathering data from a range of stakeholders to get a firm understanding of the project performance, successes, challenges and the impact of the project. Various tools were developed to capture data from individuals, groups and key informants. Table 2 describes the instruments developed and how they were used.

Table 2: Methodologies for the Collection of Qualitative and Quantitative Data

Type of Tool	Name of Instrument	Description
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¹ Key issue is addressing chronic food insecurity by promoting women access to financial services.

Quantitative	Beneficiary Questionnaire	This was administered to sampled project beneficiaries (VSLA members) from linked and non-linked VSLAs to collect household-level quantitative data in line with the indicators available in the project's logical framework.
Qualitative	Key Informant Interview Guide	A key informant interview guide was used to interview a range of key informants, including relevant staff from CARE Malawi, Airtel, Opportunity Bank staff and Ministry of Gender; traditional leaders; chairpersons/secretaries of the sampled VSLAs and Village agents (VA).
	Focus Group Discussions Guide with project beneficiaries (linked VSLAs)	FGDs with male and female VSLA members was undertaken to collect qualitative information regarding how the project has performed.
	Focus Group Discussions Guide with non-linked VSLA members	FGDs were conducted with male and female non-linked VSLAs. Case studies were developed to showcase evidence on effectiveness of the interventions.

3.3 Sampling

Data were collected in each of the three targeted districts - Dowa, Kasungu and Lilongwe. The primary sampling unit was the VSLA. In each district, all the TAs² that are part of the project were included in the evaluation. From a list of all VSLAs, that are part of the Malawi Microfinance Project in each TA, linked and non-linked VSLAs were purposively sampled. In each TA a random sample of 2 VSLAs³ that have been linked to Opportunity Bank or Airtel was drawn. Apart from the selected 2 linked VSLAs, 1 VSLA (non-linked) was also randomly sampled. In each VSLA, a random sample of 10 members was sampled to be part of the individual beneficiary quantitative survey. In total, 12 VSLAs that have been linked were sampled, and 6 non-linked VSLAs were part of the study. For the quantitative survey, 113 members from linked VSLAs and 34 members from non-linked VSLAs participated. In each VSLA, one focus group discussion (FGD) involving equal number of male and female members (10 in total) was planned to be undertaken in the sampled VSLAs. Thus, 10 FGDs with linked VSLAs and 5 FGDs with non-linked VSLAs were to be conducted. However, due to low or no turn-up and membership in some VSLAs, FGDs were not conducted, as planned.

Despite sampling VSLAs with membership of at least 15, the turn up in most VSLA was not satisfactory according to the methodology that was agreed upon. Respondents to the individual beneficiary questionnaire were not allowed to participate in FGDs, which made it impossible to conduct FGDs in some of the VSLAs. The distribution of the sample was therefore as presented in Table 3.

Table 3: Sample Size by Location and Gender

TA	Linked VSLA		Non Linked VSLA		Total	
	Men	Women	Men	Women	Men	Women
Dzoole	2	13	1	7	3	20
Chiwere	8	13	1	9	10	21
Kalumbu	2	11	1	12	3	23
Kaomba	2	26	0	6	1	34
Mwase	1	15	0	9	1	24
Njombwa	0	19	4	6	4	25
Total	15	98	7	49	22	147

The final sample composed 13% men and 87 % women. The proportion of men and women in the sample reflects the participation of men and women in VSLAs across the study areas.

² Dowa (TA Dzoole and Chiwere), Lilongwe (TA Kalumbu) and Kasungu (TA Kaomba, Mwase and Njombwa)

³ Only VSLAs that have membership of at least 15 individuals were part of the study, because the evaluation required the collection of data from at least 15 members in each VSLA.

3.4 Data Analysis

Qualitative data from focus group discussions (FGDs) and key informant interviews (KII) were analyzed using the content analysis methodology where themes and sub-themes were developed. The quantitative data from the household questionnaire was entered and analyzed in SPSS.

The performance of the project (based on the OECD-DAC Evaluation criteria) was rated from highly unsatisfactory to highly satisfactory as Table 4 shows.

Table 4: Component Rating

Rating	Explanation
Highly satisfactory	Targets/requirements met or exceeded and are considered as best practice.
Satisfactory	Targets/requirements met with only minor delays or set-backs.
Moderately satisfactory	Most targets/ requirements met but delays or set-backs experienced.
Moderately unsatisfactory	Some targets/ requirements met but issues/constraints have negatively affected implementation.
Unsatisfactory	Few targets/requirements met. Issues/constraints remain unresolved. Delays have seriously undermined implementation.
Highly unsatisfactory	Almost no targets/ requirements met. Consideration should be given to cancellation/suspension.

3.4 Study Limitations

There were a number of limitations of the study and the findings from the study should be interpreted with the following limitations in mind:

- i. Challenges with coordination during field work affected the turn up during the data collection and the study was done during harvest period, when the majority of the beneficiaries were pre-occupied with farm activities including marketing of their different agricultural produce and different products from their enterprises.
- ii. The Malawi Microfinance Project was implemented using structures from other projects (WE-RISE in Lilongwe and Dowa, and PATHWAYS in Kasungu). It was often difficult for the respondents to clearly separate Malawi Microfinance Project activities from the activities of the other projects. Nevertheless, the researchers tried to clarify with the respondents at every opportunity that the focus of the evaluation was specific to the Malawi Microfinance Project. It is important, therefore, to take this issue into consideration when using the study findings as it was difficult to isolate Microfinance Project achievements, which were contributed to by several projects.
- iii. The research team did not manage to interview representatives of Airtel Malawi's head office. Hence their direct views are not included in the report. Nevertheless, Airtel staff and agents in the three districts were all consulted

4 FINDINGS

The findings have been structured in three sections. First, the overall project design and coordination framework is described to provide the framework within which the evaluation was based. Second, the overall project performance is discussed, showcasing profiles of the targeted households, and a comparison of some indicators between linked and non-linked households. Finally, a strategic level review is presented, where the OECD-DAC Evaluation Criteria is used to present the findings.

4.1 Project Design and Coordination

In order to help 20,000 rural households overcome chronic food insecurity, through enabling women access to finance and appropriate trainings, the Microfinance Project was designed as a 'value added' project on other existing projects implemented by Care Malawi. The existing projects included those funded by DFAT/AACES (WE-RISE), and Bill and Melinda Gates Foundation Pathways (Women in Agriculture/WIA). The ANCP Microfinance Project was therefore capitalizing on the progress on improving productive capacities, Village Savings and Loan Associations (VSLA), producer and marketing groups, institutional development successes of the sister projects, other partners and government efforts. The short and long term objectives for the project are presented in the log frame, in Appendix 1. The planned activities implemented to achieve the objectives included trainings, use of manuals, video, radios, SMS messaging, meetings and linkages.

The project partnered with the private sector, Airtel and Opportunity Bank of Malawi (OBM), who were selected after mapping out potential institutions. OBM was preferred due to availability of the Kasupe account that had no service fee (when the project was beginning); presence of mobile banking facility, and a non-intimidating banking hall environment, for rural residents. Airtel was preferred due to its wide network coverage.

Implementation was championed by two project coordinators, one responsible for Lilongwe and Dowa, and the other for Kasungu districts under the overall leadership of the Project manager. One coordinator is stationed at Care Malawi head offices in Lilongwe who takes care of TA Kalumbu in Lilongwe and Chiwere and Dzoole in Dowa. The other coordinator is based in Kasungu and takes care of TA Mnjombwa, Mwase and Kaomba. At the community level, the coordinators were working with Care Malawi field officers, who were employed under the mentioned sister projects. The field officers were further supported by Village Agents (VA), who started supporting Care projects long before the mentioned sister projects were launched. The targeted beneficiaries are women and men who have participated in CARE's Village Savings and Loans Associations for more than two years and, hence implied ready to expand their small farm and off farm-business enterprises.

4.2 Overall Performance

The extent to which the project achieved the set objectives was assessed by comparing key indicators between linked and non-linked VSLAs. This was done to assess the added benefits to the existing projects, according to project design. It is important to emphasize that the baseline information was not available to allow for comparison with the end line situation. It is in this respect that attributing all the impacts to this add-on project would be misleading.

4.2.1 Access to Financial Services and Entrepreneurship

For both linked and non-linked VSLAs, **over 97% of** the sampled VSLA members took a loan in the past 12 months, which was mostly (over 95%) sourced from VSLA. A similar trend is observed on the use of the loan taken, which was dominated by business capital (over 40% for both groups); followed by purchasing agricultural inputs and then buying food. Similar to loans, **over 93% of members** in both groups had savings, which is expected if one is a VSLA member. However, despite access to informal

savings services, up to 35% (non-linked) and 25% (linked) of the sampled individuals reported to still keep savings at home, with only 2% of individuals saving with a bank.

Despite the low savings rate, this result is an indication of the interventions' potential to change attitudes. It was reported during the field work that in the past a lot of people had misconceptions about how a bank operates. Many thought the bank was for the rich and many feared that if a bank is robbed their money would be lost. At group level, access was better enhanced, compared to individual level, as narrated by an OBM key informant in Kasungu:

“As a bank, we have opened bank accounts to 160 VSLAs, more are still registering and in these VSLAs there are 2,499 women and 375 men. We have also opened accounts to more than 3,000 individual members of VSLAs, mostly women. Thus, as a bank we feel ANCP Project has contributed significantly to increasing access to formal financial services to rural masses.”

According to the monitored indicators by CARE Malawi, accessed from through the project coordinator, a total of 8,650 individuals and 174 groups started new businesses, with a cumulative total of MKW84,441,115 deposited at a bank, between 2014 and May, 2016. Table 5 presents other statistics indicating targeted households that have been reached.

Table 5: Groups Reached with Various Services by the Project

Activity	Groups	Individuals		
		Male	Female	Total
Starting new business	174	1,282	6,998	8,650
Linked to Bank (Opened bank accounts)	311	828	2,156	2,984
Linked to Airtel (Opened Airtel Money accounts)	342	892	1,798	2,690
Number of request to be linked (not processed)	570			
Amount Deposited at Bank	MWK 64,771,115	19,670,000		84,441,115
Amount Deposited at Airtel Money	MWK 15,980,000	1,986,600		17,966,600

Notably, from information collected from individual VSLA members, there was **no statistically** significant difference between the mean level of savings between individual men and women, which was at MWK 35,018 for men and MWK 20,388 for women. However, there was a significant difference between mean savings of linked and non-linked individuals in the sample. Non-linked individuals had higher savings (MWK 32,102) than linked (MWK 19,150). This difference could suggest existence of perceived fears with using the newly introduced available savings products.

4.2.2 Financial Literacy

One of the objectives of the project was to promote financial literacy among the project beneficiaries. The evaluation therefore sought to analyze the extent to which the project has been able to promote financial literacy, through the various trainings and other capacity development initiatives. The savings that beneficiary men and women reported to have is evidence of the benefits of the capacity building and awareness initiatives that the project implemented. A village agent (VA) from Dowa, T.A. Chiwere had the following to say about the trainings:

“The trainings taught us about good and bad loans. They taught us that you don't get a loan to buy an asset at home. It becomes hard to repay. It is much better to do business with the money and then use the profits to buy assets and or food. This has helped us a lot as many have now started running microenterprises and this has made it possible for them to increase the amounts they used to contribute.”

The VA further reported that the training on loans also helped the beneficiaries to know how best to utilize the loans they get from the VSLAs. For example, a number of VSLA groups were reported to be conducting short term seasonal businesses to increase their investments. Several groups in Dowa and Kasungu were reported to be buying soybean and reselling. One group from T.A. Mwase in Kasungu would buy tobacco and resell at the auction floors, while another group in Lilongwe (T.A. Kalumbu) buys groundnuts and resells. Apart from these initiatives, it was also reported that the group's members borrow money and repay mostly within a month after getting the loan on interest.

It was also noted during the field work that most of these groups' by-laws dictate that the loans can only be granted to a member of the VSLA. It was, however, found that a VSLA in Lilongwe lends out money to non-members at a higher interest and a shorter repayment period. Many times when they give out money the external borrower has to repay with an agricultural produce of a prescribed amount. It was further found that most VSLAs have a special fund, which in case of an emergency or incidentals a member can borrow from to avoid compromising the VSLA savings. In Kasungu, for example, this special fund is called "*Chaona Tsoka*", literally meaning '*a fund to provide support during misfortune*', which is given out interest free.

4.2.3 Women Empowerment

Although, economic empowerment may not have been a direct impact of only this project (but also the other sister project [WE-RISE and PATHWAYS]), the evaluation assessment noted that having access to financial services, coupled with knowledge and confidence to make informed decisions have helped women to start and manage their own businesses, and hence get involved in decision making at household level. A key informant in Dowa reported that women are now empowered economically and have been made self-reliant. These were the remarks of the informant:

"The project, through the VSLAs, has empowered the women economically through the business and financial literacy and management trainings. It has also helped women to be able to make important decisions in their households. Women have also been able to buy different household assets and some can now even buy their husbands clothes. Men now ask for money from their wives unlike in the past."

The stories of women becoming economically empowered were so many. Almost in each VSLA there were stories of women buying livestock, iron sheets for their houses, and many other things. Now that women have money and can manage to buy some of the household assets, it was reported that men now respect them and consult them on some of the main decisions in the house, as the quote below illustrates:

"...They keep their money at the VSLA which means the men cannot just get it from them. Instead, men have found a way of getting them involved so that they can release the money and that they may also enjoy the benefits with them." [Village Agent, T.A. Mwase, Kasungu].

Similar observations were also noted from the sampled individual VSLA members where 82 percent of the women indicated that they had taken a loan in the preceding 12 months to the date of the interview. **43% of these women indicated that they made the decision to get the loan themselves, while 18.4 % made the decision jointly with their partners.**

On the use of the finances from the loan, **41.1% of the women indicated that they made the decision on what to use the money for on their own.** On the other hand, only 24.5 % made the decision jointly with their spouses. This indicates that a significant proportion of the beneficiary women have been empowered and hence are able to make decisions on their own self without relying totally on their spouses.

4.3 Strategic Evaluation Criteria

This section presents the findings from the project evaluation based on the OECD-DAC Evaluation criteria.

4.3.1. Relevance

In this evaluation, Project Relevance was assessed on several fronts. The microfinance project was found to be extremely relevant at international, national and local levels.

At the international level, the project was highly relevant and in line with the international development agenda. According to the 2014 Global Findex Database, up to 2 billion people do not have access to financial services in the world. This is evidence that financial inclusion and microfinance play a crucial role. This critical role of financial services has further been evidenced by the inclusion of access to finance as part of the United Nations' Sustainable Development Goals (SDGs). The SDGs further describe the relevance of having full access to financial services, particularly for women. It is against this background that the project was highly relevant and supportive of the international development agenda.

At the national level, access of financial services to low income households such as savings, insurance services, small loans and remittances enables them to benefit from economic opportunities to build up income and assets to lift them out of poverty (ibid). This is the case in Malawi, just like in many developing countries. Recognising the importance, the Government of Malawi has developed various policy documents to support access to finance interventions, and hence reduce poverty and vulnerability. Microfinance project objectives were in line with objectives of the MGDS II, the Malawi Social Support policy, and the National Financial Inclusion Strategy (2015-2016), which are key policy documents on financial inclusion and access to financial services among the rural poor Malawians. Recognising the need to provide and promote productivity-enhancing interventions and welfare support for the poor and vulnerable, the Malawi National Social Sector Programme was initiated by the Government, further providing evidence of the relevance of the Malawi Microfinance Project, which Care Malawi implemented. International Labour Organisations reports on assessment of social programmes for Malawi revealed that Village Savings and Loans groups are very popular and have had positive impacts in Malawi. However, concerns of inadequate training in financial literacy and business skills were sighted to hinder achievements of the impacts. The Project was designed and implemented in such a way that these key shortcomings were addressed. It is for this reason that the evaluation has found that the project was highly supportive of the national-level policies and strategies.

At community level, studies conducted under several Care Malawi projects have revealed that although rural households are able to access informal loans and saving services, there are a lot of cases of loss of portfolio due to theft. These studies further show that households were borrowing mostly for consumption. The Malawi Microfinance Project was therefore designed as an add-on, with the aim of helping households to develop business, and hence increase household assets. The relevance was further observed from the excited comments from discussions with beneficiaries, and key informants at community level. The beneficiaries explained that the linkage of the VSLAs to the banks and Airtel Money has brought security to their savings and the financial literacy and business management trainings has helped the groups to grow their savings, as well as operate businesses. The need that the project has filled is well captured in one of the VSLA members own words:

“Before the coming of the ANCP project which has linked us to the Opportunity Bank, there were so many cases of money getting stolen, purse keeper’s houses catching fire, money boxes being stolen and sometimes the purse keeper would be tempted to use some of the money without the knowledge of the members. Now with the linkage to the Bank, we know our money is safe such that we can contribute as much as we can without any fear. With the trainings in business management, now most of us know how to manage businesses and we get a loan from the VSLA to run a business and repay on time.”

In terms of project design, unlike many other projects, the Malawi Microfinance project was implemented using structures from sister projects (Pathways and WE-RISE). This approach brought in a lot of benefits because project beneficiaries were already used to the personnel who were on the ground under the other projects. Further, economies of scale were achieved in the use of resources. However, the major weakness that was noted was that, in most cases, priority in terms of delivery of activities was on the sister projects for which the staff on the ground was employed. Practically, the use of pooled vehicles proved a challenge, because they were also on demand to service other projects. Delayed funds disbursement and hence recruitment of coordinators delayed commencement of activities. First disbursement was done in December, 2013, and coordinators were recruited in March, 2014. Acceptance of the extra work, by existing staff on the ground, coming with the new project, delayed commencement of project activities further. Local community development structures such as ADC/VDC and volunteers were involved in most of the activities, including capacity building. VAs and Government staff and Area development committee members participated in the capacity building initiatives.

The project was also reported to have improved the food security situation in the target communities especially for the targeted beneficiaries. Both beneficiaries and Village agents reported that the introduction of the project taught the beneficiaries how to manage funds, budgeting and planning. This has made them to plan and buy food in preparation for the lean months. It was also reported that during the lean months the beneficiaries are able to rush to the VSLAs to get a loan and buy food.

Overall, *the performance of project under Project Relevance has been rated as **highly satisfactory*** as the project was supportive of the international and national development agendas, and the project was designed and implemented to address critical challenges that the beneficiaries faced.

4.3.2 Efficiency

On project efficiency, the evaluation examined the extent to which the project results have been achieved at reasonable cost. In particular, an analysis of how well inputs were converted into activities and an assessment of the quality of the results achieved was done. This section therefore explains how the resources provided by the project were translated into outcomes. According to the project document, the planned budget for the originally planned four year programme was Aus\$ 1,293,732. At the time of the evaluation, financial figures showed that overall expenditure has been below receipts, especially for the first year of implementation (See Table 6). The information presented is as of March, 2016. The expectation is that the absorption would be much higher for the final year, as the project finalizes with all the outstanding activities.

Table 6: Project Income and Expenditure (Provisional Financial Data)

Year	Receipts (Aus \$)	Expenditure (Aus \$)
1	248,873	115,571
2	291,051	243,490
3	202,402	141,915
TOTAL	742,322	500,976

Figure 1: Project's Absorption Rates

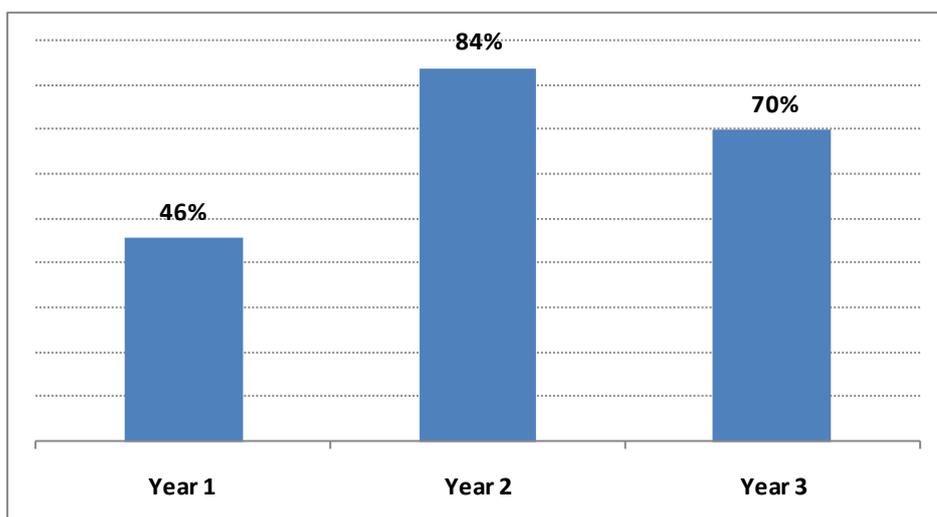


Figure 1 : Project Absorption Rates

The provisional financial data have shown that the project’s absorption rate has been low (see Figure 1). The low absorption rate in the first year (of around 46 percent) is attributed to delayed commencement which happened in October 2013, but implementation of activities was delayed further until March 2014 because of delays in the disbursement of funds from Care Australia. It was reported that the first disbursement was made in December 2013.

The project documents also reveal that the project had planned to use various communication strategies, including radio programs; short message services (SMS), videos, and meetings. However, at the onset of the project, it was realized that not many targeted beneficiaries owned mobile phones, and hence short messaging (SMS) and video recordings were dropped as activities to be done. This had implications on the project’s absorption rate, as some of these funds remained unutilized. Figure 2 indicates that funds were mostly spent on personnel costs. This could be because the main project activities were human capacity building, as opposed to capital expenditures.

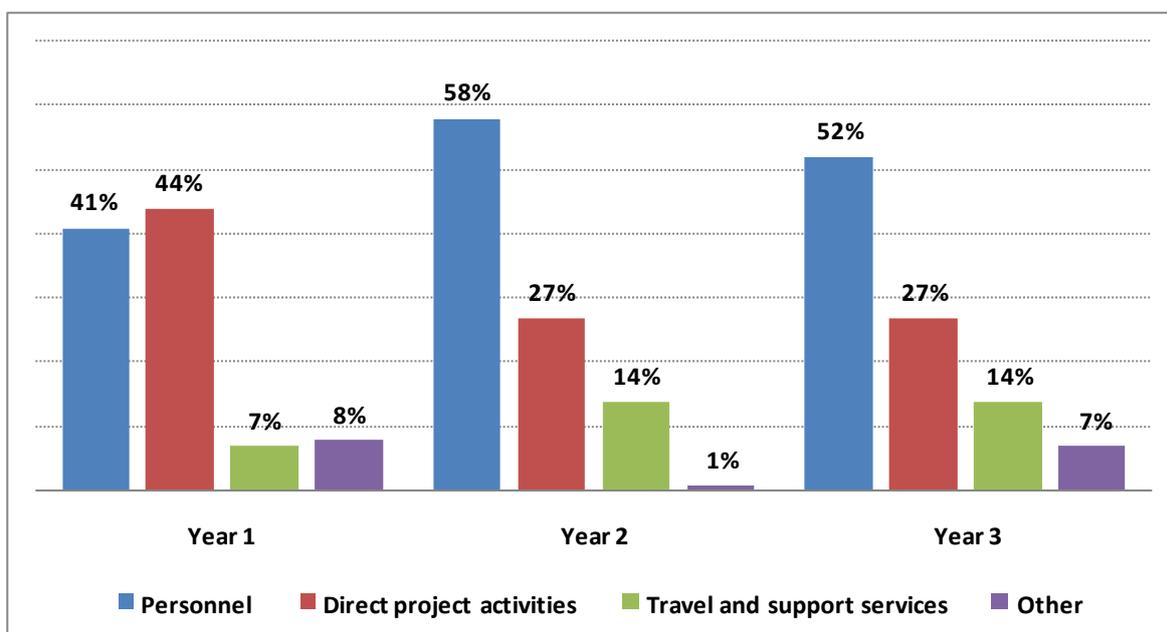


Figure 2: Percentage of Project Expenditure by Category

It was also noted that the project conducted several residential trainings which are more expensive than the usual non-residential ones. However, considering that the targeted volunteers are not remunerated, residential option worked out as a motivating factor, when they visit a different area. It was, however noted that despite using the residential trainings, the financial analysis did not negatively affect both the budget and planned expenditures.

It was further noted that the project was initially planned to end in 2017. The curtailing of the project duration meant that certain activities that were meant to be done to 2017 have been squeezed to be done earlier and quicker than would be done for greater impact. Change of attitudes and behavior take longer to achieve, and hence the change in duration potentially lessened extent of project impact.

Linkage of the VSLAs to Airtel Money and OIBM

Airtel money and OBM conducted awareness sessions, to sensitize the communities on how Airtel money and the bank operate, and associated benefits derived from using the services. Discussions revealed that most of the groups were skeptical at first because they thought the bank would steal their money. The beneficiaries were not sure whether they would be able to access their money any time they want it especially in case of Airtel money. Rumors of CARE conniving with bank to steal money made other groups skeptical and hence chose to remain unlinked in Kasungu. Despite this, it was reported that more than 182 VSLAs have opened their accounts with OBM in Dowa and Kasungu District⁴. It was also reported that more than 3000 members of VSLAs have opened individual accounts at OIBM in Kasungu District alone⁵.

⁴ The Acting Chief Transformational Officer at the OBM head office reported this figure and indicated that every day the figure is changing as more VSLAs open their accounts with the Bank.

⁵ The Bank Manager for Kasungu reported that up to 3000 Bank accounts have been opened for members of VSLAs under the project.

Key Informant interview with a village agent in-charge of Chikondi VSLA in the area of T.A. Kaomba in Kasungu revealed that the adoption of Airtel money in the groups was low. The Village agent reported that:

“Members of the groups always linked Airtel with the Phone tariffs and the way their airtime in the phone ends within a short call duration. Thus, they thought Airtel may embezzle their money the same way the airtime finishes in their phones and they did not trust that if they keep their money in the Airtel Money account. They would also withdraw the same amount. They also preferred the bank because they are assured that in the long run they may be able to access a loan from the bank unlike form Airtel Money.”

Delivering financial services to rural masses is expensive, because of the small volume transactions incurred, that make it costly. Although development goal of the bank was achieved, by reaching out to rural masses, the exercise was not cost effective.

Overall, the performance of project under Project Efficiency has been rated as **satisfactory** as the project has been proven to be efficient with the use of project funds, even though the project's burn rate was lower than planned.

4.2.3. Effectiveness

This evaluation criterion determines the extent to which the project outcomes and outputs have been achieved. By using quantitative data on the programme indicators, coupled with qualitative data from FGDs with programme beneficiaries and key informants, the evaluation has shown that the programme as a whole was highly effective (see Table 7). It was discovered that implementing the project through existing project structures and staff made the project not to be specifically known on by the communities. In most areas the beneficiaries would not identify the ANCP project and would only identify it with the other projects like WE-RISE, PATHWAYS and MAZIKO such that they were explaining success stories of the other projects and their impacts unlike the ANCP Project. However, this did not translate to less effectiveness on the ground.

Change agents working for the other projects were the same ones working for the ANCP Project. This arrangement increased their work load and, hence made it difficult to timely engage with all VSLAs in their clusters. This situation was worsened when clusters covered a larger geographical area sometimes with a hilly terrain, for example in Dowa. In the long run, the coordinators workload was increased as they had to be doing more of ground level work to support the change agents. This approach is commended because it enhanced timely delivery of intended interventions. The residential trainings, use of radio to disseminate extension messages, awareness meetings, use of VAs to train VSLA members in financial literacy and business management has contributed to opening of accounts, security of savings, easy access to financing, and hence mushrooming of businesses in the target areas.

Security of Funds

Saving money with Airtel Money or with the Opportunity Bank provided security of the funds, as one Village Agent in Kasungu (Traditional Authority Kaomba) reported:

“The cases of theft and embezzlement of funds have decreased such that even the chiefs are appreciating because theft cases from VSLAs have now reduced in their courts.”

The Village Agents further reported that,

“The groups were trained in financial literacy and business management. Now members are running businesses and are able to repay their loans in time and the savings have also

increased. In the past as of 2010 the highest share holder would get up to ten thousand Kwacha but currently, the lowest gets up to fifteen thousand and the highest up to one hundred thousand kwacha by the end of the year. This has been the case since the linkage to the bank as the groups are now assured of the security of the funds.”

The linkage did not only provide security but also access to larger sums of capital, as one of the project beneficiaries from Chikondi VSLA in Kasungu reported:

“Chikondi VSLA got a loan from Opportunity Bank worth one million, four hundred thousand Kwacha which we divided amongst ourselves and managed to run businesses. This helped us to repay the loan in full and on time. We are now getting a second loan of more than two million Kwacha. This came because of the linkage through the ANCP Project.”

In the sites where the project linked the VSLAs to Airtel Money, it was also noted that the linkage has benefited the groups significantly. It was reported by project beneficiaries that in the past, there used to be so many conflicts during sharing out of the funds. If the groups that are linked are compared to the non-linked, the linked are assured of the security of their funds. In particular, there have been cases where the purse keepers would have their house burnt to ‘cover their sins’ because that would mean the group will not force them to account for the money they were keeping since it would be assumed the books and the money that they were keeping have been burned together with the house. There have also been cases where the purse keepers were really attacked and robbed off the money. It was therefore reported that the linkage has reduced these cases at least within the linked groups, as the quote below illustrates:

“As a member of Tadala Club in Lilongwe, which is not linked, I cannot wait for the group to be linked. It is dangerous to keep huge sums of money in the house. You are always in danger. If people discover who keeps the money the likelihood of getting attacked is very high. We would rather be linked as soon as possible for the security of the money.” [Female Beneficiary, Tadala VSLA, Lilongwe].

In Dowa, T.A. Chiwere the village agent was all praises to the introduction of the ANCP Project. She narrated that for the clubs that are linked, the malpractices have reduced substantially. These were her sentiments.

“In the past, the purse keepers would have shortages. Now with the linkage to the bank the money is safe and so is the life of the purse keepers as they could get attacked if criminals get to know that they keep the group’s money.”

Another beneficiary from T.A. Chiwere in Dowa also praised the linkage to the bank. He narrated a case that had befallen one VLSA in the previous year, in the quote below:

“In 2015 Tiyanjane VSLA Group was robbed of MWK 250,000 because one of the members of the group connived with robbers. The group had saved 2.8 million Kwacha which was being kept by different people. Due to this, only MWK 250,000 was lost. When the linkage came the group was glad as their security concerns had now been addressed.”

In Kasungu, a Key informant interview with Airtel staff revealed that one group has been operating as an agent and has even employed a person to be running the business for them. The informant could not however give the name of the group for security reasons. Table 7 summarizes the extent of effectiveness by comparing key project indicators between linked and non-linked groups.

Table 7: Endline Values for Project Indicators

Indicator	Type of VSLA		Test of Statistical Difference
	Linked	Non Linked	
% of participants that open a bank account as a result of the training	59.5%	40.0%	$\chi^2(1)=1.206$, p=0.306
% of participants who know what services are offered at a bank	100.0%	100.0%	
% of VSLAs participants who correctly mention their rights and responsibilities as clients of financial services	78.9%	80.5%	$\chi^2(1)=0.047$, p=1.000
% of HH that have started new business or changed their IGAs	27.0%	23.1%	$\chi^2(1)=0.164$, p=0.805
% of women in leadership positions in agricultural related	52.7%	40.0%	$\chi^2(1)=1.715$, p=0.246
% of women involved in IGAs	85.7%	91.4%	$\chi^2(1)=0.774$, p=0.565
% of people receiving extension services through projects initiated ICT in the project area.	70.3%	80.0%	$\chi^2(1)=1.438$, p=0.310
% of project beneficiaries' perception that financial services are responsive and accountable to the interest of women	84.4%	63.4%	$\chi^2(1)=8.308$, p=0.007*

As Table 7 shows the end line values of the various outcome indicators did not show any statistical difference between linked and non-linked VSLAs. The only indicator that was statistically different is the “% of project beneficiaries' perception that financial services are responsive and accountable to the interest of women”. For this indicator, the percentage was statistically higher for the linked VSLAs than the non-linked ones. Since the major difference between linked and non-linked VSLAs was mostly in the security of their savings and that all other benefits from the sister projects (WE RISE and PATHWAYS) were similar, it is not surprising that the end line values for the outcome indicators were not statistically different between the two groups.

Table 8: Number of Beneficiaries to Various Trainings and Capacity Development Initiatives under the Project⁶

Type of Capacity Development	VAs	GROUPS	INDIVIDUALS		
			M	F	Total
Financial Education Training	200	1,269	3,240	18,927	22,167
Business Management training	200	969	3,011	13,209	16,220
Starting new business		174	1,282	6,998	8,650

Overall tables 8 and 9 indicate considerably high levels of knowledge and entrepreneurial activities, as a direct result of the Microfinance Project. The tables should not be interpreted as which group is doing better, but as evidence of financial literacy and business management skills trainings on rural livelihoods. The project reached its targeted number of trainees, which contributed to attaining the results. Village agents in Lilongwe noted that the groups that were linked had members contributing

⁶ We strongly feel that the data presented in this Table includes beneficiaries from other CARE Malawi projects, and not only the ANCP Project. The data were directly obtained from CARE Malawi's M&E System.

more to the savings unlike those that are not linked. In Lilongwe, it was discovered that the malpractices of money being embezzled or stolen are still continuing, such that members for fear of their money getting stolen choose to contribute less at least not to lose a lot. This was a case of Tadala club in Lilongwe.

Loan repayments

The loan repayments were noted to have been enhanced. It was noted that in the past the VSLAs were operating without any standard procedures befitting a VSLA and most of the members were not aware of how best to run a VSLA. The introduction of the sister projects brought sanity. When the Village agents were trained they run to and from training the VSLAs and establishing standards in them. It was reported that so far the loan repayments are good. There are very few cases where the members would default.

In Kasungu however, in a focus group discussion with beneficiaries, women expressed resentment in inclusion of men in the groups as they indicated that it is mostly men who default the loans. In such a case, it was reported that the group confiscates the member's property if the shares they own in the VSLA cannot repay the loan.

Membership into the VSLAs

It was observed that membership into the VSLA groups is voluntary. The group selects each other based on character, trust and capability to contribute in the group. They look for people that can manage to save and repay loans.

The membership of the clubs is generally female dominated with a few groups with a few men. However, the numbers of men joining the VSLAs is now picking up. It was only in one of the clusters in the area of Traditional authority Chiwere where VSLAs were reported to have almost 50/50 membership as it was reported that the active 11 VSLAs have a total membership of 127 men and 129 women.

It was further reported that the trainings conducted on VSLA formation and management stipulated that a club consists of 15-25 people.

"We do not allow a club to have a membership more than that due to administration problems that may arise as it is difficult to handle a group larger than 25 people as 25 is even on a higher side." Said a Village agent from T.A. Chiwere, in Dowa.

Technical difficulties with creating of Airtel money accounts contributed to delays in opening accounts for beneficiaries. OBM uses agents (usually shop owners) to reach out to rural masses with their savings products. VSLA groups use a phone, where, four individuals punch in the pin number until access is granted. However, the beneficiaries discovered that when the first pin holder enters their secretly kept number, the number is not hidden with asterix. This means that the last member to input the pin would know the complete pin, and hence security breach. This anomaly could have affected extent of opening of group accounts with bank.

This was also the case with Airtel money accounts if the USSD menu is used. The Airtel Sales Person in Charge of Ntchisi and Kasungu reported that when using the USSD menu, the person who enters the last digit would be able to see the rest of the digits thereby compromising the security arrangement. Thus, Airtel agents in Kasungu advised the groups not to use the USSD menu whenever they are doing the Airtel money transactions. However, when the STK menu is down, the groups would face challenges as they would be forced to use the USSD which compromises security.

Overall, *the performance of project under Project Effectiveness has been rated as highly **satisfactory*** as the project has been able to demonstrate improved financial literacy, business skills development, and successful linkage of willing VSLAs to Airtel Money or Opportunity Bank. With regards to the achievements on the project indicators, there are no statistical differences between the endline values for linked and non-linked VSLAs. In the absence of baseline values for the indicators, as well as project targets, it is not possible to ascertain the extent to which the project has been able to meet its set targets.

4.2.4. Project Impact

Access to finance was visibly enhanced as evidenced by majority of borrowing and saving through the VSLA, regardless of it being linked or not. The linkage to the Bank and Airtel Money has enabled the penetration of formal financial services in the rural areas where the project was being implemented. This has led to increased security of VSLAs' savings, which were reportedly being kept to be used in case of emergencies, for example during months of food shortage.

The most critical months for food shortage are February and March, because food is very expensive during this period as it is the beginning of the rain season. Up to 62.7 percent indicated that VSLAs have **helped them to be food secure because savings are used to buy food in these crucial months. A further 25.4 percent felt that information and advice from VSLAs on food security helps them to prepare better for these difficult months.**

Contribution of the project to reduction of food insecurity in the areas is felt by all, as one project beneficiary in Dowa reported:

"In the past only chiefs and well-to-do families were food secure. Now every member of the VSLA does not suffer during lean periods because they use some of the savings to buy food as it is an agreement in the VSLA. When the worse comes to the worst, the members come and borrow from the VSLA."

In agreement to the sentiments, the senior Group Village Head Kasela from Kasungu had this to say,

"The project has benefited my community a lot. I used to have so many cases of theft and other malpractices in the VSLA but now they have reduced. For many households involved in the VSLAs, food shortage is not an issue with them as from the savings they are able to buy fertilizer without relying on subsidy and are harvesting a lot."

"The financial literacy and business management trainings has helped the members to budget and plan on how they can use their finances and also the importance of how they can better run their businesses. Now the members are better contributing to the savings and are buying more shares than before. The savings have increased substantially. As of last year [2015] December the total savings were K1540,000. Right now as of April, the savings only were at K520,000."

4.2.4.1 Household Income

Increased real household income was one of the impact-level indicators of this project. The quantitative data showed that the average annual household income was MWK 346,386 for the beneficiaries in linked VSLAs and MWK 444,974 for the members from the non-linked⁷ (see Figure 3).

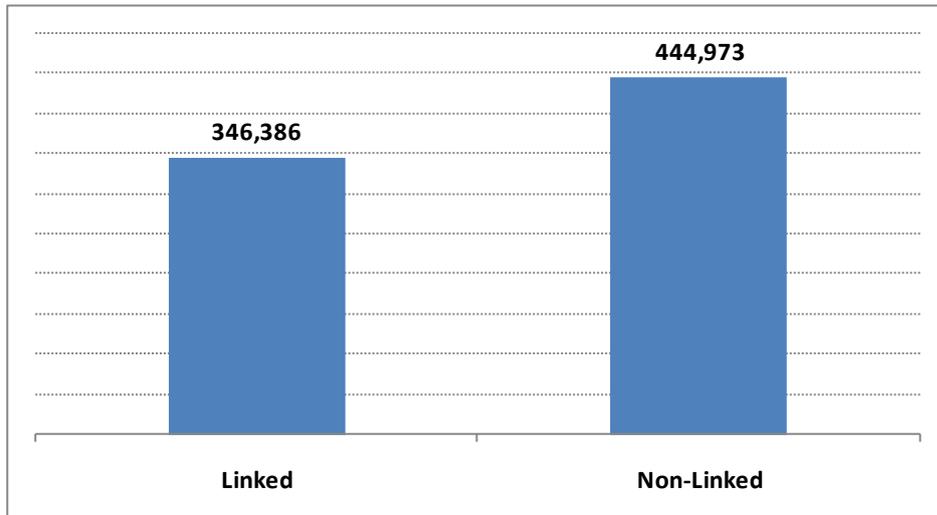


Figure 3: End line Value for Mean Annual Income (MWK) for Linked and Non-Linked VSLA members

Since the evaluation team was not provided with baseline income values and no targets were provided it is difficult to ascertain the extent to which the project has contributed towards increasing the incomes of the project beneficiaries.

4.2.4.2 Asset Accumulation among Beneficiaries

One of the main things the ANCP project has contributed to the members is asset accumulation. In almost all areas members are reported to have built houses, bought household assets, livestock and many other things. The majority of these are women.

The following are cases of a member of Tidziwane VSLA in Dowa:

	<p><i>“My name is Modester from Samuel Village T.A Dzoole in Dowa. I am 39 Years old. I am a member of Tiyanjane club. I am 39 years old. I am a member of Tiyanjane VSLA Club since 2012. When the ANCP Project came, we were trained in financial management and business skills. We were also trained on how we should use a loan. We were told that a loan should be taken for business purposes. I got a loan and did a small business following the principles that I had learnt from the trainings. I managed to increase my savings from the profits. When time for sharing came, I received MWK 63,000, of which MWK 30,000 was used to buy 2 pigs. The ANCP Project has opened my eyes”.</i></p>
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⁷ The test of significance showed that the two means are not statistically different, i.e. $t=1.09$ (167), $p=0.279$.

Another case was of Dorothy Fatsani who could not miss words on the benefits she has derived from Care Malawi:

“Dorothy Fatsani is my name. I come from Samuel Village, in the Area of T.A. Dzoole in Dowa and I am 45 years old. I am a member of Tiyanjane club. I have been a member of Tiyanjane club for some years now. However, I did not benefit much from the VSLA. When the ANCP project came, we were taught how to budget and manage our finances. Through the savings from VSLA I bought pigs. I raised them until they followed the first litter. After the piglets had been wined I sold some of them and saved the money. When I sold the second litter, together with the saving form VSLA I went and bought Iron Sheets. With my husband now we have built this house with burnt bricks and iron sheets. I could not have done this. Thanks to the trainings from ANCP.”



In Dowa T.A. Chiwere these were the sentiments of one of the Village agent:

“With the introduction of the project, people have learnt how to manage their finances, budgeting and set goals. People have built houses with burnt bricks and iron sheets which was not common in the area, so many have shops and so many have started other business.

Increased access to financial services, through financial literacy trainings has enhanced capacity of households to operate businesses, save securely and also have opportunity to access bigger loan amounts. However, only selected groups are saving securely with formal banks. The impacts are visible, however since change in behavior takes time. Given more time, greater impact can be achieved.

Overall, the performance of project under Project Impact has been rated as highly **satisfactory** as the project has been able to demonstrate impact in terms of improved food security, asset accumulation and incomes. It has also demonstrated significant impact in the promotion of security of the VSLAs' savings.

4.2.5 Sustainability

A key component of continued process of change in development work is the extent to which interventions meet present needs without compromising on future benefits from the intervention. As the

Microfinance Project is phasing out, the evaluation has singled out some design elements that can have an effect on the sustainability of the project.

Project implementation at community level was mostly done through village agents, who were given the training of trainer's trainings. The rest of the communities were trained by the VAs. The VAs operates on voluntary basis. However, the assessment discovered that when VSLAs are sharing out proceeds, they involve the VAs as a third party, to avoid unnecessary conflicts. The VAs are reportedly remunerated by the VSLAs for offering that service. This can act as an incentive to the VAs to continue. A village agent in charge of Chikondi Club had this to say.

"The project has built our capacity by training us. Even though the project is phasing out, we will still be here available for the VSLAs."

Most of the Village agents shared similar sentiments.

VSLAs have been in operation long before the Microfinance Project was introduced. This community informal financial service provider has proven beneficial, and meeting crucial needs of rural masses even at national level. Their existence in the near future is therefore not questionable. However, linkage between VSLAs and OBM, though needed, is dependent much on change of mindsets and behavior, and availability of the services. The former requires consistent capacity building initiatives, in addition to awareness campaigns over a long period of time. This is because money issues are sensitive, especially when dealing with a third party.

Sustainability would be negatively affected in the long-run, if less groups and individuals open accounts, because it will be costly for the banks to operate in the rural areas. The sustainability of this relationship hinges more on continued change in behavior towards use of financial services. The capacity and ease of access to the agents within the community would also contribute to continued use of the services. For example, cases were reported of an agent not having enough money readily available at the time when the savers require withdrawing.

The potential for this project to be sustainable was noted, however technological advancements, continued increase in demand and use of the services to justify the transaction costs for providers are critical. The project is sustainable in the short run, but not in the long run based on the current status.

Another key project element that has promoted sustainability is the range of trainings that beneficiaries have gone through in financial literacy, business training and entrepreneurship, including the orientation in mobile technology. These trainings have provided the much needed skills within individuals and in the VSLAs which they will continue to benefit from long after the ANCP Project has phased out.

Overall, *the performance of project under Project Sustainability has been rated as highly **satisfactory*** as the project has been able to demonstrate that the benefits from the project will continue to accrue to the project beneficiaries and the wider community long after the project has phased out. However the linkage component is dependent on other external factors to the project.

4.3. Internal and External Factors affecting project Performance

There are a number of internal and external factors that affected project performance, either positively or negatively. This section highlights the key factors:

4.3.1. Internal Factors

1. The village agents attributed the success of the project to the cordial relationship they had with the CARE staff. After the village agents were trained, there was flexibility on the times when the communities would later on be trained.
2. The use of resources, including human resources and vehicles from the sister projects positively contributed to the success of the project as it demonstrated good value for money.
3. The arrangement of setting up Memorandum of Understanding with the formal financial service providers (Airtel Money and Opportunity Bank) was necessary to establish the modalities for cooperation and engagement and ensure that the project beneficiaries are accorded with the necessary services.

4.3.2 External Factors

1. Change in funding policies from grant country (Australia) resulted in unexpected winding up of project before its planned time elapsed. Due to change of government policies in Australia, project is now terminating in June, 2016 instead of 2017. This has negatively affected project implementation.
2. Delays in registering clients under Airtel, derailed implementation due to technical issues. This was very frustrating to project implementers and beneficiaries.
3. Funding delays, coupled with fast tracking implementation impacted on extent of achieving outcomes.
4. Failure for the system to safeguard use by OBM also negatively affected the project.

4.4. Lessons Learnt and Best Practices

A number of key lessons have been drawn as follows:

- Implementing of new project using existing structures is commendable, and hence should be adopted where possible for all CARE projects. However, depending on magnitude of the projects some assets still need to be procured, to support timely delivery of key activities, For instance vehicles, and selected key personnel on the ground.
- Repayments in VSLAs have been good, and beneficiaries have been able to use knowledge gained in trainings to implement activities even beyond what the project planned to do. For example some groups have separate savings to cover for emergencies, without depleting capital for businesses. This could be an indication that the interventions met the needs of the targeted communities.
- Financial literacy can enhance savings mobilisation in the rural areas. However, literacy alone might not do much, in isolation from technological advancements, partnerships with service providers, and buying in of the beneficiary communities.

- Availability of formal financial services may not be the major deterrent to accessing finances, but behavior and attitude, towards using the services also plays a major role.

4.5 Challenges Faced in the Project and Areas of Improvement

1. A village agent from Kasungu explained that the challenge was low literacy levels for some of the members such that they were not able to calculate shares on their own. This made some of these members to suspect that they did not receive their fair share of the proceeds by the end of the year. Thus she recommended introduction of adult literacy programme in future projects.
2. The village agents indicated that they did not face many challenges in the project. An agent from T.A. Chiwere in Dowa explained that lack of proper transportation for the VAs made it impossible sometimes to visit, coordinate and train all the VSLAs in their cluster. This is due to the terrain in the area and the long distance they have to travel. He also explained that there was need for more exchange visits to learn how others are doing in other areas which also becomes a motivation to the members.
3. On the other hand they explained that the project would have made more impact if the number of village agents would have been increased as they were not able to service all the VSLAs due to their increased numbers, distance between them and many times the terrain of certain areas was not very good.
4. Use of pooled vehicles sometimes contributed to delays in the implementation of activities.

5 RECOMMENDATIONS

Based on the findings of the evaluation, the following recommendations are provided:

1. Orienting existing staff on the approach of designing projects to add value to existing projects is critical.
2. Use same staff, who are on the ground to service sister projects, to be handling queries specific to targeted issues, since they will still be on the ground. i.e guide through VAs where possible for those requesting to be linked. Potential to mobilise savings from economically empowered rural based households areas has been demonstrated, hence should be encouraged.
3. Implementing an add on project should have one coordination unit(for example one manager for both the add on and a sister project) for easy resource utilisation and reporting
4. Assess and orient partner institutions of projects interventions, and key outcomes before implementation.
5. OBM and Airtel should design an innovative way to ensure that when the pin is entered it is hidden. Awareness sessions on the same would be beneficial to the project beneficiaries.
6. In future, provision of mobile phones to facilitate linkage should be considered. However, mobile phones should only be given on a loan basis to the group.
7. The Project has been very relevant to link informal savings groups to the formal sector; continued support is recommended, however at a declining pace. This is because a number of people are aware. However, purchasing decisions are made when a consumer is convinced of the preferred choices, not only after awareness and knowledge.

8. The evaluation faced challenges related to the M&E, especially the lack of baseline data for the project and lack of targets for each indicator. In future, the project management should ensure that the projects have indicators that are well defined, with comprehensive baseline values and targets.

ANNEX 1

1. THE MICROFINANCE PROJECT LOGFRAME

OBJECTIVE	SUCCESS MEASURES	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL</p> <p>To improve food security in the targeted rural poor households</p>	<p>% of households with enough food from self provisioning through the critical lean months December to March compared to baseline.</p>	<p>Ministry of agriculture surveys.</p> <p>Quarterly Reports and project evaluation reports.</p>	<p>The project will have all the required resources and climatic conditions will be favourable.</p> <p>The community see the value of the knowledge & skills gained to realize food security.</p> <p>Government extension services are available and working</p>
<p>PURPOSE</p> <p>-To increase household income and agriculture production among rural household to overcome chronic food insecurity through livelihood diversity, access to finance and capacity development</p>	<ul style="list-style-type: none"> • % of households with increased household income • % of households with increased crop production • % of household with increased livestock 	<p>Quarterly reports, review meetings</p> <p>evaluation reports</p> <p>Case studies</p> <p>disturb</p>	<p>All other stakeholders involved will have enough resources to support the project adequately.</p> <p>Prolonged natural disasters such as drought, floods, pests, crop & animal disease outbreaks do not occur</p>
<p>OUTPUTS</p> <p>1. Increased financial literacy and skills</p> <p>2. Increased skills in business management</p> <p>3. Increased access to formal banking through mobile banking</p>	<ul style="list-style-type: none"> • % of targeted communities with financial literacy knowledge & skills • % of people in targeted communities with business management skills • # of businesses that are being established 	<p>Quarterly reports</p> <p>Review meetings</p> <p>Case studies</p>	<p>The project will have enough time and resources to carry out all the planned activities.</p> <p>The community see the value of the knowledge & skills gained</p> <p>Mobile money operators will have capacity to establish agencies in all target areas.</p>

<p>4. Improved access to extension and market information through ICT</p>	<ul style="list-style-type: none"> • % of people utilizing the knowledge and skills gained • # of people accessing mobile banking • # of people accessing agriculture extension and market information through ICT 		
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