

# **Summary**

## **Joint External Evaluation of Women's World Banking (1996-2003)**

Nordic Consulting Group (NCG)  
Erlend Sigvaldsen

## Foreword

In 2003 the Ministry of Foreign Affairs of the Netherlands, the Swiss Agency for Development and Cooperation, and the Royal Ministry of Foreign Affairs of Norway commissioned an independent evaluation of Women's World Banking (WWB). A consultancy consortium consisting of FACET BV, InterCooperation and Nordic Consulting Group was commissioned to carry out the evaluation, and the results were presented in the report entitled "Joint External Evaluation of Women's World Banking (1996-2003)".

The objectives of the evaluation were to present factual findings on achievements and performance of WWB's operations and programmes, to assess WWB monitoring and funding mechanisms; and to assess the 2002-2004 and prior strategies in view of the evaluation findings.

Among its main findings and conclusions, the evaluation described WWB as a network that respects members' autonomy, while it had been increasing its focus on strong institutions and there had been less emphasis women as leaders of the microfinance institutions. It was found that more and improved technical services and training has been delivered through WWB's programme areas, but at increasing cost with less additionality. The consultants described WWB's monitoring as concentrating on outputs, and the donors' monitoring of WWB was characterised as having been weak. The consultants furthermore stressed the level of expertise in micro-finance which the WWB possessed, although WWB's recognition as a leading institution in microfinance was considered to have decreased.

In its formal response to the report, WWB stated that the evaluation was helpful in providing a critical look at the period covered. Especially some findings, such as the need for stronger emphasis on women's leadership, were considered useful for WWB's strategy for 2005 to 2007. Nevertheless, WWB pointed to a number of conclusions with which they did not agree. These include the lack of additionality of WWB with regard to technical services and WWB's decreasing role as a facilitator and change agent. Moreover, WWB had serious concerns regarding the overall tone and balance of the report, stating that there was a tendency to frame points in a negative manner.

Taking the above viewpoints into consideration, Norad's Evaluation Department commissioned Erlend Sigvaldsen, who was a member of the evaluation team, to produce a summary of the original evaluation report in order to present a brief and reader-friendly recapitulation of the main findings and conclusions.

Asbjørn Eidhammer  
Director, Evaluation Department  
Norad

## Table of Content

1	Background and Methodology.....	4
1.1	What is WWB and what does it do? .....	4
2	Evaluation Findings .....	5
2.1	A changing network that respects members' autonomy .....	5
2.2	WWB Programme Areas .....	7
2.3	WWB Impact .....	10
2.4	WWB Planning: Ambitious, but lacking critical monitoring .....	11
2.5	WWB 2002 - 2004 Strategy: Doubts about being on the right track.....	12
3	Issues and Recommendations .....	13

# 1 Background and Methodology

Women's World Banking (WWB) has been supported by Norway since the mid 1980s. Other longstanding major donors include the Swiss Agency for Development and Cooperation (SDC) and the Ministry of Foreign Affairs of the Netherlands. These three donors decided in 2003 to carry out a joint evaluation of WWB. For Norway and the Netherlands it was the first evaluation ever, while the Swiss had done an evaluation of WWB back in 1996. The time span to be covered was thus decided to be between 1996 and 2003.

The evaluation – titled “Joint external evaluation of Women's World Banking (1996-2003)” - was done as a joint collaboration between three consultancy companies, one from each of the three donor countries.<sup>1</sup> The basic evaluation framework rested on a set of 88 indicators to test performance within WWB's four programme areas: Technical services and training; financial products and services; linkage and learning; and contribution to policy change. The consultancy team visited eight countries, namely Bangladesh, Benin, Colombia, Dominican Republic, Gambia, India, Kenya and Uganda, in addition to visiting WWB headquarters in New York.

WWB is a network organisation that supports members in implementing microfinance schemes, but is not directly involved in providing microfinance itself. All network members are independent organisations, and a particular methodological challenge in the evaluation was thus so called “attribution” – how to link the support given to the network organiser to the actual results achieved among the members. While some of the members may not have survived without WWB, others would probably have done just as well without it. Many networking effects are not easily measured in quantifiable terms, and the evaluation had to use proxy indicators and qualitative assessments in several cases.

## 1.1 What is WWB and what does it do?

Being an extensive network organisation providing a diverse set of services to a wide membership, WWB's operations are not always easily explained.

WWB was established as far back as in 1979, as a global, not-for profit institution and network aiming to expand the economic assets, participation and power of low income women entrepreneurs by opening their access to finance, information and markets. In general terms, this has meant to:

- **Build a core network of WWB affiliates** - women-led organizations that provide sustainable, responsive direct finance and/or business services to low income women;
- **Organize learning and change networks** of leading microfinance organizations and banks that are committed to developing and sharing know-how, best practice standards and innovations in microfinance;

---

<sup>1</sup> FACET BV(the Netherlands), Intercooperation (Switzerland) and Nordic Consulting Group (Norway).

- **Transform financial and economic systems** to work for the poor majority, particularly for women, by sharing successful approaches and by engaging policy makers and funders with micro finance leaders and low income women.

In the beginning, WWB was only open to microfinance institutions (MFI) with a female leader. In 1996 it also allowed MFIs that were led by men. The first group – those led by women - is called Affiliates and the second is termed Associates, or A&A in short for both of them. There is today little practical distinction between these two groups. A third member group is the Global Network for Banking Innovation (GNBI) that comprises regulated financial institutions and funds. These three groups together constitute Network Members (NM).

A key task of WWB has been to deliver services and assistance to its members, be it direct or in a network setting with other MFIs. Further, WWB wanted from the start to play a role on the global microfinance scene. WWB now operates four programme areas:

- A. Technical services, offered to A&A.** This involves a range of activities, including visits to A&A by the WWB global team and Talent Bank (external) consultants, and training events for A&A leaders and managers. Normally, the objectives of these services are to:
  - Help A&A build their strategy;
  - Help to strengthen the basic organization;
  - Work with A&A to introduce transformational products and processes including support in becoming regulated MFIs.
- B. Financial products and services, offered to A&A that meet eligibility criteria.** WWB financial products and services include capitalization grants and a loan guarantee fund. They are designed to help A&A to mobilize commercial resources and integrate in the financial markets.
- C. Linkages and learning (L&L) activities.** These serve two important roles: First, to contribute to capacity building, by sharing experiences and forging partnerships among the WWB network; second, as a way to build social capital.
- D. Policy change activities.** WWB works with Network Members, other MFIs and policy makers, to achieve policy change in the field of finance. Activities include workshops, policy change forums and research.

## 2 Evaluation Findings

### 2.1 A changing network that respects members' autonomy

#### *A Business Model with increasing focus on stronger members*

The above programme area services are offered within the scope of WWB's "business model" that has the following characteristics:

- *It works at the macro and institutional (meso) level.* A key part of WWB's business model is to engage with A&A who can generate systemic impact by serving as models of successful microfinance. Focusing on the meso level is seen as a prerequisite for being recognized at the macro level.

- *It respects the autonomy of the NMs.* WWB does not impose lending methodologies, ownership types or client focus.
- *Throughout the period under consideration, parts of the model have changed,* with more specialized services, a choice for strong performers, and less emphasis on the women as leaders of MFIs. The choice of strong performers has been dictated by WWB's conviction that, in order to be recognized as an important player in the field of policy change, its network has to have strong MFIs.
- *During the 1996-2003 period, two major changes thus took place:* Weak members were disaffiliated and replaced by strong performers, and MFIs led by men were invited to join. WWB thus lost its unique feature of promoting and working exclusively with women-led organizations.
- *WWB's business model stresses the "80-20" approach.* This "80-20" is used as a figure of speech, illustrating that the A&A are seen as the main agents responsible for development (the 80), while WWB contributes as a trusted advisor, supplying technical services, training, linking, etc (the 20).

The respect for the autonomy, and the "80-20" approach, limit the influence WWB can have on its A&A. It cannot and does not want to impose changes, cannot directly interfere in the Board composition, and cannot change management.

In 1996 WWB had 42 Affiliates. During the evaluation period (1996-2003), 26 affiliates were disaffiliated, most because they were not able to comply with the network's increasingly demanding performance standards. In the same period, 17 new Affiliates and Associates joined the network. The total of Affiliates and Associates now stands at 33, with 26 Affiliates and 7 Associates.

### ***A dedicated Team, but the President remains the face and driving force of WWB***

The "WWB global team" now consists of 45 highly qualified staff, based in New York. Their knowledge and experience covers most fields of finance for the poor and they are an important asset for the network. WWB has grown much stronger in microfinance since the mid-90s, and this expertise is increasingly appreciated by the members. WWB's President has been the public face and the key driver of the organization. She also acted as the general manager until 2002, when a Chief Operating Officer (COO) was contracted to improve management and diminish dependency on the President. The COO resigned in July 2004, not being able to fully exercise her management duties. A clearer distribution of roles between the two positions seems necessary.

### ***A slow shift towards active governance***

A Board of Trustees, comprising 20 to 22 members, governs WWB. At least 50% of the Board members are leaders of NMs. Nine of the Trustees form the Executive Committee, which meets quarterly. It is empowered to act on behalf of the Board on most policy, strategy and financial aspects. After years of a basically reflective role, the Board is increasingly taking up its governance responsibilities, with a focus on funding. Still it

does not systematically monitor the performance of the institution and shows little proof of effectively supervising the President.

***Unrestricted funding has contributed to low cost consciousness***

WWB finances global programs and operations from three major sources:

1. Grant funding from official bilateral and multilateral sources, foundations, corporations and individuals;
2. Cost sharing and in-kind contributions from WWB network members, and *pro bono* support through strategic alliances;
3. The Global Capital Fund: Free use of the yearly investment proceeds, restricted use of the core capital.

Until 2000, grant sources accounted for more than 90% of funding. Most have been received as unrestricted funding, not linked to a specific program or project. Between 1996 and 2003, the contribution of the Netherlands, Norway and Switzerland amounted to approximately USD 24.6 million.

There has been negligible cost sharing, as A&A received services free of charge until 2003. From 2004 onwards A&A will pay USD 100/day for technical services. The third source of funding is the Global Capital Fund, a donor sponsored endowment fund of originally USD 23.7 million. Its proceeds can be used for operational expenses in case grants do not sufficiently cover costs.

Total expenses from 1996 to 2003 amounted to USD 51,585,000, steadily growing from USD 4,319,000 in 1996 to USD 8,350,000 in 2003. This mostly reflects the contracting of more New York based personnel and increasing overhead. In recent years annual average expenditure per A&A is USD 200,000. These expenses were adequately funded by grants and contributions until 1999, but had to be covered by draw-downs on the Global Capital Fund thereafter.

Donor monitoring of WWB has been weak and unconditional. Loose supervision from the donors' side and the lack of accountability have contributed to the low cost consciousness which characterizes WWB at all levels: Board, management, staff, and network members. Even as the funds raised did not cover the expenditure, budgets kept on growing, resulting in Global Capital Fund draw-down totalling USD 11.6 million. This, combined with the crisis on the stock market, has reduced the value of the Global Capital Fund from USD 49 million in 1999 to USD 32.5 million in 2003.

## **2.2 WWB Programme Areas**

A key part of the evaluation was an in-depth assessment of the products and services delivered through the four programme areas of WWB.

***More and improved Technical Services and Training (TS) has been delivered, but at increasing costs with less additionality***

The delivery of TS has become more important. In 2003 about 60% of WWB's budget is for TS, up from 47% in 1996. Further, over the 1996-2003 period the number of TS

activities has increased less than expenditure. This decreased efficiency is mostly due to WWB increasingly providing services with more expensive in-house staff instead of hiring external consultants. The cost of one day of technical service from WWB staff has increased from USD 520 in 1999 to USD 906 in 2003.

The old system of free service delivery is clearly contrary to donor best practice, and may for instance hinder development of local Business Development Services (BDS) markets. It has also contributed to the very low levels of cost consciousness experienced at all levels of the WWB system. The new price of USD 100 per TS day is in this perspective a positive development, although it is still far from covering the real costs.

Additionality of TS is low and decreasing, as 80% of the A&A indicate that in the past three years they would have found alternatives for their technical service needs if they would have had no access to WWB. This is in line with the finding that more TS and BDS suppliers are becoming available worldwide.

Effectiveness is improving, thanks to the improved capacity of the staff to develop and deliver TS and the increased capacity of A&A to formulate their needs. The A&A also show increased satisfaction with the services offered. The TS have over the period in question contributed to improved performance of practically all recipient institutions.

***Financial Services and Products with low additionality delivered at high cost, yielding some positive effects***

In eight years WWB has given

- *Capitalization Grants* varying between USD 350,000 and USD 610,000 to 13 A&A,
- *Loan Guarantees* to three A&A, and has
- *played a brokering role* for 12 A&A with banks and international funds.

Output of most services has been lower than planned, indicating that the services do not have the right conditions for the A&A. As *the capitalization product* is not in line with donor policies, fund raising for this product is difficult. Most donors do not provide capital grants to (almost) sustainable institutions, according to best practices. Efficiency has decreased, as the number of deals has not risen at the same speed as expenditure.

Real demand for the *loan guarantee facility* can be questioned, and WWB projections for the use of the facility have always been too optimistic. In the 1998-2000 strategy the target was to issue five to 10 letters of guarantee of USD 500,000 to five to 10 affiliates. The achievements were only a fraction of this. Most domestic banks interviewed consider a loan guarantee not to be the right instrument to encourage them to lend to A&A.

*The brokering* gets good scores from the A&A, and the rating is especially high for linking with international finance sources. The rating was less positive for brokering with local commercial sources, which the A&A feel they can manage themselves. The brokering and advisory services do provide additionality, and they match very well with the “trusted advisor” role of WWB.



Eight Affiliates indicate that the financial services contributed to becoming more integrated into the local financial market, and in two cases WWB services can be considered additional.

The monitoring of the performance of the A&A through the Affiliate Performance Update (APU) has had several positive effects like more discipline in data gathering, an improved management information system, and a competitive attitude in the network.

***Linkages and Learning (L&L) shows decreasing efficiency on most services, but with good additionality and reasonable effectiveness.***

WWB has shown an impressive capacity to organize L&L events like Global and Regional meetings, thematic workshops and horizontal cooperation between NMs. It is a leading player in bringing new faces to the “finance for the poor” table. Appreciation for L&L is high, with stronger NMs interested in the more specialized events. Most of the A&A interviewed indicate that their participation in an international network has contributed to the standing in their country. This building of network partners has been a major advantage of belonging to the WWB, according to most A&As.

For the women heading the Affiliates, belonging to WWB and getting exposure to each other has contributed not only to their knowledge, but also to their self confidence, making them into leaders in their field. The “woman leadership promotion” dimension is fundamental for the “old” members. They, however, argue that this aspect has been weakening in the last years, partly because of the admission of man-led associates.

The relative weight of regional and global workshops has diminished in favor of the “best practice” workshops that are thematic and more specialized. This shift reflects the preference of NMs for more in-depth and fewer global meetings. The A&A also prefer more horizontal cooperation – that one member assists another – but WWB has yet to find a good mechanism to address this demand. All A&A have agreed to the WWB performance standards, and must report on it through the yearly Affiliate Performance Updates. The A&A and WWB’s global team insistence on increasingly high performance standards has been of fundamental importance and is highly appreciated by A&A in motivating to improve performance.

References to WWB in professional literature are scarce. On generating and disseminating knowledge products, WWB’s record is poor.

***AFMIN, African Microfinance Network, and GNBI, Global Network for Banking Innovation in microfinance, are assessed as having reasonable efficiency, good additionality, but partly unknown effectiveness.***

As a result of a WWB led, participatory process *AFMIN* was created, a network composed of 13 country level microfinance associations. *AFMIN* produced a policy consensus document that is used in the elaboration of national microfinance policies and managed to increase awareness on the importance of performance indicators.

The overall effectiveness of WWB’s support to *AFMIN* is reasonable in view of the fact that six national networks were created and three were improved. However, the visited

country networks do not give much credit to WWB or AFMIN for the creation and strengthening of their country level networks. This is mostly because neither AFMIN nor WWB provided funding for the national networks to implement activities.

GNBI members speak positively of WWB's role in convening different types of financial institutions around a common mission and in different modes of exchanging know-how. In 2000, the GNBI institutions had over eight million borrowers and 49 million savers. Outcome in terms of innovations or new banks entering into microfinance is limited.

***The Policy Change programme area shows decreasing efficiency, reasonable effectiveness at country level, but decreasing effectiveness at global level***

In the period 1996-1998, WWB made a substantial contribution to consensus building on the paradigms and standards for microfinance, a.o. through participation in Consultative Group to Assist the Poor (CGAP) Several ideas and best practices promoted by CGAP were originally promoted by WWB like the importance of performance standards and the involvement of multiple types of financial institutions in microfinance.

WWB and its Affiliates have played a role in changing the thinking on microfinance and in promoting policy changes in favour of microfinance in seven countries: Russia, Colombia, India, the Dominican Republic, Kenya, Uganda and The Philippines. In the first three direct outcome is visible in terms of changes in legislation. In the other four, WWB and its Affiliates are recognized to have contributed to bringing microfinance onto the political agenda. In other countries like Bangladesh there has been no outcome. Most of the effective work in this field took place before 2001.

WWB has in a number of countries contributed to generate consensus building within the MFI sector. Outcome has been limited by the fact that WWB's interventions are not going deep. The instruments applied, a visit by WWB's President, an interview with a leading policy maker, are just a starting point with little or no follow-through. It is another area where WWB ambitions do not match actual outcomes. The evaluation found no critical reflection on this underperformance.

WWB's experience does not appear to support the notion that one needs strong MFIs in a network to have policy impact. Rather, WWB seems to have had most impact at a time when the network members were comparatively weaker.

### **2.3 WWB Impact**

***Increased impact of the Network Members, but attribution to belonging to WWB is difficult.***

The *clientele of A&A* has grown considerably in line with the general strengthening of the members' operation. As of end 2002, 30 A&A have 1.54 million clients out of which 1.02 million were borrowing clients and 87% were women. The A&A has a higher percentage of women clients than the microfinance industry in general.

Net client increase between 1996 and 2002 was 650,000 whereby 275,000 were borrowing clients. The organisation ASA in Bangladesh with over 2 million clients have

been left out from this calculation, as they maintain that they have received no substantial services from WWB. For two other Affiliates there are no figures available.

Attribution of this growth to WWB is difficult, but the evaluation took the aforementioned 80-20 approach as a proxy, and this implies that WWB has realized an impact of 130,000 additional clients, 55,000 of them borrowing. The GNBI clients are not included.

A&A have been generally successful in combining improved self-sufficiency with outreach to the poor. The number of A&A having reached *financial self-sufficiency* increased from two in 1996 to 17 in 2003. Further, 20 out of 30 A&A improved their financial self-sufficiency by more than 20% points during their affiliation period.

There is good evidence that A&A have the *poorer groups* as their main clients, as 23 out of 30 A&A have an average loan size which is less than half of the GDP per capita. Out of the 23, about half again has a loan size that is 30% of GDP or less.

### ***WWB experiences decreased recognition as a leader in microfinance.***

WWB aims at generating *systemic impact*. WWB has shown to be good in convening “traditional” microfinance players with policy makers, central bankers and “newcomers”. The message of bringing financial services to the poor, and making that part of the financial system, has been promoted with insistence.

In 1996 WWB was recognized as a leader in promoting financial systems that work for the poor, in spite of it having a weak Affiliate network. Although by 2003 the quality of the network had improved, WWB is no longer seen as a leading institution. This indicates that the premise that strong performers are needed to have systemic impact does not hold true. The weakened position of WWB is due to a combination of factors:

- Other parties have come in,
- WWB wants to cover too much ground and lacks sustained actions, and
- dissemination of know-how is poor, including a sub-standard website.

Professional recognition is also hampered by the perception that WWB presents NMs and number of clients as if they were its own achievement.

## ***2.4 WWB Planning: Ambitious, but lacking critical monitoring***

WWB’s strategic plans are ambitious, sometimes overwhelming in terms of activities to be carried out and expected outputs. Progress reports to the donors concentrate on outputs and are more forward looking than reflective on past performance. Monitoring on outcome has been weak and decisions to stop an activity because it has no satisfactory outcome have come slowly, and are hardly reported upon.

### ***Donors’ interest in WWB’s achievements and in the related efficiency is recent.***

The need for systematic reporting and monitoring was hardly felt till 2000, partly because WWB’s fundraising capability assured the funding of growth, partly because the donors

were not asking for it and had not defined objectives on which to monitor achievements. WWB has in fact always reacted to donors' requests for information, but donors have often not been able to properly specify what was expected.

There is a need for a three year planning and reporting cycle to inform stakeholders and to allow for monitoring. WWB has to monitor and collect data at two levels:

- Monitoring of its members' overall performance
- Monitoring of its own performance in terms of service delivery and financial performance (efficiency and effectiveness).

In order to develop the monitoring system, it is vital that donors and WWB agree on the format and content of reporting.

Similar to what is required in other untied (core) budget support arrangements, WWB should present a three-year plan with expected outputs and outcome, and associated costs. Progress reporting would then be on an annual basis, focusing on planned and actual indicators and expenditure.

## **2.5 WWB 2002 - 2004 Strategy: Doubts about being on the right track**

*Again an ambitious Strategy, which suffers from underperformance.*

The earlier experience with over-ambitious plans seems to be repeated in the 2002-04 Strategy, and the Board did not make a critical analysis of the many objectives. Goals for network expansion, financial services and policy change show serious underperformance.

*The choice for more in depth TS provision has increased effectiveness, but orienting it at sustainable A&A, and subsidizing it heavily, goes against donor best practice.*

A strategic choice was made to support high performing A&A that can use network inputs to grow and reach more clients. The results are promising but in making this choice, financial sustainability and good donor practices have hardly been considered. There are no systematic measures to revert the decreasing cost efficiency revealed in the evaluation and the choice for increased New York based in-house capacity to provide services decreases efficiency. In asking funding for direct supply of services to already sustainable MFIs, WWB does not respect the good donor practice to concentrate on start-up support and on the development of markets for services. WWB has no exit strategy for the service provision to (strong) A&A.

*Lack of depth in policy work and low participation in worldwide discussions on microfinance limit influence, but recognition among non-traditional microfinance players is growing.*

The Strategy presents a number of actions that could contribute to WWB becoming more visible. However, in practice there are hardly any innovative results and publications. Literature and practitioners' references to WWB's work are scarce. WWB keeps on developing the future agenda for improving access to finance for the poor, and has teamed up with non-traditional institutional players where recognition is growing and where WWB has added value through its President's network and visionary ideas.

### 3 Issues and Recommendations

The evaluation summarises recommendations in a list of issues relevant for the relationship between WWB and the donors. The most important include:

- **WWB's business model.** The evaluation did not find clear proof of complementarities between the work with strong members, and the generation of systemic impact. This raises questions about the validity of the meso-macro model employed. WWB has to convince the donors that the impact at the macro level depends on having a network of strong NMs.
- **Distinctive value and setting priorities.** The evaluation reveals that over time effectiveness in some program areas has been negatively affected by the lack of in-depth attention, a result of wanting to be on so many fronts. This indicates the need for setting priorities, and getting out of certain types of services where WWB competitive advantage is limited.
- **Bringing new faces to the “finance for the poor” table.** The evaluation points out WWB's role in involving new institutional players in microfinance, each with its own agenda. What is next? What is the sustainability of GNBI, and to what extent can the members themselves give life to it?
- **Public money for private services.** The evaluation concludes that WWB is not fully adhering to CGAP-defined principles concerning microfinance support. With its free or highly subsidized services, it creates unfair competition.
- **The trade-off between efficiency and effectiveness.** The evaluation shows that by choosing specialized service provision, WWB's effectiveness in terms of strengthening A&A has increased. This, however, comes at a high cost, while additionality is low. What are the allocation criteria for the donor when asked by WWB to continue to subsidize service provision to sustainable A&A who do show great effectiveness in reaching the poor?
- **Cost consciousness.** How can WWB bring about the much-needed change in cost consciousness and become an institution where resource allocation takes into account efficiency and expected outcome?
- **Changes in the WWB network.** In the past eight years the network has been changing, with increasing focus on strong institutions. Is this tendency to continue? Should there be an exit strategy for the strong ones – exit from the access to services, not from the network.
- **Monitoring and governance.** The evaluation indicated that the Board has not been sufficiently active in reviewing plans and in monitoring the achievements of the Strategies. Being more accountable for the achievements of the plans will probably contribute to make WWB into a more realistic planner.
- **Monitoring and reporting.** In the past, WWB's information generation on efficiency and effectiveness, and its use for management and strategy, were weak. But improvement is under way, and WWB and donors should agree upon the indicators and reporting formats required in a future relationship.