



ANNUAL REPORT 2017



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EDITORIAL

By Renée Chao-Béroff, General Manager of PAMIGA

2017 has been an exciting year for PAMIGA as a group. In addition to PAMIGA, the network and consulting arm of the group, we now have an impact investment fund, Pamiga Finance S.A. (PFSA), ready for operations thanks to the closing of its compartment B and to its compartment C, dedicated to access to water and energy. Our **integrated approach of investment in synergy with adapted technical assistance** is ready to be deployed on a broad scale.

On the technical assistance side, we've had many break-throughs:

- We have successfully raised the awareness of our rural-focused MFI members on how **digitalization** can reduce the costs of field operations as well as build trust among clients. In contexts where rural microfinance players were more or less considered as outdated, due to regulatory constraints and the attitude of tech players like telcos, fintechs, we have convinced our members that digitalization can put them back in the competition. This has been achieved through a combination of pilots in rural branches (use of tablets and PDAs) and visits/training in digital finance in Kenya for IT managers and board directors. In Q3, we had a mid-term evaluation among the 8 MFIs involved in our digital finance program and were pleased to find them all satisfied with implementation so far. They now want to move to the next rung of the digital finance ladder, with Mobile Banking and Agent Banking, joining our flagships in this field: CECAM in Madagascar and RENACA in Benin.
- Another area of satisfaction is the opportunity to now bridge these rural MFIs with solar solution providers equipped with **pay-as-you-go** (PAYG) facilities (for solar home systems or for solar water pumping solutions). Getting MFIs back into their core business of making asset-building loans in impactful areas requires digitalization. Our first pilot will be in Benin, with RENACA, ACFB, and the first francophone PAYG energy company, ARESS. This very innovative project has received an award from ADEME and the French Ministry of Environment in March 2018.
- In the space of **access to energy**, we have also increased our visibility. PAMIGA has been invited to African and global forums to give talks about the role of microfinance in access to clean energy as a way of going the last mile for BoP (the most important one in 2017, being the Alliance for Rural Electrification at the African Microfinance Week in Addis Abeba in November)

and has published in the IFAD's series of Toolkit, a "How To Do" note and a "Lessons Learned" on Access to Finance for Renewable Energy Technologies.

More concretely, PAMIGA has gained cutting-edge knowledge on several crucial solar energy markets (demand and supply) and has built partnerships between our microfinance members and a selective list of reliable solar players to secure sustainable deployment at scale.

- In 2017, in Cameroon, a **new last mile green energy distribution company, Mifed Energy Access (MEA)**, was established, working with a group of 39 trained Energy Entrepreneurs (EEs) to cover the rural market in the Centre, South, South West, Littoral, North and Far-North regions. In 2018, more EEs will be involved as well as more MFIs and solar solution providers.

In addition to these technical assistance activities, medium-term loans have been provided by PFSA to investment-ready MFIs to grow, to develop digital financial services and to finance access to essential services (energy, water), so as to enhance their breadth and depth of outreach and foster impact in rural Africa, a region that is hard to reach in a sustainable and market-oriented manner. All loans have been structured in a client-centric manner to meet the MFI's clients' demand as well as to smoothen seasonal liquidity and tenor-matching challenges of rural microfinance. We can proudly report that since inception, no default has been observed in PFSA's portfolio.

I hope you will enjoy reading this Annual Report, in its new format and more visual presentation, and find our effort on impact reporting enriching and illustrative of the concept of "client-centricity." Even more so, I hope that through the interaction and synergy between investment and technical assistance/capacity strengthening, you will see the benefit of our **integrated and ecosystem approach** to building together with our members and partners, a more sustainable and people-centric world.

We are very much aware that this approach is still at an early stage of thinking in our Financial Inclusion sector. We know that it will be challenged and criticized by finance professionals and by academics. We know that for this bottom-up idea to flourish and influence the Impact Investment community, it will still take some time. However, coming from the field, from clients of very well-rooted microfinance institutions, we feel that this way forward is promising and exciting to explore.



PAMIGA AT A GLANCE

Who we are

PAMIGA (Participatory Microfinance Group for Africa) is a non-profit organization, created in 2005 under French law, which provides technical assistance services and implements development projects in the field of **financial inclusion and access to basic goods**.

Our mission

Contribute to unlocking the economic potential in rural Africa by promoting the growth of existing financial institutions and other impact-solution providers that serve rural areas.

Our approach

- **Focusing on rural areas in Sub-Saharan Africa**

PAMIGA focuses on populations that are among the most excluded from access to financial services and basic goods: vulnerable populations in rural Sub-Saharan Africa.

- **Building long-term partnerships**

PAMIGA works with medium-size financial institutions and impact-solution providers, with a high potential for growth, and aims to accompany these partners in their development process.

- **Combining technical assistance and financial support**

PAMIGA takes an integrated approach to support rural financial institutions (FIs) and impact-solution providers with both technical assistance and financing to help them scale up and achieve considerable outreach in rural areas. PAMIGA Association, as a not-for-profit organization, provides demand-driven technical assistance to improve partners' institutional capacity and service delivery to rural clients. The association closely works with **PAMIGA Finance S.A. (PFSA)**¹, an **impact investment vehicle** based in Luxembourg, founded, owned and controlled by PAMIGA Association, which provides adapted long-term financing to FIs and impact-solution providers.

¹ Please refer to PFSA Annual Report for more information on financing activities



OUR EXPERTISE

Digital finance



- Diagnosis and strengthening of MIS
- Market studies / feasibility studies
- Deployment of mobile banking solutions
- Deployment of Digital Field Applications (smartphones, tablets, PDAs...)
- Deployment of agent banking solutions
- Design of digital finance solutions, selection of technical suppliers, adaptation of procedures, design of marketing plan, staff and client trainings, support in testing and roll-out
- Capacity building in digital finance
- Exposure and exchange visits in digital finance

Access to clean energy and water



- Energy/water and financial needs assessments
- Identification of adapted energy/water solutions
- Development of partnerships with providers
- Design of adapted financial products
- Adaptation of procedures and tools
- Development of adapted marketing strategies
- Adaptation of the staff incentive scheme
- Training of managers and loan officers
- Development of financial education modules dedicated to energy loan management
- Development of last mile agent networks
- Monitoring and impact evaluation

Social performance management



- Social and Environmental audits (SPI4, Green Index, SBS)
- Social performance management (SPM): strengthening of Universal Standards for SPM
- Strengthening of client protection principles, e.g. client complaint resolution mechanisms
- Client-centricity and client feedback: satisfaction surveys, drop-out surveys, poverty assessment tools (PPI), impact assessments
- Staff satisfaction surveys
- Financial education: development of modules, Training of Trainers
- Development of client-centric products and services (in particular savings)
- Social marketing: marketing plans, trainings

Institutional strengthening



- Governance (assessment, training for employees and board members, development of tools and manuals for the boards)
- Risk management (risk mapping, action plans)
- Business plan (development, training)
- Security plan
- Policies and procedures
- Succession plan
- Appraisal system for staff and board members
- Staff motivation and remuneration systems
- Training plans for staff and board members
- Communication plan
- Training on change management
- Support for institutional transformation, merge, re-setup

OUR TEAM



General Manager

Renée Chao-Béroff

Former member of CGAP Executive Committee, with over 30 years of experience in economic development and inclusive finance in Africa

Board

Mr Kimanathi Mutua, President, Founder of K-REP Group, Kenya; **Mr Yannis Wendling**, Treasurer, Director of Internal Audit & Risk Management, General Council of Seine-Saint-Denis; **Mrs Jennifer Isern**, Director, Practice Manager at IFC Asia; **Mr Ira Lieberman**, Director, Senior specialist of investment funds; **Mr Christophe Lucet**, Director, Deputy Advisor, Near East Division, European Investment Bank; **Mr Bruno Tassard**, Head of Financing Solutions, BNP-Paribas; **Mr Amsalu Alemayehu**, General Manager, Wasasa Microfinance S.C. (Ethiopia)

Head of Admin & Finance

Olivier Chesnais

(until Feb. 2018)



Chief Operating Officer

René Azokly

Former CEO of PADME (Benin) and former Chairman of AFMIN, with over 25 years of experience in microfinance in Africa



Impact Manager

Marion Allet

Over 10 years of experience in inclusive finance, with specific expertise in green microfinance, access to clean energy and impact tracking



Digital Finance Project Manager

Jacinta Kamemba Maiyo

Over 20 years of experience in inclusive finance, with specific expertise in MIS, digital finance and alternative delivery channels



Energy, Water & Agriculture Project Manager

Kerman Wildberger

More than 10 years of experience in inclusive finance, with extensive field experience in rural Africa and special skills in agricultural finance, irrigation and access to energy



Social Performance Project Manager

Snezana Jovic

Over 10 years of experience in inclusive finance, with specific expertise in social performance management, client-centric tools, client protection principles, and satisfaction studies

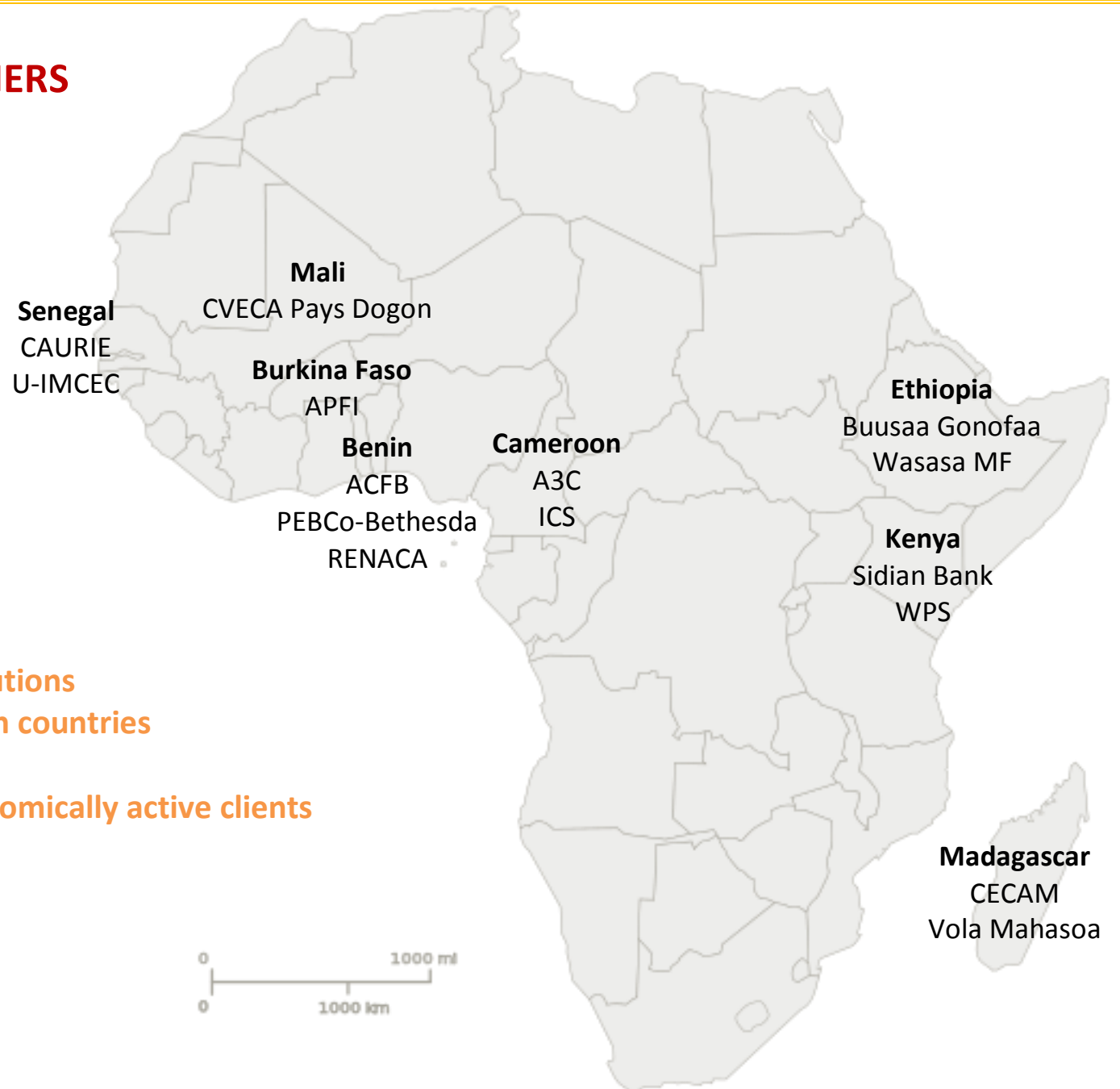


Institutional Strengthening Project Manager

Julie Crenn

More than 10 years of experience in external and internal audit and financial control, with strong knowledge of risk management, internal control systems and financial tools.

OUR NETWORK OF PARTNERS



**15 Financial Institutions
in 8 Sub-Saharan African countries**

**Reaching a total of 1.5 million economically active clients
in rural areas**

ACTIVITIES CONDUCTED IN 2017

BENIN



Access to clean energy

- **ACFB** – After receiving support from PAMIGA to assess the energy needs of their clients, identify relevant solar solutions, and design adapted financial products and procedures, ACFB started to disburse the first Solar Loans during Q2 of 2017, focusing on 5 pilot branches. Regular demonstration sessions to women groups were conducted. In Q4, ACFB assessed the pilot phase and decided to scale up the Solar Loan product to its whole network of 17 branches in 2018.
- **RENACA** – After receiving similar technical assistance from PAMIGA, RENACA launched its solar loan product in 26 branches during the first semester of 2017. A road show was undertaken to promote the new product. The pilot phase was assessed in Q4 and led to the decision to build new partnerships with the solar solution provider ARESS and with the service provider DMD. The latter is in charge of mentoring the network of Energy Entrepreneurs set-up to provide customer services at the last mile level. The partnerships will focus on pico solar solutions for households, as well as larger pay-as-you-go solar systems for MSMEs.
- **PEBco-BETHESDA** – This new partner integrated the energy program in mid-2017. PAMIGA assisted them in organizing an initial training on solar energy for key managers, setting up partnerships with ARESS (solar solution provider), and designing a dedicated loan product. The institution is planning to launch the new financial product in early 2018.



Access to irrigation

- **RENACA** – With technical support from PAMIGA, the MFI implemented a pilot during the first half of 2017, with 97 irrigation loans disbursed. As this pilot phase was successful, RENACA decided to scale up during the next cropping season in Q4. Several training sessions were organized over the year by PAMIGA for that purpose.
- **PEBco-BETHESDA** – This new partner joined the irrigation program in mid-2017. PAMIGA assisted them in organizing an initial training on irrigation and vegetable production for key managers and in designing a dedicated loan product. The institution plans to launch the financial product in 2018.



Financing

- **RENACA and PEBco-BETHESDA** – Both MFIs have received a credit line from PFSA, to refinance their portfolio of rural clients, in particular for access to clean energy and water.



Digital finance

- **ACFB** – After a feasibility study conducted in 2016, ACFB has set up tablets for data collection and customer care, to be used by loan officers to gain efficiency. PAMIGA assisted the MFI in defining technical specifications and selecting the IT service provider. The required developments have been made and ACFB is currently testing the mobile application.
- **RENACA** – After a feasibility study in 2016, RENACA decided to deploy mobile banking and tablets for data collection. PAMIGA supported the MFI in defining technical specifications and selecting the IT service provider to link the MIS of the institution to the system used by 2 mobile network operators. Interconnectivity between branches and a centralized database soon appeared as prerequisites to be strengthened. RENACA is currently centralizing its database and connecting 3 branches for a pilot.
- **ACFB and RENACA** – Both MFIs participated in the exchange visit on digital finance to Kenya, organized by PAMIGA in June 2017.

BENIN (contd.)



Institutional strengthening

- **ACFB and RENACA** – PAMIGA assisted both MFIs to implement risk management action plans defined in 2016 and to streamline the operational and financial reports used for decision making. Some board members attended a regional workshop on governance organized by PAMIGA in Benin. Top managers also received training on individual loan methodology and loan recovery systems. Audit managers of both FIs participated in an internal audit workshop held in Abidjan, which focused on risks related to digital finance solutions.
- **RENACA** – Support was provided to the recently appointed Risk Manager in order to specify his responsibilities and develop adequate tools. A treasury management tool was also developed and tested at branch level; its deployment across the network is planned for 2018.



Social performance management

- **ACFB and RENACA** – Both MFIs were trained on client satisfaction survey methodology and have defined action plans for deployment. ACFB and RENACA also attended a workshop on improving client complaint mechanisms and identified corrective measures to be implemented.
- **RENACA** – Staff were trained on the Progress out of Poverty Index (PPI) and a module was developed in the MIS to allow data collection on clients' poverty levels. This will help the MFI better know its clients, assess the impact of its products, and offer services better adapted to needs. RENACA was also trained on financial education for clients in order to improve the modules they were using to train their clients and add new subjects like client protection.



BURKINA FASO

Institutional strengthening

- **APFI** – Top managers were trained in Dakar (Senegal) by PAMIGA on good governance of MFIs and in Ouagadougou (Burkina Faso) on individual lending methodology and loan recovery systems.

CAMEROON



Access to clean energy

- **A3C, ICS, SWAVIB, UCCGN, APRECAVES, UCAVINES** – PAMIGA has been providing technical support for the development of financial products for access to clean energy in Cameroon since 2013. In 2017, the program expanded to new geographical areas, with the integration of 2 additional networks of village banks: APRECAVES (Southern region) and UCAVINES (Littoral and Center regions). Both MFIs were involved in a pilot phase in 2016. They are now fully integrated in the program, together with A3C, ICS, UCCGN and SWAVIB, receiving regular capacity building and technical support from PAMIGA and its local partner MIFED. A total of 198 staff members were trained in 2017 on solar energy and solar loan products.
- **MEA** – MIFED is a Cameroonian NGO that is a historical partner of PAMIGA in the implementation of the “Access to energy” program. The NGO was responsible, among other things, for coordinating, supervising, moderating and monitoring the network of Energy Entrepreneurs (last mile solar agents who are based in the villages and in charge of promoting, delivering, installing and repairing solar solutions in remote rural areas). MIFED also assisted partner MFIs implement Solar Loans, acting as a facilitator in discussions with solar solution providers. All partners however agreed that there was both (i) a need to make the model of last-mile distribution more sustainable, and (ii) a business opportunity to be explored. A first business plan was produced in October 2016 to set up a company called “MIFED Energy Access” (MEA), specialized in the supply of renewable energy solutions to rural households through its extended network of Energy Entrepreneurs. In 2017, MEA’s business plan and financial projections were fine-tuned. PAMIGA has worked closely with MEA to refine the development strategy, with detailed plans related to human resources, logistics, sales strategy, management of the Energy Entrepreneurs, sourcing, pricing and margin, etc. During the year, 23 additional Energy Entrepreneurs (EEs) were recruited and have received training, making a total of 39 active Energy Entrepreneurs in Cameroon. The company MEA SA was finally established on the 18th of January 2018.



Financing

- **MEA** – PFSA approved a credit line to finance working capital needs of the newly created social business MEA.
- **ICS** – The MFI has received financing from PFSA, to support the development of new branches in the South-West region of Cameroon.



Institutional strengthening

- **A3C** – In 2016, PAMIGA assisted A3C in developing an IT recovery plan. In 2017, PAMIGA assessed the implementation of the plan and identified the technical assistance needs of the institution.



Social performance management

- **A3C** – In December, PAMIGA’s expert conducted a staff satisfaction survey to help A3C improve its social responsibility towards its staff. The mission identified the main strengths of A3C and some recommendations for improvement. A3C will implement corrective measures in 2018.



ETHIOPIA



Digital finance

- **Wasasa** – Market and feasibility studies were conducted in 2017. The MFI decided to start digitalizing with the use of tablets by loan officers for data collection. PAMIGA is currently supporting Wasasa in selecting a provider. The institution also plans to deploy mobile banking and agent banking solutions in the future.
- **Buusaa Gonofaa** – With support from SOS Faim, a feasibility study was conducted in 2017. The FI is yet to decide on which approach to take in its digital finance journey.



Institutional strengthening

- **Wasasa** – The Head of Internal audit attended the Internal Audit working group organized in Abidjan in November 2017. The Risk Manager of Wasasa received support for risk management action planning, risk management tools (risk mapping, risk reporting template, risk management procedures, job description) and a training on segregation of duties between Risk Management and Internal Audit.



Social performance management

- **Wasasa** – PAMIGA assisted the FI in integrating the Progress out of Poverty Index (PPI), a tool to assess the poverty level of its clients. Staff of selected branches were trained in the new version of the PPI and impact survey methodology. Wasasa integrated the PPI indicators in its MIS and started data collection with a first sample of clients. Additionally, branch managers were trained on the procedures of the clients' complaint resolution mechanism that was developed by PAMIGA in late 2016.



Access to clean energy

- **Buusaa Gonofaa and Wasasa** – Both MFIs already received technical support from PAMIGA in previous years to develop an offer of solar loan products, focusing mainly on solar solutions for domestic use. In 2016, social unrest in the Oromia region slowed down activities in solar lending, as remote rural areas with the most acute energy needs were not easily accessible to solar sales agents. In 2017, both MFIs progressively resumed solar lending activities with their respective partner solar solution providers, and with regular follow-up from PAMIGA.



KENYA



Access to clean energy

- **Sidian Bank** – In mid-2017, PAMIGA started to work with Sidian Bank (formerly called K-Rep Bank), a microfinance bank with nationwide coverage, focusing in the microfinance and SME segments, and active in rural areas. A first mission was organized in July 2017 and resulted in an action plan for the following target segments for Sidian Bank: (a) pico solutions and solar home systems for microfinance clients (households), through the refining of a dedicated loan product and re-launching of the historical partnership with Orb Energy ; (b) solar water pumping solutions for smallholder farmers, with the set-up of a new partnership with SunCulture; (c) renewable energy solutions for SMEs, through in-depth needs assessment and pilot testing; (d) and green minigrid end-users, through partnerships with selected green minigrid developers. Due to the volatile political context during the 2nd half of the year, the preparation and launching of green energy products were postponed to early 2018.
- **WPS** – Building on the skills, tools and procedures provided by PAMIGA since 2015, Wakenya Pamoja SACCO (WPS) continues to disburse solar loans on a regular basis, mainly for pico solar solutions for rural households. Partnerships with the solar solution providers Orb Energy and Greenlight Planet are working well.



Access to drinking water

- **WPS** – Thanks to the technical support provided by PAMIGA since 2015, the SACCO continues disbursing Safi Loans for water filters and rainwater catchment systems on a regular basis. The partnership with Aqua Clara Kenya, who manufactures the water filters and supervises sales agents and technicians, is working well. A client satisfaction and impact survey is planned for Q1 2018.



Digital finance

- **WPS** – Following recommendations from the feasibility study conducted in 2016, the SACCO started to migrate to a new MIS that will allow it to upgrade to mobile banking, agent banking, and use of tablets. Once migration is completed, PAMIGA will assist WPS in digital finance, focusing first on improving the existing mobile banking system (M-Pesa), by linking mobile transactions to client accounts and generating automatic SMS alerts on transactions and account balance for clients.



Financing

- **Sidian Bank** – The institution has received a credit line from PFSA, which will largely be dedicated to financing its green energy portfolio.



MADAGASCAR



Digital finance

- **CECAM** – Following the feasibility study conducted in 2016, CECAM is centralizing its databases and immediately after will deploy mobile banking and agent banking services. PAMIGA assisted the MFI in selecting an IT service provider that will develop an adapted digital payment platform and interface system with partner mobile network operators and agents. This work will be done in 2018. CECAM also plans to start developing its own network of agents in 2018.
- **Vola Mahasoa** – Market and feasibility studies were conducted in 2017. The MFI decided to start digitalizing with the use of tablets by loan officers, together with mobile banking. PAMIGA is currently helping Vola Mahasoa select a technical provider.
- **CECAM and Vola Mahasoa** – Both MFIs participated in the exchange visit to Kenya on digital finance, organized by PAMIGA in June 2017.



Institutional strengthening

- **CECAM and Vola Mahasoa** – PAMIGA assisted both MFIs in implementing the risk management action plans defined in 2016 and in streamlining the operational and financial reports used for decision making.
- **CECAM** – PAMIGA conducted a training session on governance with around 20 members of the centralized and decentralized governance bodies of CECAM, as well as the General Manager. PAMIGA also assisted the institution in defining a business continuity plan and an IT recovery plan. The latter is particularly crucial in a context of data digitalization, to ensure secure data storage.
- **Vola Mahasoa** – PAMIGA trained top managers on change management.



Financing

- **Vola Mahasoa** – The MFI received financing from PFSA, to support the development of its rural portfolio.



Social performance management

- **Vola Mahasoa** – PAMIGA assisted the FI in conducting a customer satisfaction survey to identify possible improvements for existing products and services and opportunities for new ones. Over 1,000 new and old clients from all branches were interviewed, with very positive results regarding their level of satisfaction. PAMIGA also provided a refresher training on financial education to 18 employees from all branches, with a specific focus on savings, in order to help the FI convince clients of the benefits of using adapted savings products and thereby increase savings mobilization. Finally, PAMIGA supported the FI in implementing a staff satisfaction survey, with the main objective to improve the institution's social responsibility towards its staff.

MALI



Institutional strengthening

- **CVECA Pays Dogon** – Top managers were trained in Dakar (Senegal) by PAMIGA on good governance of MFIs and in Ouagadougou (Burkina Faso) on individual lending methodology and loan recovery systems.



Financing

- **CVECA Pays Dogon** – The MFI received a credit line from PFSA, to refinance their rural portfolio, in particular for access to productive water.



SENEGAL



Digital finance

- **CAURIE** – Based on the feasibility study conducted by PAMIGA, CAURIE decided to focus on digitalizing all key operations managed by women groups through the use of tablets. The objective is to reduce the administrative burden and improve the quality of services. PAMIGA supported the FI in selecting the IT service provider. Tablets were tested in 1 pilot branch, and deployed to 4 additional branches. CAURIE also participated in the exchange visit on digital finance to Kenya, organized by PAMIGA.
- **U-IMCEC** – Based on the feasibility study conducted by PAMIGA, U-IMCEC decided to develop savings collection through external agents using a mobile app. PAMIGA assisted the FI in defining technical specifications and selecting an IT service provider to develop an adequate platform. After a pilot phase, the solution is now being rolled out throughout the FI network.



Access to clean energy

- **CAURIE** – With technical support from PAMIGA, CAURIE disbursed its first solar loans in 2016 in the pilot zone of Thiès. In 2017, CAURIE expanded the program to the Tambacounda region, the training of 9 Energy Entrepreneurs in charge of promoting / distributing / maintaining solar solutions. In addition to pico solutions for domestic use, CAURIE also started to finance larger solar solutions for productive use (to power refrigerators for small businesses), with the disbursement of a first batch of 5 loans to women entrepreneurs (with Energy4Impact and Bonergie). In Q4, PAMIGA assisted CAURIE in assessing the achievements of the program, identifying bottlenecks and defining needed measures to scale up.



Financing

- **CAURIE** – The MFI received a credit line from PFSA to finance its rural portfolio, in particular for access to clean energy.



Institutional strengthening

- **CAURIE** – PAMIGA assisted CAURIE in streamlining the operational and financial reports used for decision making and provided guidance on asset and liability management.
- **CAURIE and U-IMCEC** – Staff and Board members were trained by PAMIGA in Dakar (Senegal) on good governance of MFIs.

OUR IMPACT

Monitoring & Evaluation System

Through our integrated approach, we aim to foster significant, positive impact for our partner MFIs and for African rural populations. This is why we want to make sure that our programs are always relevant, efficient, effective, sustainable and truly impactful.

To do this, in 2016 we launched an overhaul of our Monitoring & Evaluation (M&E) system. Today, thanks to our improved M&E system, we are able to track in a systematic way the key outputs and outcomes of our programs, on a quarterly and annual basis. We also conduct more in-depth studies on a regular basis, such as project evaluations (mid-term or final), client satisfaction surveys, focus group discussions, or outcome surveys (using a difference-in-difference methodology).

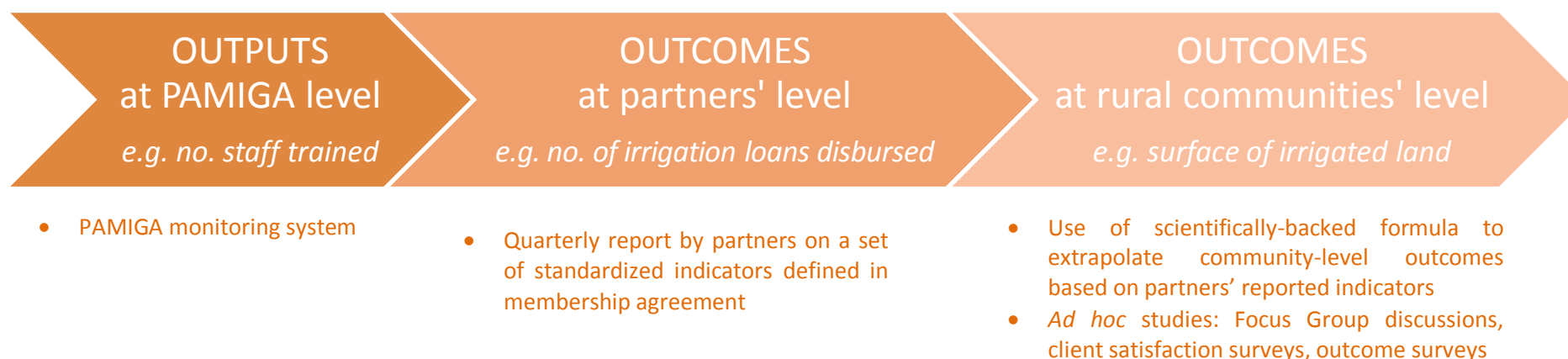
This annual report draws on data already available from the M&E system. In the future, we aim to share more detailed analyses of changes to the financial, social and environmental performance of our partner MFIs, as well outcomes at the level of rural communities.

Partnership with the MIX

In order to limit the reporting burden for partner FIs, promote harmonized reporting practices in the industry, while still allowing for systematic and accurate data collection, PAMIGA is partnering with the MIX as a MIX Gold member.



SOURCES OF DATA



Key figures (cumulative, as of December 2017)



DIGITAL FINANCE

8 FIs developing digital finance services

2 FIs with agent banking

2 FIs offering mobile banking services

2 FIs using tablets for remote data delivery

10 FIs implementing a risk management action plan

6 FIs with a risk manager position or internal audit

118% average Operational Self-Sufficiency of partner FIs



INSTITUTIONAL STRENGTHENING



SOCIAL PERFORMANCE MANAGEMENT

11 FIs with a recent SPI4 assessment

68 average SPI4 score (out of 100)

6 FIs with an effective client complaint resolution mechanism in place

11 FIs providing financial education to their clients

213,682 microfinance clients trained on financial education

11 FIs offering loans for access to clean energy

12,320 solar units distributed

66 kWp of renewable electric capacity installed*



ACCESS TO CLEAN ENERGY

53,592 people with improved access to energy*

3,320 tons of CO2-equivalent emissions avoided per year*

* Impacts calculated based on GOGLA standardized impact metrics for off-grid energy sector



ACCESS TO IRRIGATION

4 FIs offering loans for access to irrigation

561 water pumps and irrigation systems distributed

224 hectares of land with improved irrigation systems



ACCESS TO DRINKING WATER

1 FI offering loans for access to water

474 water filters and rainwater catchment systems distributed

2,066 people with improved access to drinking water

Mid-term evaluation of the Digital Finance project

In April 2015, PAMIGA launched a four-year Digital Finance project, supported by AFD, LED and IFAD, to provide digital finance solutions (DFS) and risk management strengthening to eight MFIs. The objective is to enable partner MFIs to increase outreach towards new geographical areas and underserved clients (thus improving financial inclusion), while remaining sustainable over time.

In September-November 2017, a mid-term evaluation of the project was conducted by two independent consultants. We are pleased to share some of their key findings here.

Evaluation results

- **RELEVANCE:** High
- **EFFECTIVENESS:** Too early to assess, but nascent results are promising
- **EFFICIENCY:** Satisfactory

Some key strengths

- **A project highly relevant to rural microfinance institutions** – *“All interviewed MFIs agree that the PAMIGA Digital Finance project came at the right time. PAMIGA has selected MFIs that have as their mission to reach remote areas and serve the underserved. Many of them considered that the new technological solutions will help them to deepen their outreach and had included digitalization or improvement of distribution channels in their strategic plans when PAMIGA discussed with them project participation possibilities.”*
- **The added-value of combining risk management strengthening and digital finance implementation** – *“The idea to strengthen risk management to MFIs that are implementing digital finance solutions is considered a strong point within the project. Implementing new delivery channels, especially through digital finance solutions, makes new risks arise. The support provided by PAMIGA to internal auditors and other governance members has therefore been considered valuable.”*
- **PAMIGA, a catalyst of digitalization in Senegal (and beyond?)** – *“It is observed that after their first DFS experience through PAMIGA, both U-IMCEC and CAURIE seem to have an ambition to further digitalize their operations. Hence, PAMIGA can be considered a catalyst of MFI digitalization in Senegal, a country that has just recently started exploring this field.”*

The case of U-IMCEC, Senegal

U-IMCEC was one of the first partner MFIs to engage in the digital finance project with PAMIGA. Following a feasibility study, the institution decided to digitalize a service they were already piloting: a savings collection service conducted by external agents. The digital solution developed with the support of PAMIGA is an application named M-UIMCEC. Integrated into a mobile phone/tablet, this solution allows the agent to account the deposit in situ and in real time. An SMS is sent automatically to the client's cell phone to confirm the deposit, as well as the total amount the client has in his savings account. Simultaneously, the deposit is synchronized with the MIS at the U-IMCEC branch and also sent to the head office. The tablet/mobile solution was first launched in the Bambilor branch in April 2017, and then deployed in the Mbour, Thies and Bignona branches.

Some first outcomes were identified during the evaluation:

- **Attracting new clients** – Agents have attracting 180 new clients between Dec. 2016 and Sept. 2017, representing 16% of total new clients attracted by the four branches. As expressed by U-IMCEC's Bambilor branch manager: *“The agent service works as a tool for financial inclusion, because they are able to attract depositors who manage low amount of cash, mostly women.”*
- **Creating value for customers** – *“I switched from one MFI to U-IMCEC because I wanted to have access to the agent collection service. It is very convenient that somebody comes to visit you at the market to collect your savings and with that, your microloan is repaid”,* Client in Mbour Thiocé market
- **Reducing operational costs?** – Even through 25% of the transactions of the 4 branches have been made through tablets, it is too early to assess if the integration of tablets brings down operational costs, as U-IMCEC is still testing the solution and sometimes still has to combine manual and digital procedures in case of connectivity issues.



Voices of the people: access to safe drinking water in Kenya

Since 2015, Wakenya Pamoja SACCO (WPS), in Kenya, has been offering financial products for access to safe drinking water. In partnerships with the NGO Aqua Clara Kenya (ACK), the MFI is providing “Safi Loans” (“pure loans”, in Kiswahili) for investing in water filters and rainwater catchment systems. In late 2017 / early 2018, a study was conducted by PAMIGA and ACK, with financial support of the European Investment Bank, to assess customer satisfaction, as well as social and environmental impacts. Key findings from the study should be available later in 2018. Testimonies from beneficiaries have also been collected. Let us hear what they have to say...



Naomi Moraa Magena

Water Filter Client

“Family and friends who visit my house are always eager to know where they can get a water filter like mine”

Naomi Moraa Magena is 40 years old from Tabaka, Botire village. She learned about the filter when she met with an Aqua Clara Community Development Entrepreneur promoting the filter in her microfinance group. She had been experiencing waterborne diseases in her family of eight, even after using boiled water for drinking. At first she was skeptical about the filter but wanted to try it. She paid for the filter through a loan from WPS. The filter has now solved the challenges she had getting safe drinking water in her household. She saves close to KShs 300 per month (Euros 2.5) for fuel she used to boil water with. She no longer experiences any waterborne disease as she encourages every member of the family to carry filtered water wherever they go.

Catherine Maturu

Water Filter Client

“You cannot tell that it is water from the well, it comes out very clear and tastes so good!”



Catherine Mokeira Maturu, aged 43 years is a happy mother of four. She is a member of one of the Wakenya Pamoja microfinance groups from Nyamache Branch. In August 2016, she acquired a household water filter through her microfinance group. The filter was given as a top-up loan together with her business loan since she could not afford to pay cash. She had previously suffered from typhoid and had been advised to boil her drinking water. The introduction of the filter to the group came as a relief since she can now filter water from any source for drinking. According to Catherine, she always has plenty of drinking water for her family and all those who visit them. Catherine displays her filter at the dining table where it is easily accessed by family members or neighbors who visit them.

Dalvine Morumbwa

Community Development Entrepreneur

“Whenever I am walking in my village, people always greet me “Maji Safi, Maji Safi” which means “Clean Water, Clean Water”. This makes me proud.”



Dalvine Morumbwa is one of the Community Development Entrepreneurs who promotes the Aqua Clara water filters to WPS microfinance groups. She has sold close to 100 filters since the start of the project. She has been able to earn a living through the commissions she gets from the sales. Dalvine enjoys training other women in her community about clean water and is proud of the positive feedback that she gets from those who have taken the filters. Since her work involves meeting with different groups, she has gained recognition in her community.

KNOWLEDGE-SHARING

Key publications



Decentralized electrification and development

Marion Allet, as an Environment & Microfinance Program Officer in PAMIGA, has published two articles in the Special Issue 15 (2016) of FACTS Reports, dedicated to Decentralized Electrification and Development, under the supervision of FERDI (Foundation for Studies and Research on International Development).

Solar loans through a partnership approach: lessons from Africa

Lack of financial resources is a key barrier to access to energy in rural Africa. Since 2013, PAMIGA has been assisting rural financial institutions in developing solar loans to overcome this barrier. The approach chosen was that of a “two-hand” model, where a financial institution and a solar solution provider decide to partner. This article presents the rationale and features of the model, its first results, and the key challenges and lessons learned from its implementation in Cameroon, Ethiopia and Kenya.

Energy Entrepreneurs: an innovative model to reach the last mile

Today, reaching the last mile in remote rural areas remains a big challenge for many solar solution providers. Since 2014, PAMIGA has been testing a new model to bridge the gap between urban distributors and rural clients: the Energy Entrepreneur model. This article presents the unique features of the model, its first results and impacts, as well as the key challenges and lessons learned from its implementation in Cameroon and Ethiopia.

Toolkit on Access to Finance for Renewable Energy Technologies



Based on its extensive field experience, PAMIGA has been mandated by IFAD to develop a toolkit on Access to Finance for Renewable Energy Technologies. The toolkit is composed of: (a) a Teaser, which sets out the scope; (b) a Lessons Learned document, which analyses past and current experiences in renewable energy finance, with a focus on implications for smallholders and their families; and (c) a How To Do Note, which conceptualizes key issues and provides specific guidance on the design and implementation of renewable energy finance projects. It should be officially released during Q1 2018.

Could technology be a factor of financial exclusion rather than inclusion?



Jacinta Maiyo, Digital Finance Project Manager in PAMIGA, has published with OpenCBS an article on Microfinance Gateway entitled "La technologie risque-t-elle d'être un facteur d'exclusion plutôt que d'inclusion financière ?" - November 2017

Interventions in conferences

- SPTF annual meeting, Mexico, June 2017
- African Microfinance Week, Ethiopia, Oct. 2017
- Seminars of Board Fellows Program for Africa of Centre for Financial Inclusion of ACCION, Cape Town, May and October 2017
- European Microfinance Week, Luxembourg, Nov. 2017
- Cap Verdian Microfinance Week, Cape Verde, Nov-Dec 2017

Participation to networks and working groups

- Convergences – “Finance responsable et inclusive” working group
- European Microfinance Platform – “Digital Innovations for financial empowerment” Action Group (PAMIGA as a co-head)
- European Microfinance Platform – “Microfinance & Environment” Action Group (PAMIGA as a co-head)
- Risk Management Initiative in Microfinance (RIM)
- Social Performance Task Force (SPTF)



WHAT'S NEXT

- **Expansion to new partners**

To increase impact, PAMIGA plans to integrate new partner FIs and impact-solution providers to its network.

- **Deployment of Digital Finance Solutions**

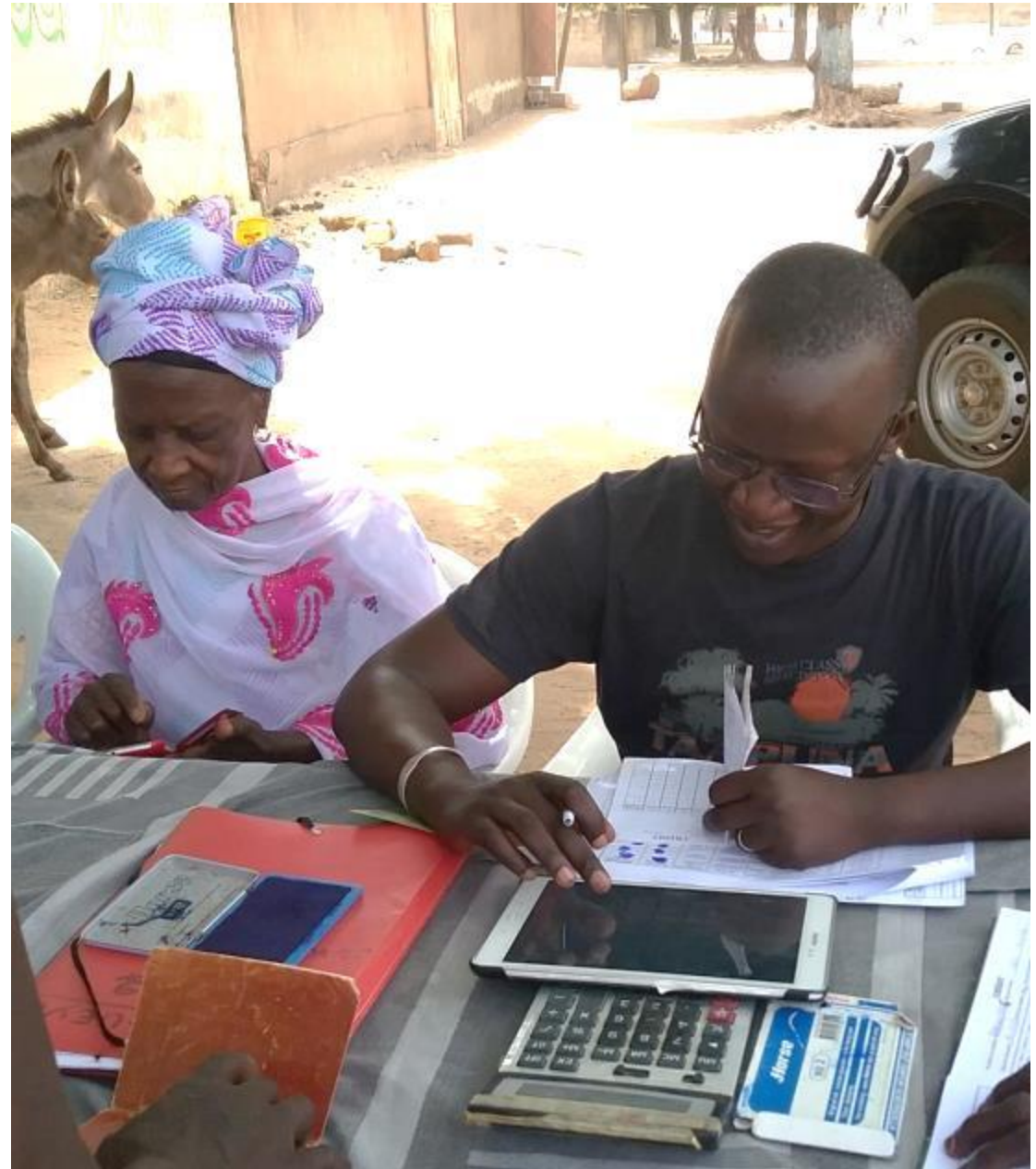
PAMIGA will continue to accompany partner FIs in their digitalization process to increase outreach to rural areas, increase FIs' efficiency, and improve customer services.

- **Focus on the productive use of energy**

In addition to facilitating access to clean energy solutions for domestic purposes, PAMIGA will increasingly focus on promoting renewable energy technologies for productive use, such as solar water pumps for smallholder farmers and larger solar PV and solar heating solutions for SMEs.

- **Mid-term evaluation of Business Plan 3 and preparation of Business Plan 4**

PAMIGA is planning to undertake a mid-term evaluation of its current Business Plan 3 (2015-2019) during the 2nd half of 2018. Results will be used to help reach the objectives defined in this business plan, and will provide food for thought for PAMIGA Business Plan 4.



THEY SUPPORT US



What they say about us

"LED has been a partner of PAMIGA for over 6 years. PAMIGA proved to be a very dynamic and professional non-profit organization, counting on a team of highly skilled experts with significant field experience in Sub-Saharan Africa and a deep knowledge of rural poor populations' needs and expectations."

Heinz Dünser, LED – Liechtenstein Development Service

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