Final Evaluation Report

Global Development Network

and

CAF – Development Bank of Latin America

Regional Research Grant Competition on Financial inclusion and Microfinance in Latin American and Caribbean Nations 2014-15

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Executive Summary

The report evaluates the outcomes of a joint GDN-CAF one year (2014-15) project during which three research teams (in Bolivia, Uruguay and Chile) researched specific conditions of financial inclusion through micro credit in the Latin American and Caribbean (LAC) region. In addition to a monetary grant of USD 10,000 funded by CAF, GDN supported research team with a number of capacity building, review and dissemination activities.

Overall, the results of the evaluation are clearly positive on all three outcome indicators used. In terms of **research capacity building**, throughout the short duration of the project, the teams strengthened noticeably their understanding of research beyond traditional technical debates, exploring to a functional extent the potential of planning research dissemination across different target audiences. Compared to the baseline, at the end of the project grantees also showed increased realism in their capacity-building needs self-assessment; they attributed positive change regarding to the most pressing needs to the project, and qualified the broader perspective warranted by the project as professionally enabling.

With regard to **research support activities**, the teams appreciated the grant and the opportunity to access mentorship by a subject expert the most, suggesting more investment towards both in the future, as an effective strategy to enable other young and mid-career researchers in their country of work. In particular, they suggest more frequent and larger grants, and extending mentorship to include research dissemination efforts.

Finally, as far as **research outcomes** are concerned, grantees assert that the project enabled them to carry out research that would have otherwise not been possible. They are satisfied of both the process and the results, and believe that between the end of the project and the evaluation they contributed 'to some extent' to the area of research and policy, identifying clear implications for policy and implementation. The team's academic mentor values the scope of three studies as 'important', and highlights some of the implications as 'powerful' and some of the findings as academically 'excellent'. In one case, he suggests more research work to match high academic standards.

Sensible variations in previous academic qualifications and different final academic achievement of the three research teams also point to the need for (the) donor(s) to shape their expectations, specifically regarding academic quality of outputs, on the specific starting point of each grantee, and on their unique professional profile (research grantees not always or necessarily professional academics), rather than on the support provided and grant requirements alone. It is in the balance of calibrated expectations regarding outputs, and flexible, composite technical support, that the GDN-CAF joint effort enabled the five grantees to achieve clear research outcomes that, in turn, offer a solid base for direct and indirect impact in the future.

Background

In late 2013, the Global Development Network (GDN) and the Development Bank of Latin America (CAF) launched a joint competitive call for research proposal on the contextual, institutional, demand and supply conditions of financial inclusion through micro credit in the Latin American and Caribbean (LAC) region. The aim of the research funding was to advance current understanding of the microcredit market in the region, and its potential to impact positively socio-economic development in an inclusive and crosscutting manner.

In line with GDN's global work and the Regional Network Partner strategy, the funding was also geared towards building research capacities of researchers in the region to conduct leading-edge research capable of delivering original, policy-relevant and transferrable knowledge, by strengthening researchers' capacity to work in an interconnected way and nurture policy influence through tailored research communication. Beyond its monetary contribution (USD 10,000 each, for three winning research teams), the project granted the three teams access to mentorship by a subject-matter expert, organized a peer-review workshop and sponsored the researchers' attendance to GDN's Global Development Annual Conference in 2014 and other relevant events.

It follows that the GDN-CAF project embraces two **impact areas** – namely, the design of increasingly effective financial instruments to foster all-round socio-economic development in the LAC region, and strengthened academic capacity and visibility of regional researchers. These are distinct, yet very closely intertwined.

Operationally, these impact areas translate in a number of **outcome indicators**, which are the focus of this evaluation. These include:

- the extent of research capacity building,
- the quality of the research delivered; and
- the professional development that took place during the one-year project, in direct relation to the grant.

Given the relatively short duration of the project, and the short time span between the conclusion of its activities and the evaluation, this report focuses on short-term dimensions of change, limiting itself to teasing out insights that point to medium- and long-term impact, including in terms of academic outcomes, career advancement of the grantees and policy influence.

Evaluation Methodology

The evaluation leverages two sources: it analyses and discusses **self-reported perceptions of grantees** regarding professional strengths and capacity-building needs, policy influence and academic impact, professional gains and the appropriateness of the support received, based on two online (structured) surveys administered before and after the actual implementation of the grants; also, it presents the final **qualitative assessment of the teams' common academic mentor**

on the work carried out by grantees during the project, namely on the final reports submitted to GDN and CAF.

Drawing on both sources, this report:

1. draws a crosscutting profile of the grantees (as a baseline) to then assesses the extent to which the project contributed to the professional development of grantees;
2. it discusses the teams' substantive academic achievements; and
3. finally, it looks at the grantees' relative appreciation of GDN support activities as part of the GDN-CAF grant.

Profile of Grantees (Baseline)

The Regional Research Competition funded three teams – working from (and on) Uruguay, Chile and Bolivia - for a total of five researchers. Two of the three teams were composed by qualified, full-time academics, all of who obtained doctorates from academic institutions based in other developing countries in Latin America. The third team was made up of two research consultants working in the private and non-profit sector, whose highest academic qualification are Master degrees (in one case, multiple Master degrees) obtained within their home country. The diversity in the teams' composition is significant - beyond mere statistical relevance - insofar as it imposes to think of different professional path towards policy research and research influence, offering an opportunity to look at GDN's project support activities through an additional lens.

Professional Exposure

In terms of professional exposure, all academics involved had at least one experience as principal investigators of a 'policy relevant research project' before the GDN-CAF grant, even though the GDN-CAF grant was – for all teams - the largest individual funding ever obtained by team members. Previous experience as principal investigators appears to be commensurate with their respective career stage, counting between one and three projects per individual researcher. Members of the two teams of professional academics also had previous experience serving as peer-reviewers, and attending international academic conferences (in two cases multiple international ones), typically as presenters rather than discussant or reviewers. In the two years previous to the GDN-CAF grant, all three members of both professional academic teams also worked as part of regional, and in two cases, international, research teams (of varying size, involving 2 to 11 people per project), which produced policy relevant 'written' research outputs - working and discussion papers, policy briefs, as well as presentation with representative of governments and UN system agencies. Previous projects involved literature reviews, the use of descriptive statistics and, in two cases multivariate analysis, surveys and experimental or quasi-experimental methods. In sum, the academics that took part in the project appear, since the outset, to be able to leverage a growing professional academic and policy network, and build on some first-hand exposure to regional (and in two cases international) collaborative research arrangements. These

experiences were used typically in the context of rather traditional academic research projects with limited communication efforts.

The third team could not count, from the outset, on the exposure typical of academic professional tracks, but (unlike the two teams of academics) it had previously accessed a relevant research capacity building programme, from a reputed policy research institution at the regional level. Further, its members are, much like academics, affiliated with multiple national and regional professional networks focused on socio-economic development of their respective nation and the region.

Noticeable differences between the profiles of the three teams quickly disappeared in grantees' professional self-assessment. In fact, what emerges unambiguously from this is a common identification with the professional and technical category of the 'researcher', understood in very traditional terms. Based on a 4-point scale, grantees rated (with minimal deviation) their core strength on *research methods* (3.75 out of 4, where 4 stands for 'very high' and 1 for 'low'), followed by *statistical analysis skills* (3.5/4) and *subject knowledge* (3/4), all equal or above the grade of 'high'; grantees' assessment of their *capacity to extract policy relevant knowledge* and *communicate research*, however, ranked lower - below 'high' (2.75/4 respectively); their *professional visibility*, finally, ranked lowest - at 'medium' in terms of development (2/4).

The GDN-CAF grant was the largest grant for all teams, indicating an early or mid-career stage for all researchers, and funding-scarce national research environments. Most significantly, however, it was also the teams' first GDN grant as well as their first opportunity to take part in a research mentorship programme – in line with the spirit of the GDN's work to reach out to those developing country researchers that can benefit the most from its work.

Professional Capacity Building

The end-line grantee survey asked team members to assess, in hindsight, their **capacity building needs** at the outset of the GDN-CAF grant. A candid self-assessment indicated *high* capacity building needs in 41% of the professional and academic dimensions listed, and *some* capacity building need in 36% more, with grantees feeling completely confident about their capacities only with regard to about one in four dimensions (23%). Top on researchers' priority list were the need for capacity building on how to 'communicate policy recommendations' and 'develop relationships with fellow researchers' (both marked as 'highly required' by three out of four respondents), followed by support for visibility, writing for research audiences and for policy, designing policy relevant research and developing relationship with policy makers (all marked as 'highly required' by half of the respondents). Predictably, instead, grantees felt rather confident about their subject knowledge and analytical skills.

Interestingly, grantees assessed the extent to which their "needs were met during the project" overall just above 'medium', on a 4-point scale (2.3). Importantly, the

lowest ranked in terms of needs met, at 1/4 (or 'low'), is the 'capacity to build relationship with policy makers'. The two top priorities (see above) were met only 'moderately' and below 'highly'. This conservative trend is supported by a comparable low **self-rating in terms of core professional competencies "after the project",** which features a 0.25 overall *decrease* in self-assessment averages from the baseline. Competencies such as the ability to extract 'policy recommendation from research' dropped by 0.5 points, from 2.75 to 2.25 on a four-point scale, that is from 'high' to 'medium'. The fact that a dimension such as 'topic knowledge' is still at 3/4 (or 'high') after the end of the research, however, signals that the scale and relative importance of each competence area changed in researchers' understanding of their work throughout the research.

These data should be read in light of the larger ambition of the project, particularly against its limited duration, of **expanding grantees' horizon in terms of professional requirements for policy influence of research**. In other words, after the project researchers are more likely to value (and understand) the difficulties and need of communicating research outside academia much more highly (and deeply) than before, to a measure that is well beyond inversely proportional to numerical 0.5 point decrease in perceived policy networking skills. In other words, the more conservative self-rating reflects, at best, a clearer understanding of what it takes to work as a visible and influential researcher at the national, regional and international level.

A confirmation of this interpretation of end-line survey data comes from grantees' confident **attribution of positive change to the GDN-CAF project** specifically with regard to their 'capacity to extract policy recommendation' and 'professional visibility development', which is in both cases higher than what they think the project directly contributed in terms of 'research methods' capacity building (0.75/4), and lower only than the project's contribution to increased 'knowledge' (2.75/4).

A comment by one of the five grantees describes this apparent contradiction, and the professional exposure offered by the project, in the following words:

"*the opportunity of being part of GDN has allowed us to develop many skills that can improve our contribution within our organization and most importantly, we can create and support several projects with a wider perspective.*"

In terms of less subjective dimensions, the end-line survey shows a number of further noticeable changes emerging from the research process, as a result of their participation in the GDN-CAF project:

Research outputs
While all teams produced the single mandated '**working paper**' for the grant, the teams also diversified and multiplied their academic outputs, in a significant shift from the 'single output' trend of previous research efforts documented through the baseline survey. According to the focus of their GDN-funded respective research, a team produced three **academic papers** for national and international journals, another team presented at least three **academic events**, and one presented its findings at two different national **stakeholder round tables** – all within the relatively

close time window between the end of the project and the end-line survey. Additionally, three out of five grantees reported to have published at least two (and a maximum of five) more research outputs *unrelated* to the project since the outset of the project, showing a possible **trend towards capacity of publishing research** and the management of composite research agendas. In an open question about the usefulness of research outputs, all researchers highlighted the double function of 'working papers' as a product apt to reach out to both policy and academic audiences, and as the basis for more scientific outputs. Significantly, all grantees plan to keep exploring the topic on which they worked with the project funding as part of their future research agendas, and at the time of the end-line survey all teams were working on publishing the results of their research.

Research outreach

The number of **platforms accessed to communicate and disseminate research, and the number of dissemination targets**, has increased significantly compared to the teams' work before the grant. If previously a single platform was used (typically a presentation or a policy brief), targeting a single group (typically government or intergovernmental institutions), the project gave grantees an opportunity to diversify its targets (those with potential influence such as policy-makers, politicians, think tanks, and those with direct control of implementation operations, such as NGOs and public administrators), combining discussions with representatives of specific bodies and distribution of research material in simple but composite outreach efforts. The opportunity that all teams took up to design – for the first time – a **dissemination plan for research outputs**, is another clear achievement of the project. In terms of research communication, more work remains to be done in terms of public outreach, through social and traditional media in particular, which none of the teams used.

Professional networking

Grantees' responses when prompted about the specific motivation for holding **memberships in professional networks** also evolved. Significantly, in one case a grantee who had stated in the baseline to simply 'seek research collaborations', became a 'national board member' of her main professional network of reference.

Language skills

The only grantee who listed Spanish as her **main language of work** in the baseline survey (declaring only a 'good' working knowledge of English) changed it to English in the end-line – a sign of increased confidence and wider exposure to an international research environment that goes beyond the region. Though isolated, this is a significant instance of professional growth for a mid-career researcher (with a growing regional and national professional network) who pursues academic ambitions to produce **transferrable knowledge** that can dialogue with relevant academic and policy efforts in other regions.

Research Outcomes and Academic Contribution

In terms of research outcomes, and the extent to which they were achieved by each team, all grantees stated in the end-line survey that the research and the dialogues undertaken as part of the GDN-CAF project contributed 'to some extent' towards a greater understanding on financial inclusion and microfinance in the Latin American and Caribbean region. Short of a systematic evaluation of the research impact, this common statement hints at the grantees' *qualified confidence* and their realistic understanding of the influence they bear on the socio-economic and institutional processes that they study – something which falls in line with an approach to research that is fundamentally process oriented, aiming to integrate contextual and longitudinal factors in its take on policy influence.

Contribution of Research: Grantee Perceptions

'We have contributed with an encouraging positive result on a possible new option to increase financial inclusion under the specific conditions of our area of study through the implementation of financial management tools alongside financial education.'

'The Project provides relevant and original information on a field [on which] there [is] almost no research available, not only in Uruguay but in Latin America.'

'[The research] has shown that a simple low-cost intervention ([the] use of role-model) may have substantial benefits in terms of training micro-entrepreneurs, and this may help a type of beneficiary that is not well served by individual consulting services often provided.'

'We have taken an important step towards understanding what components of the standard micro entrepreneurship programs work and how. We have also looked at ways to motivate micro entrepreneurs to learn and implement better management techniques.'

A fundamental window into evaluating the effectiveness and efficiency of the grant comes, however, comes also from the independent feedback from the international subject matter expert who served as a remote academic mentor to the researchers, throughout the project, Thorsten Beck, Professor of Banking and Finance at the Cass Business School.

In his qualitative feedback on the final reports submitted by the teams, the mentor confirms that all three studies represent equally 'important' efforts in their respective focus, as much in terms of knowledge as for policy and implementation. Also, he stresses that the 'implications' for policy and implementation of all three studies are significant.

His assessment of the academic quality of the reports submitted, and the strength of the conclusion reached by each team, however, varies, providing important insights

into the different needs of each team, and the respective capacity to benefit from the actual support received.

In the case of the lower academically qualified team from **Bolivia**, the mentor stressed a missing link between the policy recommendations and the results of the study, advising further and more systematic work to probe and corroborate current results. Part of the difficulty met by the team was in the use of a randomized control trial approach, without previous experience of it. Accordingly, the study's finding that financial management and financial education tools have a negative effect on the likelihood of being approved for a loan is partly contradictory of the initial hypothesis, and somehow 'disappointing'. The extent to which the team tested its hypothesis, however, and the limited amount of 'discussion' of the experiment's results do not allow reaching a final conclusion. In this case, the mentor recommends more work to the team - including tackling the methodological complicacies of the experiment and testing the long-term effects of the training on entrepreneurs. The research, in other words, is only half-way to meet high *academic* standards, and further work is needed to improve the results and produce publishable outputs.

In the case of the team from **Chile**, instead, the mentor is clear to signal the potential of the team to produce in a short span an 'excellent academic paper that will be publishable in a good academic journal and will contribute to the literature in this field.' According to Prof. Beck, the team's greater academic preparation in quantitative methods (compared to the other two grantees) was instrumental for a 'carefully planned and executed study, with important results [showing that the] use of role models can have important repercussions for the effect of business training programs, as can individual rather than group training.'

In the case of the study on the informal financing market in **Uruguay**, finally, the mentor is clear to mention that the study's 'very interesting!' [sic] results carry 'a quite powerful message', even though he 'cannot judge on publishability as [he is] not familiar with this type of [qualitative] study' and the relevant platforms/standards for publications. [Interestingly, despite this disclaimer, the grantee, in this case, appreciated highly the cross-methodological inputs of the mentor (see below)].

In sum, the mentor's comments point to the fact that *different teams accessing the same support* can achieve equally insightful conclusions despite widely varying (actual) methodological preparation and focus, but – from a purely academic perspective – the range of research outputs and time-frames accessible to each team will still reflect the initial differences. This is particularly relevant, admittedly, for multiple research grants and mentorship programmes that have a short duration, like this one. While the one year grant did not enable the teams *equally* in terms of *actual* outputs at the end of the project, however, the mentor brings forward enough evidence that the grant enabled *all teams* to conduct the funded research, and, where more work is indeed needed, researchers now know in which direction to proceed.

GDN Support, by Activity

Throughout the project, GDN supported researchers on both research and project management – from interactions with the technical mentor to the organisation of a peer-review workshop in Washington DC, in which the three teams met to share their work in progress and receive feedback. In the end-line survey, grantees were asked to evaluate and comment on the relative contribution of these different tools and platform.

Both, in terms of *value for capacity building*, and in terms of *usefulness for research*, grantees showed their highest appreciation for the '**grant**' itself (unanimously 'very high', and ranked first by 3 out of 4 respondents). Except one respondent who emphasised the primary contribution of the mentor towards research design, all grantees stress the fundamental importance of dedicated grants to pursue (or conclude) policy relevant research, specifically in national research environments where funding is scarce.

Again both in terms of value and usefulness, 'the grant' was followed by '**mentoring**' (unanimously above 'high', ranked second by all but one respondent, who ranked it first) and the opportunity to attend the GDN '**conference**' ('high'). Grantees ranked 'high' also their experience with their mentor in terms of *technical support*, whether for its substantive appropriateness and the logistics of the remote supervision arrangement. Three out of four grantees, however, ranked relatively lower the frequency of the interactions with the mentor (2/4, or 'medium'), reflecting a clear demand for this type of guidance and support, as was confirmed by overwhelmingly satisfied comments by the grantees:

'*Have the mentoring not so much during the time of the grant but also after, when the project is trying to get formed as a paper.*'

'*This is a terrific initiative.*'

The '**peer-review workshop**' ranked relatively lower on both accounts of value and usefulness – as above 'medium'. Also in terms of *technical support*, the peer-review workshop was short of reaching a 'high' mark in any dimension – overall usefulness and relevance of peers' comments (2.67/4), with a slightly lower mark for timeliness. In a dedicated open question in the end-line survey, grantees articulated their opinions, raising noteworthy points for GDN's future work, particularly in terms of timeliness and logistics:

'*Many of the observations received at the workshop were extremely useful. However, a month earlier would have been more adequate for us since the fieldwork had already been carried out and it made it very difficult to implement some of the suggested adjustments.*'

'*A virtual session could have probably been enough to cover the contents of the workshop.*'

'*Useful but securing a few "bigger fishes" could have helped.*'

This feedback is helpful in qualifying, with the benefit of hindsight and in a comparative perspective that includes other support activities, the overwhelmingly positive feedback recorded right after the workshop's end. The previous workshop feedback report showed in fact all participants to be rather happy about the clarity of the workshop's objective, the quality of presentations, discussions and peer comments, administrative/logistical aspects and the opportunity the workshop offered to network, except two isolated voices who expressed dissatisfaction with logistics and the quality of presentations respectively. The only recommendation from the dedicated feedback exercise was a suggestion to video-record the proceedings to make them accessible at a later stage.

Finally, the '**support from the GDN project management team**' ranked the lowest, between 'medium' and 'low' both in terms of value for capacity building and usefulness in supporting the research process. Open comments articulate some of the grantees' concern with the administrative support received, particularly amongst participating full-time professional academics, which happen to be GDN's primary constituency:

'The administrative process was complicated and although the Project Management Team always required strict adhering to deadlines, the pace of answers from the project (including payments and questions on specific doubts) was inadequate.'

'Allow more interaction with the team to make budget reforecast easier to negotiate.'

'Many times the team became more a hurdle than a support. They need to supervise without distracting.' [However, no further information was provided.]

An additional question on GDN's *organisational support,* showed however significant satisfaction with the support received specifically at the contract stage (2.75/4) and regarding administrative management of the grant disbursement (2.25/4), while grantees ranked 'medium' (2/4) the support received during dissemination, and below 'medium' (1.67/4) the 'technical support during the implementation phase', which possibly point back to a strong demand for more mentoring and outreach guidance, as discussed throughout.

Conclusion: Achievement of Project Objectives

The results of this evaluation are, overall, straightforward. Grantees, on one hand, are clear about the fact that the GDN-CAF grant enabled them to carry out research that was urgent and would have otherwise not been possible. They also expressed satisfaction with the process and results of their efforts, in a way that is qualified, mature and realistic. A reasoned comparison between the baseline and end-line survey shows further that researchers' professional horizon has sensibly expanded, and that thanks to the grant all teams – better and less academically trained – can now count on a better understanding of their capacity building needs, as well as a more articulated professional self-image - not only as researcher but also as aspiring advocates/advisors - that takes into greater account the difficulties of communicating research to targets with influence or important stakes on the issues researched.

The mentor, on the other, is clear in saying that all three studies have delivered important, policy-relevant findings, some to a publishable quality compatible with good academic journals. Only a longer-term evaluation will allow assessing the extent to which research outcomes have been achieved, and with what impact.

At present, however, this evaluation also offers an important insight into the different impact of grant support activities (of the type the GDN-CAF project offered) on teams that have similar sets of priorities in terms of capacity building, but widely different starting point in terms of technical competencies (and to an extent, different professional approaches to research). In terms of support, the very adaptive nature and very high level of appreciation of mentorship as a support approach confirm it as a winning strategy for this kind of grant, above peer-based collaborations. This depends largely, of course, on the capacity of the mentor, and it applies for the *duration* of the research process, all the way through research dissemination (a dimension that emerges as urgent from the evaluation), after which peer-review and conference attendance will keep playing an undeniably important role. In terms of research outputs, however, expectations about *academic quality* must still be built on the starting level and professional profile of researchers in mind, rather than as a direct function of the support offered. It is in the balance of calibrated expectations regarding outputs and flexible, composite technical support that grants like the GDN-CAF project succeed in enabling young and mid-career researchers to achieve clear research outcomes that offer, in turn, a solid base for future impact, like in this case.