

Impact

The International Development Advisory Services Story

Impact Report 2015-2016

International Development Advisory Services (IDAS)

kpmg.com/eastafrica

Northern Farming, AECF Credit: Kate Holt/KPMG

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2015-2016 Impact report



Preface

This document tells the story of IDAS in Africa. More specifically, it highlights the impact that we have achieved in delivering and managing innovative development programmes and projects across the continent.

The publication has come at a crucial time. With Africa's population projected to double to 2.4 billion people by 2050, the importance of impact of development interventions has never been greater nor more urgent. The population growth rate is alarming, with serious implications for food, water, health, education, housing and other infrastructure. Already, the statistics suggest that 60% of the continent's population are under 25, most of these under 15. This presents huge opportunities and at the same time serious challenges, not least for employment and livelihoods. To address these effectively, Africa and the rest of the world have to derive real and lasting benefits from current and future initiatives.

KPMG, through IDAS, has brought its business know-how and discipline, networks, tools and systems together with dedicated professionals to work on some key development challenges in Africa. In the 10 years since IDAS begun, we have managed nearly USD 1.5 billion in funds for some of the biggest names in development. We have reached 10 million people spread across some 25 countries.

There is little doubt that the billions of dollars spent in the name of development in Africa over the last four decades have not yielded the results required or expected. This notwithstanding, some things have worked and there are even a few pockets of excellence, as can be seen from the pages that follow.

Given the afore-mentioned demographic changes along with current trends in the global geo-political landscape, there is a pressing need to scale what works. We have started on this journey using technology, innovation, targeted tools and interventions such as challenge funds, blended finance in agribusiness, health, governance, youth entrepreneurship, resilience and pay-as-you-go off-grid solar.

In the process, apart from traditional bilateral and multilateral donors, we have engaged the private sector, foundations and philanthropists, among others.

It is noteworthy that, in a relatively short period of time, we have managed to transform some of our largest programmes into independent entities. The Africa Enterprise Challenge Fund is a case in point. Here is sustainability - an important metric of impact. It confirms the widely-held belief, but seldom attained goal, that development projects should not continue in perpetuity. Rather, effective practitioners must achieve their objectives and close projects or otherwise leave behind strong institutions and initiatives able to stand on their own. In other words, we must 'do ourselves out of a job'.

I would like to commend our staff, past and present, who implemented the assignments, did the research and put together this publication. I must also pay tribute to our clients, associates and, perhaps most importantly, our grantees and beneficiaries who are the real heroes of the positive changes. Enjoy the story!

George Manu,

Partner & Head, International Development Advisory Services (IDAS), Africa.

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A message from the former Head of IDAS

any years ago, when I was a young university student, I had an epiphany: I was to dedicate my life to work in the less developed regions of the planet, in places where I had never been, but where I felt my skills could make a difference to balance opportunities for millions of people who didn't have many. In other words, I decided to focus my life on achieving development impact.

Among the many learnings of my life over the last two decades, working in over 40 developing countries, is that impact is not linear, it can be elusive, it is not easy to quantify, and measuring it is costly. There is plenty of failure too, painful mistakes when a policy or development intervention are untimely or not designed properly. Sustainability remains a major challenge. As the saying goes: The road to hell is paved with good intentions.

Bearing this in mind, at IDAS we take impact very seriously. I believe wholeheartedly that the almost 200 professionals with 18 different nationalities who work in IDAS in Africa are all driven by the same purpose. We are here to empower change across this magnificent, vast and diverse continent that faces so many internal and external challenges, while at the same time holding so much promise.

Impact is now more important than ever. The world seems to be going through a crisis of trust, in particular when it comes to spending taxpayers' money in countries that are difficult to pin on a map or whose names might sound exotic. On the other hand, the planet is one and solidarity is an important principle. We must help each other. Things must get better for everyone, not just for a few. The world is about multilateralism, about working together, and hence we are fully committed to contributing to the Sustainable Development Goals. The bottom line is that to maintain and increase trust, we need to improve the way we measure impact and be very honest about it.



To maximise impact we need technology and innovation, to leapfrog development stages as quickly as possible... We need more organisations partnering and blending finance of different characteristics together. We need more special purpose vehicles. We need new business models. We need to be bolder.

IDAS is trusted by governments, foundations, social investors and the like to accelerate Africa's transformation, and we are driven by this goal. We hold and manage funds with integrity, competence and empathy. We try very hard to give our clients and partners the confidence to invest in some of the most complex environments on earth. We live in Africa, we love Africa, we are all sons and daughters of this land.

To maximise impact we need technology and innovation, to leapfrog development stages as quickly as possible, since Africa is catching up with other regions. We need more organisations partnering and blending finance of different characteristics together. We need more special purpose vehicles (SPVs). We need new business models. We need to be bolder.

The private sector has a huge role to play. Traditional international assistance is declining, but there are many more sources of finance investing in Africa. In addition to philanthropic and social investors, more and more companies and individuals are discovering that Doing Good is Good for Business. There are now many African philanthropists and African companies leading the way.

This report shares some of our stories with you. It combines hard numbers with what really matters: a look at people, the human beings to whom we try to give access to new options and the capacity to make choices; the companies and not-for-profit organisations that we finance of behalf of others to innovate and deliver impact; and also about us, the professionals working mostly behind the lines trying to make it happen every day.

As we like to say in IDAS: The sky is not the limit. How to maximise the impact of development efforts is a critical conversation. Please engage with us.

Julio Garrido-Mirapeix,

Partner & Former Head, International Development Advisory Services (IDAS), Africa (2006– August, 2017). Who we are



Who we are

KPMG Africa's International Development Advisory Services Practice manages philanthropic funds on behalf of development partners to achieve social impact at scale across Africa.

Our vision is to transform lives and continents by :

Inspiring confidence; and

Rigorous fund management gives our clients the confidence to invest in complex environments.

Empowering change

The funds we manage support bold pioneers building innovative market systems that benefit the poor.

IDAS culture is rooted in KPMG values: Our integrity and policy of open and honest communication builds trust and collaboration, while our flexibility and diversity creates a culture in which people share knowledge freely, bringing out the very best in each other.









The grantees

The impact of funds managed by IDAS is made possible by the hard work, ingenuity and tenacity of the grantees. These companies and organisations are building a better world in which technology, markets and services benefit everyone.



Chobo Investment Company Credit: Chobo Investment Company



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Northern Farming Credit: Kate Holt / KPMG FARMI

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(extaca)



Fenix International Credit: Fenix International

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Impact at scale

Impact highlights from IDAS-managed programmes

£132 million

Monetary benefits through governance reforms from **£28 million** invested.

Programme: Accountability in Tanzania (AcT)

AcT is funded with UK aid from the UK Government.

10 million

Beneficiaries in agribusiness, clean energy, adaptation and financial services, **8000 jobs** as of 2015.

Programme: The Africa Enterprise Challenge Fund (AECF)

AECF is funded with aid from the Governments of Australia, Canada, Denmark, the Netherlands, Sweden and the UK, as well as Consultative Group to Assist the Poor and International Fund for Agricultural Development. The AECF is a multi-donor funded, special partnership initiative of AGRA.

\$66 million

Private sector capital leveraged as matching funds for pay-as-you-go off-grid solar benefitting

2.4 million people from just **\$7 million** invested since 2012.

Programme: The Renewable Energy and Adaptation to Climate Change Technologies (REACT) window, AECF

REACT is funded with aid from the governments of the UK, Sweden and the Netherlands.

2 million

Beneficiaries, **77,000** trained in **2015** for resilience.

Programme: Building Resilience to Adapt to Climate Extremes and Disasters (BRACED)

BRACED is funded with UK aid from the UK Government.

38

Rural financial products launched in **1 year**.

Programme: The MasterCard Foundation Fund for Rural Prosperity (FRP)

FRP is funded by The MasterCard Foundation.

22 million

Tanzanians received governance information.

Programme: Accountability in Tanzania (AcT)

AcT is funded with UK aid from the UK Government.



International Development Advisory impact represents KPMG values

Impact highlights from IDAS-managed programmes

01

Lead by example

Systemic change is achieved by IDASmanaged programmes by crowding in private sector investment around demonstration of a viable pro-poor products and services.

AECF REACT support to a cluster of pav-as-you-ge off grid soler companies had helped to datalyse an entire industry.

03

Work together We strive to break down boundaries by promoting partnerships.

The **SCIP Fund** in Ethiopia brokered partnerships between civil society, private sector, academia and government to strengthen national climate institutions.



Credit: The MasterCard Foundation Fund for Rural Prosperity

06

Act with integrity

IDAS promotes transparency, good governance and value for money in everything we do.

The **AcT program** is changing lives and lifting up communities in Tanzania through empowering citizens to demand integrity from their elected officials. 02

Respect the individual

이슈 Communicate openly and honestly



Seek facts and provide insight

07

Improve communities IDAS-managed programmes have benefitted tens of millions of people; our team works to understand exactly how each one of those lives has improved – whether incremental gains from financial services that reach millions, or a life changing income increase for individual farmers through a poultry project.

We focus on making sound funding recommendations and preventing fraud so our clients can take healthy risks.

IDAS's risk management advice as trustee for **FSDT Kenya** has underpinned cutting edge innovation in financial inclusion and mobile money.

IDAS is a thought leader pioneering new approaches to private sector development, social change and governance in the complex development space. Our M&E teams answer tough questions.

As an independent monitor of health programmes in conflict zones, IDAS provides robust evidence of activities and impact in precarious environments.

Our work makes communities more resilient to growing pressures such as urbanisation, unemployment and climate shocks.

BRACED grantees are developing pastoral markets, creating rural economic pockets, and developing insurance products for the most vulnerable.

KPMG lifelong learning

Supporting entrepreneurs to scale with the connect unit

The AECF Connect unit was established with support from Swedish International Development Cooperation Agency (Sida) to help businesses receiving grants from the Africa Enterprise Challenge Fund (AECF) to raise follow-on capital for scale up. IDAS was the manager of the AECF and AECF Connect. The AECF is a multi-donor funded, special partnership initiative of AGRA. As of March 2017, AECF Connect had supported a dozen companies to raise over \$35 million.

Continuing this work, the KPMG Connect unit supports grantees in raising capital from investors and lenders quicker, on better terms or more quickly than they would have done without the support of Connect. The team provides expert advice and strategic input surrounding the fundraising process.



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KPMG East Africa OUR Stories

Credit: The MasterCard Foundation Fund for Rural Prosperity Governance

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Health Care

We are passionate about the new Africa

At IDAS, we help our clients drive systemic transformation in six interconnected sectors

Renewable energy

& climate change

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Resilience

Agribusiness

Our sectors

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Financial inclusion



(13)

- Technology
- Private sector
- M Investment
- Value addition
- Diversification
 - Rising middle class
- Local solutions

Disease

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Natural resource

Commodities

Corruption

Charity



- Grantees IDAS has managed
- IDAS Headquarters in Africa
- IDAS Hub Office, Southern Africa
- IDAS Hub Office, West Africa
- IDAS Office, Uganda
- IDAS Office, Tanzania

крмд

Sector Agribusiness









Agriculture is critical to Africa The sector employs two thirds of Africa's work force. Agricultural growth reduces poverty three times more than other sectors.1

Creation

But productivity remains low Improved use of inputs, access to markets and production technologies are necessary to produce surplus for the increasingly urban population.



Technology, information, finance and markets are needed to drive change An estimated \$260bn per year is needed to reach the Sustainable Development Goal for food security, with the majority expected to come from private sector investment.²



he Africa Enterprise Challenge Fund (AECF) finances businesses with potential to change rural market systems to benefit the poor. The AECF is a multi-donor funded, special partnership initiative of AGRA. IDAS was the fund manager of the AECF from 2008 to 2017. With support from the IDAS team, the fund sponsors and AGRA, the AECF grew from \$30m to \$244m, identified some of Africa's most innovative companies for early stage support, and benefitted 10 million people in 2015.

The AECF donors include: the Governments of Australia, Canada, Denmark, the Netherlands, Sweden and the UK, as well as Consultative Group to Assist the Poor and International Fund for Agricultural Development.

EthioChicken

Africa Enterprise Challenge Fund Grantee; Ethiopia

EthioChicken took over a failing government poultry centre, introduced an innovative sales model and became the largest producer of day-old chicks in Ethiopia. The model responds to poverty and malnourishment by improving poultry breeds and farming methods. The traditional Ethiopian diet is low in protein; furthermore, local chicken breeds are disease prone, have a low survival rate and produce few eggs. EthioChicken breeds and grows stronger, more resilient chickens through a franchised agent model that enables scale. The company supplies day-old chicks to large numbers of independent agents, along with a package of medicine, food and supplements that allows the agents to grow the chicks, according to EthioChicken standards, up to 40-45 days old - something the company could not do efficiently at scale in house. The agents then sell the chickens to farmers. The result for rural households is improved nutrition and increased incomes through egg sales.

The AECF's greatest achievement has been to expand the toolbox of the smallholder farmer using new technologies and novel approaches. AECF supported farmers can plant high vielding seeds protected by insurance using advice from television shows watched on devices powered by renewable energy. They can sell their output into vertically integrated value chains and use the proceeds to invest through low collateral equipment leasing schemes."

Hugh Scott, **AECF** Director



10,000 day-old chicks per year in 2010 to 3.1 million in 2015 with **250,000** households benefitting. The company reported doubling their day old chick (DOC) output in H1 2016.

¹ Goyal, Aparajita; Nash, John D.. 2016. Reaping richer returns: public spending priorities for African agriculture productivity growth. Washington, D.C.: World Bank Group Impact Report 2015 – 2016 13 ² UNCTAD. 2014. World Investment Report 2014, Investing in the SDGs: An Action Plan. New York and Geneva: United Nations

Agribusiness: Our people



We were trying to do development through business in 1976."

Hugh Scott

AECF Director

In 2000, The Economist infamously labelled Africa "the hopeless continent": a place surrendered to poverty, war, disaster and disease. Around the same time, Hugh Scott was thinking differently. Hugh is an agricultural economist. He had spent the last 25 years promoting development through private agri-business and investment in East Africa. By 2003, he was working on a concept to match donor funding with private sector investment. He worked with 10 of the world's largest companies to launch in 2006 the \$200m Investment Climate. The fund's tagline: "Making Africa an Even Better Place to do Business"(note the 'even').

Hugh was developing blended finance funds and impact investments long before the concepts hit mainstream development. "We were trying to do development through business in 1976," he said. That year, Hugh set up a papaya processing factory in Kenya that produced an enzyme used to chill proof beer. The factory had 120 staff and 4,000 outgrower smallholder farmers. "That was a social enterprise," he laughs - "of course we didn't speak then in those terms." Since 2008, Hugh has led the IDAS team managing the Africa Enterprise Challenge Fund. In 2015, the AECF benefitted 10 million people. As an innovator, Hugh is proud of how many funds he has set up over time - investment climate reforms, challenge funds, programs to make markets work for the poor, microfinance facilities. So why Africa? "I didn't want to get on the 8.14 train to London." That's what everyone else was doing when Hugh graduated from university in England in 1975. On their way to work in finance in the City. "I wanted to do something different," he said, "but I didn't mean it to turn into a lifetime."



It's about the people you meet – you look at the kind of challenges they face and you see that even the smallest support goes a long way."

Emos Osei-Wusu Ansah

Manager, International Development Advisory Services (IDAS), West Africa

Emos was born in Ghana. He read Philosophy, Politics and Economics at Oxford University and Development Economics at the School of Oriental and African Studies (SOAS). He began his career as an ODI Fellow in Nigeria. He worked with the Bank of Ghana as an economist prior to joining KPMG. "It has always been a passion," he says about his decision to pursue a career in international development. "When you see the challenges that developing countries are facing, the question you ask is, how can I make a meaningful contribution?"

Now based with IDAS in Accra, Emos is managing monitoring and evaluation work on behalf of a donor partner in West Africa. His team is busy surveying small and medium sized businesses to begin to understand the effects of donor support for business development services and fundraising. These companies need access to finance. But Emos has found that the most important thing they need to grow is good business practices. We see this consistently across the funds we manage. Without robust corporate governance and strong systems, companies will struggle to put money to good use.

Some companies are well on their way. Emos is especially excited about one business he surveyed: currently operating a large cassava farm, the company's goal is to become the largest cassava processor in the world. With off-take agreements from major FMCG firms in place, their future looks bright.



Sector

02 Renewable energy and climate change



Climate change threatens economic and social development globally Africa is particularly vulnerable. Erratic weather and deforestation are destroying agricultural and pastoral livelihoods while lack of access to clean energy prevents sustainable inclusive growth.

\$37



The answer is innovation

Extreme climate events demand adaptation innovations, while low carbon new technologies.

AECF REACT impact (2015)

IDAS was the fund manager for the Africa Enterprise Challenge Fund (AECF) Renewable Energy and Adaptation to Climate Change Technologies (REACT) Window that finances private sector innovation. The AECF is a multi-donor funded, special partnership initiative of AGRA.

536,546



Families that Average have benefited benefit from REACTper funded family projects



\$19.7M

delivered as a result of REACT - funded projects





5,148 clean energy SMFs enabled





emissions **RFACT** helped prevent

SCIP fund impact (2016)



IDAS was the fund manager Fund, funded with UK aid from the UK Government





technologies developed.



Brought down barriers between government, civil society, academia and the private sector to improve national planning





3,546 Green jobs



Clean Energy canacity installed by

7.26MW

Tonnes of CO2

How many people would you get out of bed for? Is it 10 people, 10,000 people, 1 million? And it's not just about people, but also about the environment. The role we have is privileged and we have the potential to help millions. Not many people can say they have that."

Helena McLeod

Director, International Development Advisory Services (IDAS), Renewable Energy and Climate Change

Upon meeting Helena, it is impossible not to notice her flare for life. At meetings she dares her colleagues to think like Elon Musk, to meditate, push boundaries and design the things of dreams. "Ask yourself," she likes to say, "if you had to do the same job for the rest of your life, what would it be? For me, it would be this.

"Over the last 22 years, Helena has worked as an environmental economist, tackling climate change, energy access and sustainable development. Her commitment to the planet and its people came from a young age. At 15, she came to the Canary Islands,

and by 18 was visiting tropical rainforests in Indonesia.

She was surprised and appalled by the level of deforestation she found there. She decided to do something about it. In her current role leading IDAS's work on Renewable Energy and Climate Change, Helena is driving coherence across the portfolio and designing new funds hoping to transform tens of millions of lives.

As a market leader, she believes it is our duty to encourage growth and help the environment through innovative thinking and relentless pursuit of impact.

Renewable energy and climate change

The energy access revolution

R ural energy access across Africa is seeing a remarkable transformation. While traditional grid extension has failed to reach the majority of the population, a new wave of high-tech innovation is succeeding. Off-grid solar companies are changing the continent's energy system by bringing clean decentralised energy services to customers that are affordable and accessible, improving their livelihoods, health, safety and opportunities.

We are especially proud of our work in this space, supporting AGRA and the Africa Enterprise Challenge Fund (AECF) sponsors to develop, grow and manage the REACT portfolio of the AECF. The AECF is a multi-donor funded, special partnership initiative of AGRA.

AECF REACT Portfolio impact: Off-grid pay-as-you-go solar projects



AECF REACT supports nine off-grid solar companies using pay-as-you-go mobile tech for end user financing



REACT was an early supporter of companies such as M-Kopa Solar, Off Grid Electric, Mobisol and BBOXX, who are now market leaders driving industry expansion

AECF REACT Portfolio Impact: Off-grid pay-as-you-go solar projects

\$7.2 million REACT Investmen since 2012 **2.4 million** People Benefited **\$18.2 million** Total Net Benefit \$66.3 million Private Sector matched funding



Anjali Saini

Expert, International Development Advisory Services (IDAS), Renewable Energy and Climate Change

Anjali has spent a good part of her time in the field, meeting the customers served by AECF REACT grantees. She sees a lot of benefits, especially for women. What really stands out, is how these benefits build on themselves over time.

Take the customers of off-grid solar companies. "I meet women who never thought they would have electricity in their homes," Anjali says. "But then it becomes a reality and their life is better because in the immediate term they don't have to spend time and money on poor quality polluting energy sources."

This is the first step of what is commonly referred to as the 'energy ladder'. The ladder begins with basic access to energy and then moves up from there to higher capacity and more productive use. Beyond this Anjali has observed an emerging narrative: "a mother with off-grid energy in her house might also become more confident," Anjali says.

"Perceptions about her have changed from her being a bottom of the pyramid single mother, perhaps needing a hand-out, into a more empowering view of being a valuable customer with a good credit history, demanding high-quality products and 24-7 customer service." That's just the beginning. Someone who buys a solar system can then leverage that asset and begin financing other things, like a water tank or a television.

The women that Anjali meets dream about buying smart phones, tablets or even a small computer, things they could not have thought of just a few years ago. Some have seen opportunities opening up for them to venture into micro businesses. "Innovation in this sphere is so exciting right now" Anjali says, "who knows what the future will bring, but we do know, for example, service providers are looking to deliver affordable data packages in previously unreachable rural areas through white space telecoms frequencies: Wi-Fi for the village.

With this comes all sorts of possibilities ranging from remote health services through to MOOCs (massive open online courses) and other relevant on-demand services. It's not inconceivable that in the near future we will see kids accessing world class education right in their homes, where once it was difficult even just to attend school.

These are incredible dreams for rural people, especially women, to have and the reality is not too far off."



Promoting the poorest

The intersection of community finance and energy

ne of the largest lessons emerging in private sector-led development is that the bottom of the pyramid (BOP) is significantly segmented. Many social enterprises reach poor customers at the top or middle of the BOP. But the poorest segment of the BOP has been difficult to reach with commercial business models.

Companies in the Africa Enterprise Challenge Fund REACT portfolio are starting to reach out to such groups to increase their customer outreach, strengthen credit checks and minimise default rates by new customers. The AECF is a multi-donor funded, special partnership initiative of AGRA. IDAS was the Fund Manager of the AECF.



Aileen's story

Aileen Chemng'etich is a member of the Taunet Nelel women's group in Kenya. Aileen started off as a MicroEnergy Credits / Equity Bank customer, using an Ecomoto loan to purchase energy saving cook stoves and a solar lighting system.

These products reduced her household energy expenses by more than half. Spotting an opportunity, Aileen decided to start a clean energy business stocking the same products she was using at home.

She secured a group social collateral guarantee from her women's group and collateralised her household energy assets to access a loan of Kshs 250,000 (US\$2,500) from Equity Bank. Aileen used the loan to stock up her market business, which has grown rapidly. Aileen has repaid the loan completely and applied for a new loan to expand further.

Aileen's story is drawn from the AECF REACT Portfolio Report 2015, and represents the impact achieved by the AECF REACT grantees and their beneficiaries.

From an unbanked rural woman to a clean energy customer to a clean energy entrepreneur, Aileen is an example of how clean technology and creative end-user financing mechanisms can unleash potential in rural areas.



Sector

03 € Resilience



We live in a volatile world

Resilience programmes build the capacity of people, communities, and countries to survive and thrive in the face of extreme shocks, stress and protracted crises.

Resilience is involved in everything we do

The field is uniquely cross-disciplinary, spanning from flooding, earthquakes, drought and coral reefs, to cattle markets, microfinance and weather indexing. Resilience is involved in how we do business, fight poverty, finance development, respond to disasters, build houses, or even distribute goods.

Sustainability is essential to our survival

How can we structure our societies and economies to long outlast our generation?



Working closely with their sponsors, IDAS manages programmes that are scaling solutions to help vulnerable communities in the Sahel, Horn of Africa and South and Southeast Asia become more resilient to climate extremes and shocks.



Credit: Bimala Rai Colavito, Anukulan project, BRACED



Progress

Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) Grantee Project; Kenya and Uganda

Mercy Corps' PROGRESS consortium project is a good example of the diverse activities that fall under the banner of building resilience. With funding from the UK government through the BRACED programme, PROGRESS is working on access to finance, weather information, livestock feed, food security, nutrition, land rights, and even gender-based violence.

Its layered approach makes progress by tailoring interventions to local problems and seizing opportunities in challenging environments. What can be done to make

someone living in a Kenyan semi-arid land on the border of Somalia more resilient to climate extremes is different from what could strengthen communities in Uganda's insecure north.

PROGRESS works in both these places: Wajir, Kenya and Karamoja, Uganda. Success in Wajir is being driven in part by devolution of budget and policy decisions to the county level, the presence of Kenyan Somali businesspeople willing to invest in local value chains and the setup of the area's first sharia compliant MFI.

In Uganda, governance and remote economics work differently, so PROGRESS has focused there on land rights. The common theme is targeting changes that are both transformative and achievable.

"If you can open the first MFI in a new area, you will have an impact and it doesn't really matter what the government does or whether a drought comes along or even conflict, that institution will have an impact," said John Burns, Mercy Corps programme director.



Resilience: Our people

Growing up, Praveen spent a lot of time in Sri Lanka, exploring the coral reefs near his mother's family home. He started his career as a marine biologist, looking progressively at how nature and people interact. "In many ways it was the best job in the world," he said, talking about his work helping to manage fisheries on an island in Fiji. But while idyllic, it made him realise that the real drivers of change were outside the island community. He wanted to engage at a policy level.

Moving on, Praveen explored a wider set of conflicts and resolution in various sectors – nuclear power, waste management, and tidal

power. On this journey he came to appreciate how sustainable development is key. People and nature will inevitably be in conflict – how could we engage today to limit damage to the environment and equip people with the skills to prosper through tomorrow? In his role leading the BRACED team, Praveen is finding answers to that question. He is energised by working at scale for longterm impact, focusing on opportunities and taking risks. "It is immensely rewarding to be working on something with a tangible and direct benefit," he said. "More so than Finding Nemo..."



Praveen Rajadiston BRACED Director





Development happens in the heads of the people. If we want to change the planet, we have to change the way we act and think and plan for the future."

Jesper Hornberg

Director, International Development Advisory Services (IDAS), Renewable Energy, Climate Change and Resilience

Jesper works in earnest. He believes the planet needs change, and that change can't happen fast enough. "We are already seeing sea levels rise," he says. "We will see mass extinction of the few remaining wild animals that are here. We cannot go on the way we are doing things now. That makes me get up in the morning because I want to find solutions. We need to learn to work together across various borders and boundaries: culture and language, but also disciplines. When you cross the different disciplines, sciences, models – that's when you come up with exciting new ones." Jesper spends a lot of time mentoring and working with organisations building community resilience to climate extremes. Resilience takes a holistic, proactive approach to confronting shocks. Jesper offers the example of working with a grantee: "You go to see a family and they say, look at what the flooding did to our land. And you can see it took out half of their land. Literally massive sink holes. They can't even let the children out to play. So we say, let's build a dam, and provide you with irrigation, and help you find money to borrow, and maybe even insurance. People like that. It meets their needs in a sustainable way." ReadyPay **Credit: Fenix International**

> 20% OF A Portfolio may produce 80% of its impact

10.00

Out of 10 Start-ups

In developed market venture capital

Produce

Substantial returns



In challenging emerging markets, we might expect an even higher failure rate than this

Benefitting from failure:

- 1. Transparency, effective risk management and trust are essential to establish a baseline from which to benefit from failure
- 2. We often learn more from failure than success. This should inform the way we structure our M&E and knowledge sharing platforms: we need to talk about failure.
- 3. A grant fuelled pilot may fail, but that entrepreneur will apply those lessons to a later venture that succeeds.
- 4. The best entrepreneurs and investors identify failure early on and cut their losses. That requires proactive project management.

Innovation, technology and failure

With innovation, necessarily comes failure

nnovation may be the hottest word in international development today. For good reason: development problems are persistent, demanding new ways of thinking and acting that are beginning to produce serious results. Starting with the mobile revolution, leapfrog technology is now everywhere in Africa, transforming the way Africans live. Technology reduces costs, improves production and opens new markets, reaching previously unreachable communities with quality products and services.

With innovation, necessarily comes failure. As fund managers, we often reference the Silicon Valley rule of thumb for financing risky business: about three to four out of every 10 start-ups fail completely, while three to four break even on the original investment, and just one or two produce substantial returns. In challenging emerging markets, we might expect an even higher failure rate than this. In our experience managing funds in Africa, 20% of a portfolio may produce 80% of its impact.

Lessons from our failures

01.

Many companies tailor proposals to match donor goals even when they aren't aligned with their core business model - these projects are not sustainable.



Market entry is hard: backing small local entities is important; balancing this with support for large institutional players can help achieve impact at scale. Partnerships between the two are a good way to solve cash flow challenges that can kill small projects.



Low-income consumers are sceptical: life is precarious and they can't afford to make financial mistakes; winning them over to new products takes a long time and a lot of money to educate

- 04. Unpredictable exogenous risks, such as political instability or Ebola, can derail even the best projects.
- 05 Truly patient capital, and possibly public partnerships, are essential to break into the bottom of the BOP where commercial models are finding it difficult to reach.
- 06. Flexibility in fund management and streamlined reporting is essential to support innovation.
- $0\]/$ Negative reaction to failure by sponsors and fund managers can create a culture that shies away from innovation.

крмд

KPMG-managed tech projects include....

Mobile money	Supply chain automation	Livestock vaccines	Hydroponics	Pay-as-you-go solar
Gasification	Wind-solar hybrids	Micro-grids	Bio-Active tractor exhaust emission	Solar water pumps
Adapted seeds	Drip irrigation	Organic waste conversion	Wet chemical soil analysis	Molecular diagnostics
Plant propagation	Cattle genetics	U Talking apps	Credit information technology	Advanced credit scoring
Digital payments	Drought indexing	Agro-ecology	Satellite mapping	Digital microfinance

64 Sector Financial inclusion



Access to finance facilitates agribusiness, SME growth, and household resilience.



But services struggle to be appropriate, accessible and affordable Penetration of formal services remains low in Africa, especially for rural and poor customers.



Integrated tech is making progress Digital innovation backed by rising competition, non-traditional market entrants and regulatory support is transforming the sector

t IDAS, we help our clients to leverage innovation and mobile technology for financial inclusion. As trustee since 2005 for the Financial Sector Deepening Trust in Kenya (FSDK), we provided oversight and advice to the sponsors and implementing team to enable healthy risk taking. FSDK has adapted nimbly to the dynamic Kenyan market: an early champion of mobile money, the programme is pushing beyond basic inclusion to ensure technology creates meaningful value in daily lives.

IDAS is now fund manager for the US\$50m MasterCard Foundation Fund for Rural Prosperity (FRP). The FRP challenges financial service providers to develop and scale innovative products for the rural African market. FRP's early rounds have identified and supported game changing projects ranging from advanced credit scoring to low cost digital microfinance.

FSDT Kenya development partners are UK Government, The Bill & Melinda Gates Foundation, and Sida

Musoni Kenya

The MasterCard Foundation Fund for Rural Prosperity Grantee ; Kenya

Musoni Kenya is the first micro-finance institution to be 100% digital – meaning entirely cashless, paperless and data driven. Musoni field officers register clients, collect data and originate loan applications using digital field apps on android tablets. Loans are disbursed via mobile money. No cash, no back office. This dramatically reduces costs, enabling Musoni to serve remote smallholder farmers. To develop their products and ensure they match demand, Musoni spent a lot of time in the field studying the financial needs and process gaps of different groups of smallholder farmers. The company has developed a USSD app through which clients can apply for loans, query their loan balances, introduce new members to the institution and generate mini statements. This enables Musoni's customers to manage their finances via their own phones.

The MasterCard Foundation's Fund for Rural Prosperity awarded Musoni a US\$1.38 million grant to scale up its Kilimo Booster loan that offers customized, flexible terms for smallholders, particularly in arid areas. Kilimo Booster provides credit for working capital, asset financing and startup ventures accompanied by agronomic, financial literacy and business management training. Even with cost savings from technology, Musoni cites their number one challenge as reaching scale to absorb staff costs. The FRP grant helped cover the high cost of marketing and education for uptake of digital services by smallholders, supporting Musoni on their way to scale.



Credit: The MasterCard Foundation Fund for Rural Prosperity

What we've learned about rural financial markets



Deep pockets are required to scale innovation Partnerships are key to overcoming cash flow challenges: between established financial service providers (FSP) and smaller savvy fintechs, or FSPs and large value chain agribusinesses.

Mobile tech can't do it all

Physical presence is essential to understand demand, train agents, build trust and police lending.

Farmers need holistic support

Full package, tailored services with simultaneous access to markets and financial literacy training.

Big data is important

Combined especially with digital credit scoring, huge rural databases can track income, consumption and repayment habits to unlock new markets.



Financial inclusion: Our people



It will be fascinating to see how financial services intersect with other development areas such as health, energy, education and trade to deliver holistic benefits."

Jemima Gathumi – Mungoma

Manager, International Development Advisory Services (IDAS), East Africa

"The solutions to Africa's challenges lie with Africans". It is this conviction that led Jemima to join the development world after studying for a career in law. She recalls with nostalgia her childhood in Kenya's lush highlands, at the time vibrant for their coffee and tea cash crops. Today, her village is a shadow of its former self: the tea bushes and coffee trees uprooted, the farmers without a steady source of income due to unfair trade systems and poor governance in institutions serving them.

From her work as a grants manager on the Africa Enterprise Challenge Fund, to providing financial monitoring services for Uganda's energy sector, to designing and managing The MasterCard Foundation Fund for Rural Prosperity (FRP), Jemima gets satisfaction from helping to implement projects that empower Africans and improve their standards of living.

Extending access to quality financial services is an important ingredient in the development of the region and she is excited to be working on the FRP that funds innovative financial solutions for the rural population. "It will be fascinating to see how financial services intersect with other development areas such as health, energy, education and trade to deliver holistic benefits – and indeed we have already started seeing this!" says Jemima. Jemima recently completed her Masters in Development Finance, with research on access to and usage of financial services in Kenya.



Investing with impact broadened my horizons. It opened my eyes to see the impact on the employees, the customers, the BOP, the system. It is a holistic approach to investing."

Tendai Nhachi

Manager, International Development Advisory Services (IDAS), Southern Africa

Tendai is all about good business: "I love analysing companies. I love working with business models. I want to understand how the business thinks," she said. She worked in investment banking for eight years, but felt detached from the people behind the deals. Moving into development changed that. "Investing with impact broadened my horizons," she says. "It opened my eyes to see the impact on the employees, the customers, the BOP, the system. It is a holistic approach to investing."

Born and raised in Zimbabwe, Tendai now manages private sector grantees for IDAS across Southern Africa. She has seen first-hand how complex factors affect business growth. In Zimbabwe, distrust for broken public systems has caused people to hoard cash, limiting scale for financial inclusion projects. In Malawi, Zambia and Mozambique, high distribution costs and low population density have made it hard for mobile money operators to gain traction in rural areas.

Tendai is excited to see projects now funded by the MasterCard Foundation's Fund for Rural Prosperity take on these challenges. She cites one promising company providing what she calls "financial inclusion in a box" – a suite of services tailored to smallholder farmers.

With strong management, continuous training, a solid business model and a unique tiered rural agent structure, Tendai thinks the company can succeed at scale.

05 6 Health care

Quality, accessible, preventative health care enriches lives Beyond saving lives, good health services free people to focus on more productive tasks, putting food on the table and spending time with their families.



Preventable diseases persist in Africa due to weak systems Investment is needed in procurement and supply chains, human resources and governance with independent monitoring on the ground.



Better systems can maximise strong public and private investment

Health care investment in developing countries must increase by **\$140bn** annually to achieve the Sustainable Development Goals. Private sector investment in emerging market health is already high and expected to continue. ³

In Africa, IDAS provides independent monitoring of health programmes, health system assessment, and challenge fund grants management. Our work includes monitoring in conflict-affected areas where we have adapted our methodology to operate effectively in challenging and fast changing environments.



CICF is managed under the Maternal and Newborn Health Improvement Project (MANI) project, funded with **UK AID** from the **UK Government**. The MANI Project is led by Options Consultancy Services Limited.

OUR IMPACT: Independent Monitoring

- Accurate, timely monitoring data improves program design
- Independent review helps donors and governments strengthen health systems
- Monitoring data is less expensive than population based surveys, providing value for money
- Innovation around community based systems ensure progress fit for purpose

Maternal health

The County Innovation Challenge Fund - Kenya

n 2015, 830 women died every day from complications in pregnancy or childbirth, according to the World Health Organization (WHO). Of these, 550 were in sub-Saharan Africa compared to 180 in Southern Asia and five in developed countries.⁴ Given the scale of this problem, we are excited to be supporting projects in this space. IDAS provides fund management services to the £16m County Innovation Challenge Fund (CICF), which finances local interventions to increase access to and utilisation of quality maternal and new-born health services in Kenya.

CICF's diverse grantees have the potential to radically shift the quality and capacity of maternal services in Kenya and create models for progress in other countries. For example, the M-Access project, led by The Research Care and Training Program - Family AIDS Care and Education Services program (RCTP-FACES), is implementing a mobile-technology platform to link women to information and transportation. The project has combined convenient transportation and data relay services with a loyalty program where points for answers to questions about pregnancy and uptake of antenatal and postnatal care can be redeemed for transport and mother-baby care packs. Trained and licensed motor bike riders transport mothers in labour to health care facilities using modified motorcycle ambulances with trailers in tow.



Health care: Our people



In my experience, there is extensive funding for health, but donors can only do so much. Funds need to be channelled through appropriate national systems and infrastructure. Without these, any amount of funding will fall short."

Samson Nyoike

Director, International Development Advisory Services (IDAS), Health care

In 2007. Samson plunged into the frontier territory of South Sudan to work on various projects with KPMG. It was here that his interest in health began - Samson was a key resource in setting up and building the capacity of institutions offering health care services in South Sudan. Samson says, "In South Sudan, there was so much to be proud of - everything you did was progress." One of the most rewarding experiences of his career was to attend the graduation ceremony of the first trained midwives in the country – the culmination of an arduous process of building the midwifery school, developing the curriculum, recruiting students and seeing them through the course

In Samson's view, "With health, simple interventions can have tremendous results – and that is what is so satisfying".

Samson believes health sector funding systems need to change in the developing world. He says, "In my experience, there is such extensive funding for health that national governments feel that it is no longer their responsibility. But donors can only do so much – funds need to be channelled through appropriate systems and infrastructure. Without these, any amount of funding will fall short." The change in funding model needs to be complemented by better financial management, and respect for traditional systems combined with global best practice.



While donor agencies do a lot of good, they tend to focus on the major issues and diseases – leaving less complex, curable diseases under-provided for. The result is a hospital that can provide anti-retroviral drugs but not painkillers or basic consumables such as gloves and syringes..."

Carolyne Kamau

Manager, International Development Advisory Services (IDAS), Health care

In the health sector, where Carol works, she sees visible change as a result of development assistance and her own work. She recounts a story where a mother in Bungoma, Western Kenya, sat holding her child after a difficult pregnancy and birth. Her story could have ended in tragedy had it not been for the availability of appropriate care provided with the support of the County Innovation Challenge Fund.

While stories such as these are inspirational, they raise questions about how national governments should be managing their health sectors. Carol says, "The biggest challenge in the health sector in Kenya is quality of care. The national and county governments have made good progress with devolved health care. However, until the government is able to provide a much stronger system of care to citizens, donor agencies will continue to be involved in the sector. While donor agencies do a lot of good, they tend to focus on the major issues and diseases – leaving less complex, curable diseases under-provided for. The result is a hospital that can provide antiretroviral drugs but not painkillers or basic consumables such as gloves and syringes – because of poor quantification and forecasting, or failures in the local supply chain."



Credit: C Dorman Ltd. AECF

Leverage

To reach the Sustainable Development Goals, billions of dollars need to be leveraged from the private sector every year, and every public dollar that is spent must produce a high rate of development impact return. At IDAS, we are proud to help our clients achieve strong performance on both counts.

	he Africa Enterprise hallenge Fund	AECF REACT	AcCountability in Tanzania Programme
\$	- \$91million Funds disbursed As at Dec, 2015		E28million Funds disbursed As at June, 2016
Matching funds from the - Private Sector Total Net benefit to poor - households	 \$427M Private sector leverage \$4.69:\$1 Leveraged : Invested \$562M Development rate of return \$6.18:\$1 	Credit: Fenix InternationalAs at Dec, 2015Even higher matching funds from the private sector on the Renewable Energy and Adaptation to Climate Change (REACT) Window of the AECFCredit: Fenix International	MONETARY BENEFITS £132m £4.77 : £1 Benefits : Invested Monetary Benefits: Portfolio outcomes assigned monetary benefit such as: – Public budget allocation – Increased public revenue

The AECF is a multi-donor funded, special partnership initiative of AGRA. REACT is a special funding window of the AECF. IDAS was the Fund Manager of the AECF.

The Accountability in Tanzania programme is funded with UK aid from the UK Government and managed by IDAS.

крмд



Fund management for impact

Special Purpose Vehicles

onors and philanthropists are increasingly looking for new and better ways to structure development finance. Established with the right strategy and governance structure, special purpose vehicles have proven to be an efficient mechanism to maximise impact. SPVs:

- 01 . Pool donor resources efficiently
- $\mathbb{O}\mathbb{2}$. Promote common planning and coordination
- 03. Enable scale of impact

In Africa, IDAS has helped clients structure a variety of large scale, successful SPVs that have facilitated hundreds of millions of dollars in development funding:

The Africa Enterprise Challenge Fund Trade Mark East Africa Access to Finance Rwanda

Financial Sector Deepening Trust Uganda Financial Sector Deepening Trust Kenya

Private sector fund management lessons

Over the last decade, IDAS has overseen or managed approximately \$2.4 billion in Africa and Asia on behalf of development partners. We've learned a lot. Our work has covered a mix of funding to the public and private sectors. As donors lean increasingly into work with the private sector, here are some lessons from our experience that stand out in that fast changing space.



Development capital mix

- Loan repayment capability will be lower in cases of actual risk compared to perceived risk
- Linking repayment of non-recourse loans to performance targets may cause perverse incentives
- A grant can encourage businesses to take more risks and innovate, allows them to raise more debt on the back of the grant, and to commit more matching funds rather than preserving cash to repay loans
- Grants make it easier to take on more risk, "start races" and develop an industry by promoting competition. Seeking a return on capital focuses more on "picking winners".
- Years to profitability (and ability to repay loans) varies greatly by sector and industry and is particularly long term in many agricultural enterprises e.g. tree crops
- Legally enforcing loan repayment is often difficult in Africa; repayment is best promoted through close relationships with good project managers looking after small portfolios.

Scale up

- Self-sustaining scale requires commercial viability and support from follow-on investors
- Investors like: capable management teams with strong track records, local knowledge and partners, fast growth, service industries, fast moving consumer goods, exportoriented businesses, barriers to entry, protection from imports, apolitical businesses
- Post-conflict, early-stage, primary agriculture, and small investments are less attractive to investors (impact or commercial)
- Scaling an impact first social enterprise requires long-term subsidy, but may offer impact different to what a commercial business can achieve
- Distribution is one of the largest barriers to scale for pro-poor businesses in Africa
- Technology can reduce transaction costs of dealing with numerous poor rural households as potential consumers and improve delivery channel efficiency to support scale
- Scaling can be done through partnerships between small business and large institutions
- Many companies need support services to grow and attract follow on investment yet lack the means to pay for them.



Additionality

- Assessing additionality is more art than science

 it requires information on other sources of
 funding, interrogation of business models, site
 visits, and good judgement.
- Large companies may have the money to run projects without donor support, but lack the incentive to do so quickly or to reach certain types of low-income beneficiaries
- Phasing grants in and out flexibly according to company performance and working closely with follow-on investors can reduce market distortion
- The greater the private sector leverage achieved by a project in the near term, the less additional / essential the donor capital may have been

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04

Results measurement

- 20% of the portfolio normally accounts for 80% of the impact. A cost-effective two-tiered approach can be used with verification studies for high-impact projects.
- Ask businesses only for data tracked as part of their operations (last hard number)
- Most projects take six years or more to mature evaluation should be back-loaded and extend to 10 years to gain a real understanding of impact



Matching funds

- Because debt is hard to source in Africa, matching funds can include existing investments, land and equipment, reinvested profits
- Shared risk varies greatly with business size, how much the business is already leveraged and against what; and is not the same thing as leveraging in other private sector capital



7 Systemic change

- Financing clusters of companies in the same industry promotes competition and industry development
- Work with businesses that service other businesses to boost impact, such as financial services, input suppliers, information and media



06 1

Reaching the poor

- Sustainable inclusive businesses are about pushing market frontiers towards the poor – it may not be realistic to target the poorest before the middle market.
- It is nearly impossible for companies to reach the 'subsistence' segment of the BOP market. Some companies would be willing to do so with government subsidies.
- Last mile distribution is the greatest challenge, with no clear solution yet: technology is bringing down costs; companies copying FMCG industry strategies have had success; piggybacking on existing distribution channels can help with marketing but has limits in terms of sales, relationship management, installation and maintenance.
- Managers must proactively monitor changes in innovative business models that may move operations away from poor beneficiaries
- The private sector can't do it all there remains a significant role for government and civil society to reach the poorest and most remote and to provide unprofitable social goods.

Innovation, Failure and Risk

- Failure is good when it helps us learn and improve; fraud is bad
- 30% failure rate should be the minimum target for an innovation fund
- Entrepreneurs learn from failure and apply lessons to later companies that might succeed (an impact rarely captured by programme M&E)
- Strong fiduciary risk management promotes innovation by creating a safe space for failure
- Funding should be phased and flexible, because innovative business models change rapidly

Portfolio characteristics

Northern Farming, AECF Credit: Kate Holt/KPMG

- Single country focus can address national market failures, reduce management costs, promote hands-on fund management, and support local SMEs and indigenous ownership
- Single country focus limits the quality of applications, may require technical assistance, makes it harder to promote a single industry
- Sector or niche problem focus promotes systemic change
- Supporting large companies can increase scale of impact and reduce fund management costs
- Supporting small and/or locally owned companies promotes competition and industry development

Sector

06 🏛 Governance

Governance affects everything Wise resource

management and transparent provision of public services are a baseline for all areas of development.



Progress happens when behaviour changes

Amongst citizens, elected officials, businesses and civil society.



Transparency is driving accountability Open access to information is improving across Africa, facilitating a conversation between citizens and officials, with tangible results

DAS has worked with donors, governments, civil society, academia and the private sector to improve transparency and accountability, at an exciting time when prospects for good governance, and its innumerable development benefits, are improving across the continent.

We are especially proud of our recent work managing the Accountability in Tanzania (AcT) programme, funded with UK aid from the UK Government with climate change sector support from Danida. In Tanzania, persistent poverty, economic and gender inequality, unemployment, and poor education prevent many citizens from leading the lives they want. AcT responds to these challenges by enabling non-state actors to influence bottlenecks in government and allocation of resources.

Accountability in Tanzania (AcT)

AcT has had a tangible effect on the lives of Tanzanians, producing £132m in monetary benefits alone



Monetary value of results: Types of monetary benefits

Public revenues through taxes, public allocation & spending services, oversight, law enforcement



£624,151 Revenues £28.340 Law Enforcement **£6,254,050** Oversight

£42.779.713

Direct gains to individual citizens/professionals

£69.246 Allocation of Land £531,091 Reduced barriers to market

access

Increased earnings



The ability to make the development of grantees visible through our data management is important to me."

Layla Ghaid

Public budget

£81,861,103

Leveraged Funds

£46.219

Manager, Accountability in Tanzania

Having grown up in Saudi Arabia, Layla came to East Africa to study for her MBA in Kenya 16 years ago. She moved to Tanzania to start working in 2004, where her international background has helped her approach problems from different angles. Her academic background in strategic management and her experience in tax consulting also gave her two important skills: understanding organisations and the rigour needed in working with high data volumes. In her current role with AcT, Layla is responsible for tracking grantee progress in both programme results and their own

organisational development.

Layla gets excited by creating comparable monitoring data for policy interventions across different sectors and is particularly proud of the AcT programme's flexibility to work with qualitative datasets generated through the non-prescriptive monitoring of its grantees. "The ability to make the development of grantees visible through our data management is important to me," she says. "Mainly because this provides the insights to give tailor-made organisational development support, which allows grantees to significantly improve their performance."



Governance

The open access information revolution

Transparency is no longer a choice for governments – it is being demanded and delivered by citizens. From social media to open data, doing business surveys, corruption indices, mobile apps that verify product quality, and blockchain, people are using information to hold officials accountable and improve service delivery.





The OAG's annual report is presented to Parliament on live television, with citizens watching.



SNV Water Point Mapping

Accountability in Tanzania Grantee

SNV set out to make clean water available to Tanzanian citizens who need it, in places where they could access it. They did this by addressing lack of quality and timely information on rural water supply. The CSO conducted a Water Point Mapping exercise and found 46% of water points were nonfunctional.

In response, they developed a Water Point Functionality Intervention Framework to clarify roles and responsibilities of water users, Community Owned Water Supply Organisations and councillors. Inspired by this initiative, the Government of Tanzania adopted and up-scaled the approach at national level to offer nationwide real time data on water points' functionality. The national and districts water budgets are now based on actual data resulting in significantly better public service delivery.

Office of the Auditor General of State Finances, Rwanda

Rwanda has made a name for itself globally for the government's institutional reform and anticorruption efforts. In 2016, Rwanda tied with Mauritius as the third least corrupt state in sub-Saharan Africa per Transparency International's Corruption Perception Index, which draws attention to a "vicious circle between corruption, unequal distribution of power in society, and unequal distribution of wealth". Since 2008, IDAS has been working with Rwanda's Office of the Auditor General (OAG), supporting it to promote transparency and accountability in government spending. Established in 1998, the relatively young OAG brought in KPMG to help professionalize the office.

The goal was to develop an institution capable of providing timely and regular professional audits, including complex audits of large public institutions such as the Revenue Authority or the Social Security Fund – areas with a real impact on daily lives. KPMG has provided onjob training; standardized audit methodology; and strengthened training and performance management systems. OAG professional capacity has steadily improved - government expenditure audited has increased from 60% (2008) to 82% (2016) – and key development partners have taken notice. The World Bank and Global Fund are now relying on OAG to verify program results and to audit funded programs.

The OAG reflects a fight against corruption in Rwanda that is twofold. It begins with changing the mind-set and attitudes of Rwandans. The OAG's annual report is presented to Parliament on live television, with citizens watching. The reports spark conversations on the street about mismanagement of public funds. The Auditor General is invited on talk shows to discuss issues people care about. The AG audits diverse sectors from agribusiness to health care, universities and roads. The fight ends with enforcement by institutional action. Parliament seeks answers from accounting officers during PAC hearings, and recommends policy initiatives and sanctions to curb mismanagement and strengthen accountability in government. The executive tracks progress made to address audit recommendations.

IDAS thought leadership publications

- **01.** PAYGO: Solar distribution through pay-asyou-go business models in East Africa
- **02.** Making it Happen: Conservation agriculture in Africa
- **03.** Could mobile money be the game changer for smallholder finance in Africa?
- **04.** Impact Investing in Africa: Performance insights from the IDAS portfolio in Africa
- **05.** Industry Snapshots: Aligning development impact and commercial success
- **06.** Managing Risk in Global Health: Mapping the way forward
- **07.** Risky Business: Promoting private sector development in post-conflict states
- **08.** Trialing Client-Focused Climate Finance in Ethiopia: Innovations in fund management
- **09.** Outcome Mapping: A breadth of uses
- 10. Innovative Business Models for Sustainable Energy Access in Africa: The REACT experience
- **11.** Independent Monitoring for Impact: A holistic approach to monitoring donor-funded projects
- **12.** Challenge Funds as Private Sector Development Tools: Progress and potential
- **13.** Financial Deepening and M4P: Lessons from Kenya and Rwanda
- 14. Shaping the Power of Markets for the Poor
- **15.** Communication and Governance
- **16.** The Paris Declaration on Aid Effectiveness and Impact: What's next in Busan?
- Civil society and accountability should donors try to influence civil society efforts to strengthen
- Capability Reviews as the key to sustainable performance improvement in the Public Service
- **19.** Counter-Piracy Options in the Gulf of Aden
- 20. Accountability in fragile states
- **21.** Divergent systems development in post conflict countries



What's next?

The pace and shape of progress is changing significantly across Africa. Donors are championing private sector innovation, private foundations are redesigning philanthropy at scale, and development actors from diverse disciplines are coordinating more and more toward sustainable growth. Millions of people have graduated out of poverty around the world. Energy access is undergoing a radical transformation on the heels of mobile technology that has already revolutionized financial services for the poor. Citizens are standing up to their governments, demanding the quality of life and public services they deserve.

The scale of our challenge is as great as ever thanks to threats like climate change, terrorism and isolationism. But at IDAS, we believe that human capacity for innovation can overcome almost anything. Our task now is to support the entrepreneurs, community leaders and pioneers. We need to extend life enhancing services further into rural, impoverished and marginalized areas. Products need to be cheaper, more efficient and easier to access. Philanthropic support must continue to become more flexible and strategic in its application. The public and private sectors will need to collaborate to mobilize and blend finance, identify limitations and push boundaries.

In these efforts, accountability for impact is essential. We need better technologies to measure impact, better venues to share stories about what works, but also to learn honestly from failure.

If we can learn to work together and open our minds to what is possible, the sky is not the limit.

Credit: Kate Holt/KPMG

Our IDAS service lines



financial management,

monitoring, evaluation

and reporting.

Where we work



from private investors.

The number of countries that KPMG operates in.

Impact ensures our

investment.

clients understand their

Grantees & offices distribution

- Grantees IDAS has managed IDAS Headquarters in Africa
- IDAS Hub Office, Southern Africa
- IDAS Hub Office, West Africa
- IDAS Office, Uganda
- IDAS Office, Tanzania

33 Member firms

The number of KPMG offices, servicing 54 countries in Africa.

IDAS has managed

OVER 425 minimum

45 *Countries in* Africa & Asia

KPMG

Acronyms

aBi : Agricultural Business Initiative Trust AcT : Accountability in Tanzania **AECF** : The Africa Enterprise Challenge Fund AGRA : Alliance for a Green Revolution in Africa **BOP** : Bottom of the Pyramid BRACED : Building Resilience and Adaptation to Climate Extremes and Disaster CGAP : Consultative Group to Assist the Poor **CICF** : County Innovation Challenge Fund Danida : Danish International Development Agency FMCG : Fast Moving Consumer Goods FRP : The MasterCard Foundation Fund for Rural Prosperity FSDT Kenya: Financial Sector Deepening Trust, Kenya FSP : Financial Service Provider GEM : The World Bank Growth and Employment Project HDIF : Human Development Innovation Fund **IDAS** : International Development Advisory Services **IFC :** International Finance Corporation IFAD : International Fund for Agricultural Development MEC : MicroEnergy Credits MOOC : Massive Open Online Course **REACT** : Renewable Energy and Adaptation to Climate Change Technologies (window of the AECF) SCIP Fund: Strategic Climate Institutions Programme Fund SDC : Swiss Agency for Development Cooperation Sida : Swedish International Development Agency SPV : Special Purpose Vehicle THAT : Tandabui Health Access Tanzania



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