

IMPACT EVALUATION

SMALL ENTREPRISE FOUNDATION

FINAL EVALUATION REPORT
477 EEI SIDI FGCA



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Disclaimer

This evaluation is funded and guided by SIDI, SEF, and Grameen Foundation-Credit Agricole, and presented by Reciprocity and ALESOP Consultants. The report does not necessarily reflect the views and opinions of the evaluation commissioners.

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EXECUTIVE SUMMARY

CONTEXT

This report aims at evaluating the socio-economic, psycho-social and gender impact of the Small Enterprise Foundation (SEF), a developmental microfinance institution (MFI) based in Limpopo province in South Africa. The evaluation was carried out by a team led by Reciprocity (South Africa), complemented by Alesopi (France) and ChoiceTrust (South Africa). It was commissioned by Solidarité Internationale pour le Développement et l'Investissement (SIDI), Grameen Crédit Agricole Foundation and F3E, a network of NGOs based in France.

SEF is South Africa's largest developmental microfinance institution. Founded in 1991, it is one of very few successful developmental MFIs operating in South Africa with a consistent track record in alleviating the poverty and improving livelihoods of its beneficiaries, who are almost exclusively female. Registered as a non-profit company (NPC), SEF operates in 6 of South Africa's 9 provinces, with its primary activities located in Limpopo and the Eastern Cape, two of South Africa's poorest provinces. Its primary approach is to use group methodology based on joint liability for loans (GP – general program).. It has, over the past few years, introduced individual liability loans (IL - under group methodology) as well as larger loans (LL - as individual loans) as small but growing parts of its portfolio mix. As of December 2021, it had a total loan book of 822.5 million rands (54.5 million dollars), and a total of 219,342 active clients.

SEF operates within a specific set of macro-economic and societal factors present in South Africa, including a highly developed financial services sector, paradoxically combined with persistent levels of financial exclusion, the continued usage of informal savings and credit mechanisms, high levels of indebtedness and credit default, the return of rising interest rates (as of January 2022), and the prevalence of women-led households in the country's rural areas. **The covid-19 pandemic** has added additional elements to this mix, including a sharp rise of default rates from 0.5% to 4.7% of SEF's loan portfolio. From this perspective, the present impact evaluation study captures the impact of microfinance services during a moment of significant economic crisis.

The evaluation study was aimed at understanding the impact of SEF's activities at three levels: the socio-economic dimension, the psycho-social dimension, and the gender equality dimension. It also sought to analyse the differentiated effects of SEF's interventions according to client profiles. Finally, the evaluation seeks to offer pathways for SEF to adapt to future conditions.

METHODOLOGY

The evaluation team used a **mixed-method approach**, consisting of a combination of quantitative and qualitative evaluation tools and methods in a single evaluation framework. This mixed method provides complementarity of quant and qual evaluation tools and allows for triangulation to strengthen findings and uncover a broader diversity of findings. The evaluation process took place over a period of 16 months, mainly to the covid-19 pandemic which delayed the evaluation team's ability to carry out in-field part of the evaluation process.

The impact evaluation mandate was structured around the key research question: Is SEF's intervention successful in producing positive social and economic impacts and outcomes? This key research question was broken down into 4 evaluations questions, each to be answered using a set of judgment criteria as per Figure 1.

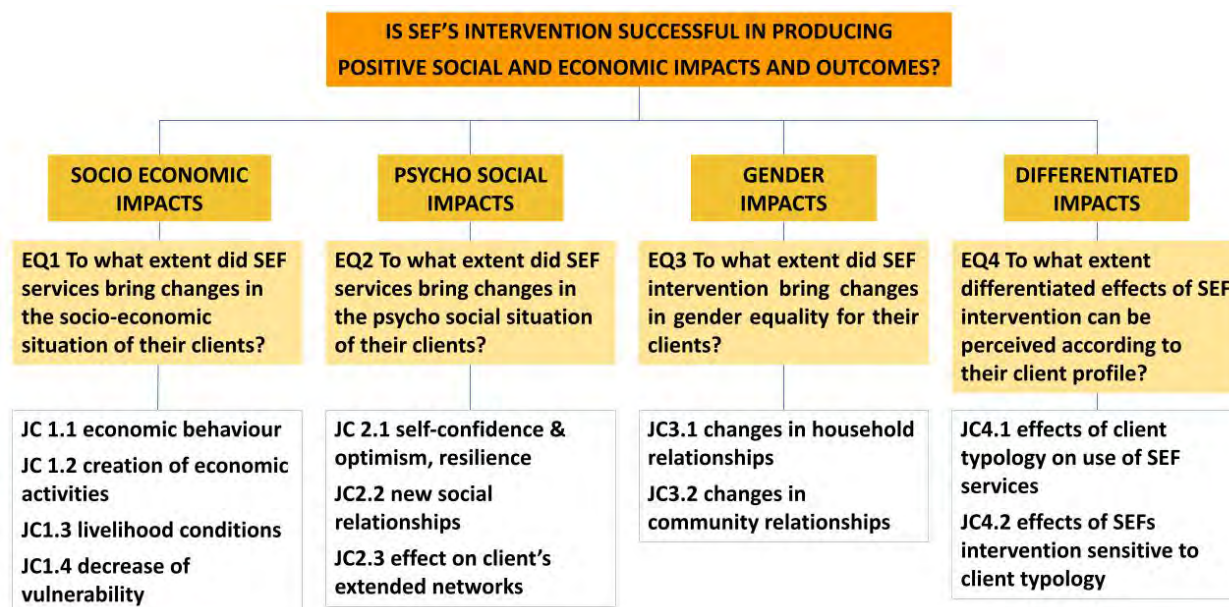


Figure 1: The evaluation questions at a glance

KEY FINDINGS

The below findings, as well as the findings in the body of the full report, were the result of a mixed-method methodology that combines the successive and intertwined use of qualitative and quantitative evaluation tools. This methodology has provided this evaluation with a high triangulation capacity and provided rich information and findings that resulted from said triangulation.

Given the nature of the methodology, however, it is not capable to “attribute” change. That is to say, it is not designed to “prove beyond reasonable doubt” that the change that was observed is caused by the evaluated intervention, nor to yield the fraction of the change that is attributable to the evaluated intervention.

As such, the level of robustness of this evaluation’s findings was communicated both directly in the relevant sections, and indirectly, by using nuanced wording to reflect that level of robustness (such as “seem” and “could” versus “is” and “in X% of the cases” where appropriate).

SEF services have indeed been found to have brought positive changes to the socioeconomic situation of their clients, notably in their motivation to save, and their ability to repay loans. SEF clients have also been found to often create new economic activities in the form of starting or supporting small, revenue-generating business ventures, even though that was not always their main usage of SEF loans. Indeed, loans are often allocated to a mix of purposes, including home improvements, or investment in children’s education. Triangulation of evidence revealed that these changes were accompanied by **improvements of the clients’ socioeconomic conditions** as well as a reduction in vulnerability. **The reduction in vulnerability**

may however be at risk for a part of the SEF portfolio, as a result of SEF moving away from joint liability to individual liability in its group methodology.

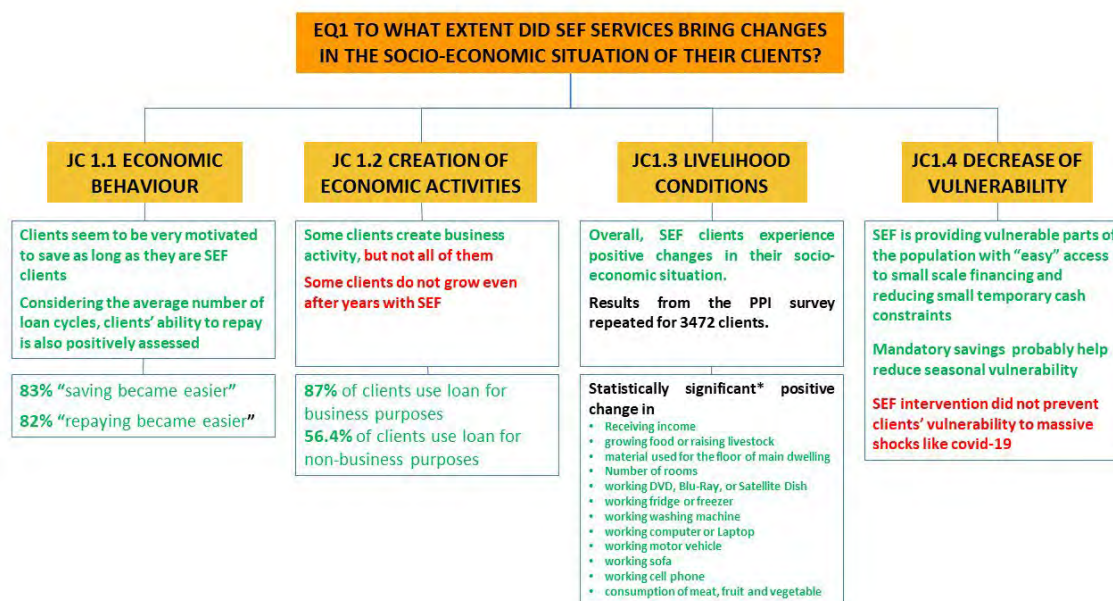


Figure 2 changes in clients' socio-economic situation at a glance

*Statistically significant as revealed by the chi-squared tests of independence

Results are more mixed in terms of changes in the psycho-social situation of SEF clients: Indeed, clients naturally tend to perceive changes more readily in tangible elements rather than in their attitude. A direct exploration of perceived changes in clients' self-confidence, optimism, and resilience revealed overwhelmingly positive responses. When it comes to social relationships, the SEF methodology has led to the creation of community-based centres in which groups of clients interact, but this has not always led to positive changes, especially in terms of the relationship of the clients with their community.

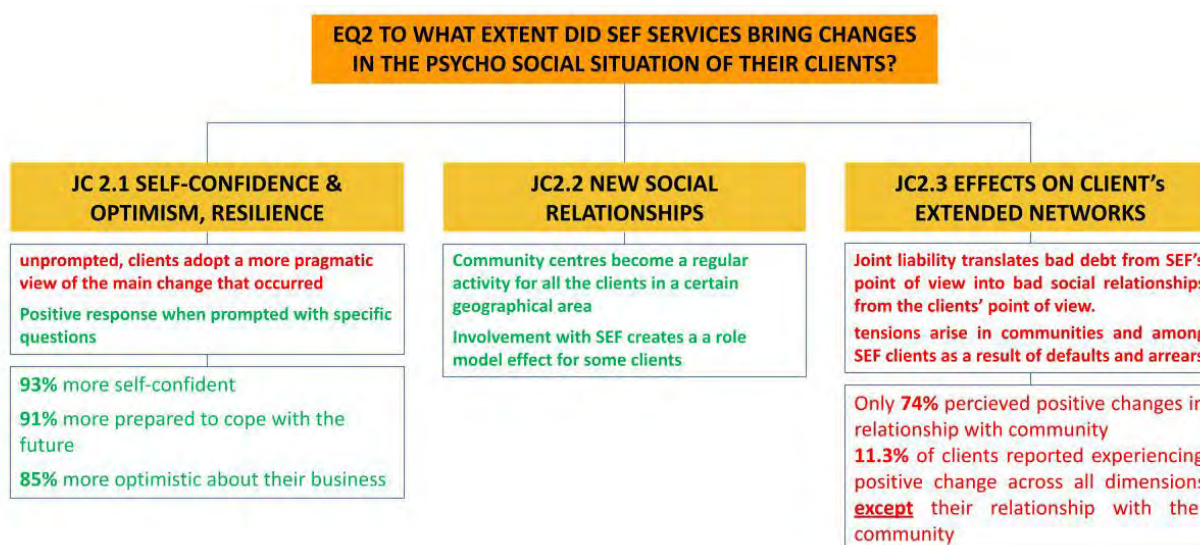


Figure 3 Changes in clients' psycho-social situation at a glance

The gender equality aspect was difficult to evaluate due to the deliberately discreet approach that SEF clients take with SEF. Indeed, gender dynamics in South Africa can often prompt women to protect the loans they take from interference of their husbands or life partners. Further evidence relating to gender-based violence could not be gathered, but the context in which SEF clients find themselves is a context where “male backlash”¹ is likely to happen. The evidence seems to suggest, however, that in some cases, an increase in women’s ‘bargaining power’ can be perceived at household level. One of the reasons may be considering that they have, as women, the ability to borrow from SEF. At the community level, however, it is harder to have a robust judgement. It seems that the effect of SEF loans on gender equality at the community level are at least not very evident.

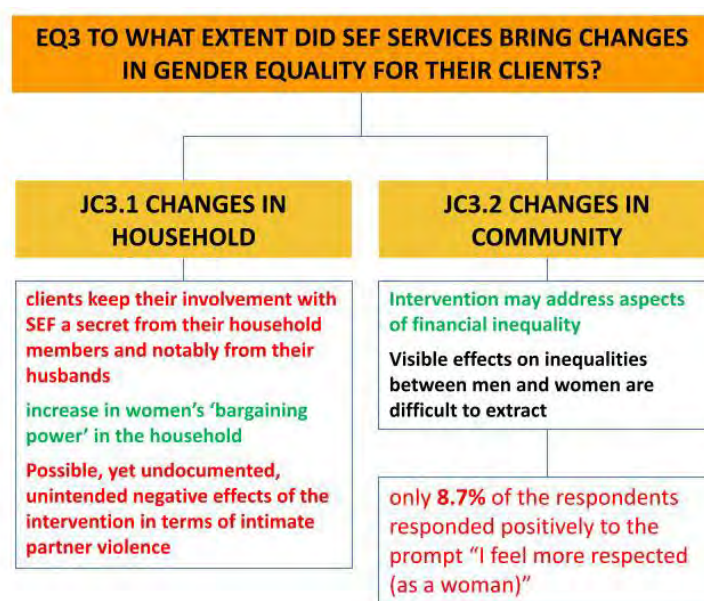


Figure 4 Changes in gender equality at a glance

Differentiated effects of SEF intervention were difficult to perceive in terms of different client profiles. This may be attributed to the way the intervention is administered. While there is a certain homogeneity in the client profile in terms of their common economic marginalisation, the manner in which clients use SEF services is not directly monitored by SEF. Some elements of the intervention, however, seem to be compatible with the client typology, especially the fact that the clients are able to keep their involvement with SEF to themselves if they wish.

¹ As defined by Hautzinger, S. (2003) and further discussed in 3.3.1

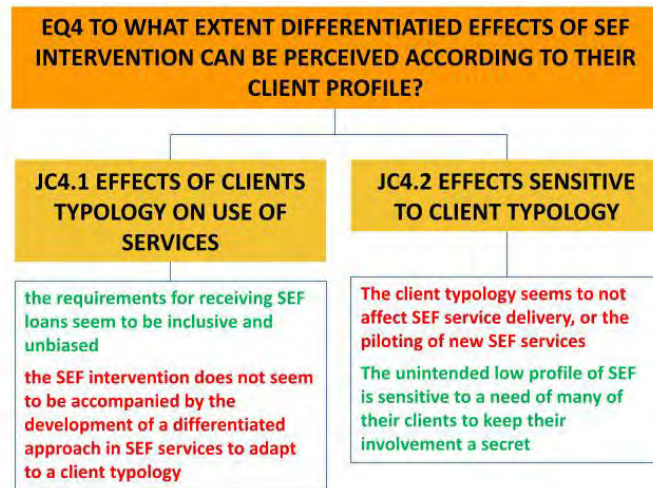


Figure 5 Differentiated effects at a glance

OVERALL ASSESSMENT OF IMPACT



Figure 6 SEF Client's words to summarise the change

This word cloud is the results of the most significant change perceived by SEF clients following their experience as users of SEF financial and non-financial services. A statistical sample of 4551 respondents have been surveyed for this impact evaluation, among the various questions, one was " what has been the most significant change since you have been using SEF loans?". The font size in the word cloud, proportionate to the occurrence of the words used by SEF clients, reflects their perception of the change.

What has changed the most for SEF client is that they are now "able", able to deal with their businesses, able to provide for their family, able to impulse change in key poverty indicators: education, housing, food, clothing income, financial safety net, social well-being and psychological welfare.

KEY CONCLUSIONS

- **SEF is one of the few loan providers that a marginalized segment of the South African society can turn to for loans without risking steep financial and non-financial collaterals.** The long-term outcomes in terms of improvement of living standards and financial positions of clients and their households as well as the reduction of vulnerability and increase in clients' motivation to maximize their commercial potentials, visible in SEF's 2018 Theory of Change, seem broadly successful.
- However, SEF services are used by different clients in different ways that **do not lead to the improvement of financial positions in all cases, but rather prevent the deterioration of their financial positions.**
- In its new strategic vision, **SEF recognizes the multidimensionality of poverty and as a result, that of poverty alleviation.** However, the overarching assumption looking at SEFs "out-of-poverty" vision seems to be summarized by "reducing the monetary poverty reduces the multidimensional property, allowing for access to **education**, access to health, access to food security, access to social and financial inclusion etc." This works most of the time, and is a valid assumption, but one that must be further nuanced to avoid unintended negative effects.
- On the operational side, **SEF's larger loan programme offers a chance to drive for financial inclusivity for a majority of its clients, and at the same time poses a risk of lack of coherence with SEF's "out-of-poverty" narrative.** Moreover, there are some elements related to the data collection and data management that could negatively affect the efficiency of the SEF intervention.

The evaluation concludes by proposing a number of pathways for SEF to adapt to future conditions, from an organisational, operational, and product perspective, in order to maximise its social, economic and gender impact.

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LIST OF ACRONYMS

ATM: Automatic teller machine	DF: Development facilitator
ECP: Eastern Cape Province	GAM: Generalized additive model
GP: General programme	IE: Interim evaluation
IL: Individual liability	JL: Joint liability
KZNN: KwaZulu Natal Province	LIM: Limpopo Province
LLP: Larger loan programme	LMS: Loan management system
MIS: Management information system	MFI: Microfinance institution
NCR: National Credit Regulator	NGO: Non-governmental organisation
NWR: Northwest Province	PMB: Performance-based management
PPI: Poverty probability index (formerly Progress out of Poverty Index)	ROSCA: Rotating savings and credit association
SASSA: South African Social Security Agency	SIDI: Solidarité Internationale pour le Développement et l'Investissement
SEF: Small Enterprise Foundation	ToRs: Terms of Reference
SSO: Social Survey Officer	ToC: Theory of Change

GLOSSARY OF TERMS AND DEFINITIONS

CLIENT	In the context of this report, a “client” refers to a person who has taken out a loan from SEF and has regular monthly interactions with SEF, generally through a SEF Development Facilitator (DF).
DEVELOPMENT FACILITATOR (DFs)	Development Facilitators are SEF field officers. SEF employs about 800 DFs as of 2021, each of them attached to a branch in a specific geographical area, and in charge of up to 15 groups (see below). They are the key interface between SEF and its clients, meeting them on a bi-monthly basis.
DEVELOPMENTAL CREDIT	In the South African context, “developmental credit” is defined as loans aimed at developing small businesses, improving low-cost housing or for educational purposes (National Credit Regulator, 2021).
EFFECT	A change which is a result or consequence of an action or other cause.
IMPACT	Impact is understood as the marked effect or influence. It is, for the purposes of this report, used in the broad sense of: <ul style="list-style-type: none"> ▪ Direct and indirect impact, ▪ positive and negative impact, ▪ Intended as well as unintended impact.
GROUP	In this context, the word refers to a group of 5 SEF clients who are jointly liable for a loan.
HOUSEHOLD	In this report, a household is defined as a unit of people living under one roof. In the South African context, the concept of a “household” may be more fluid than in many other societies. Classical ‘nuclear family’ households consisting of a mother, father and children is not necessarily the societal norm, especially in the case of people living in poverty. It is common, for example for a grandmother in a rural area to be raising her grandchildren while the parents work in a faraway city. These households are sometimes called “skip generation” households. Many households are also defined as ‘complex’, for example when they temporarily have additional members from the extended family in need of a roof or looking for a job, or include members unrelated to the family but using a room in the dwelling, often in return for rent.
MASHONISA	This is a widely used South African term to refer to a “loan shark”, i.e. an informal money lender. Mashonisas are common in many South African communities and typically provide short term loans, at very high interest rates. They are unregulated and operate outside of the legal system, especially in terms of recovering loans or late payments.
PATCHING	In the group lending programme, patching refers to the practice of individual group members having to ‘patch’ or to pay the arrears of defaulting members.
POVERTY	Poverty is broadly defined as the state of lacking the means or resources essential to a human being’s basic physiological, economic, and social well-being. The concept of poverty as used in this report, is understood in the broad, ‘multidimensional’ sense, in this context encompassing not only its monetary dimension, but also its gender and social dimensions, i.e. some of the various other forms of social and economic deprivation experienced by people living in poverty in their daily lives. The dimensions most relevant to this report are: Gender disempowerment, low community status, poor health, and inadequate living standards.
SASSA	The South African Social Security Agency (SASSA) is the state institution in charge of administering and disbursing South Africa’s social grant system. It is the keystone of South Africa’s poverty alleviation mechanism, and provides monthly social grants to an

	estimated 18 million beneficiaries in the country. The most common grants are the Child Support Grant (ca. 35 dollars per month) and the Old Age Grant (ca. 120 dollars per month). The majority of SEF clients are very likely to be SASSA grant beneficiaries.
SKIP GENERATION HOUSEHOLDS	See Household.
STOKVEL	A “stokvel” is an informal Rotating Savings and Credit Association (ROSCA), common in South and Southern Africa. It consists of a group of people (usually between 6 and 12, but numbers may vary widely) pooling their savings together and taking turns to borrow money out of the collective “pot”.
VULNERABILITY	As used in this report, refers to the level of exposure of a person or a household to external shocks, and the capacity of these actors to withstand such shocks. The vulnerability of a person or household increases when exposure to external shocks is higher, and decreases when such exposure is lower.

SOUTH AFRICA: MAP AND BASIC ECONOMIC DATA

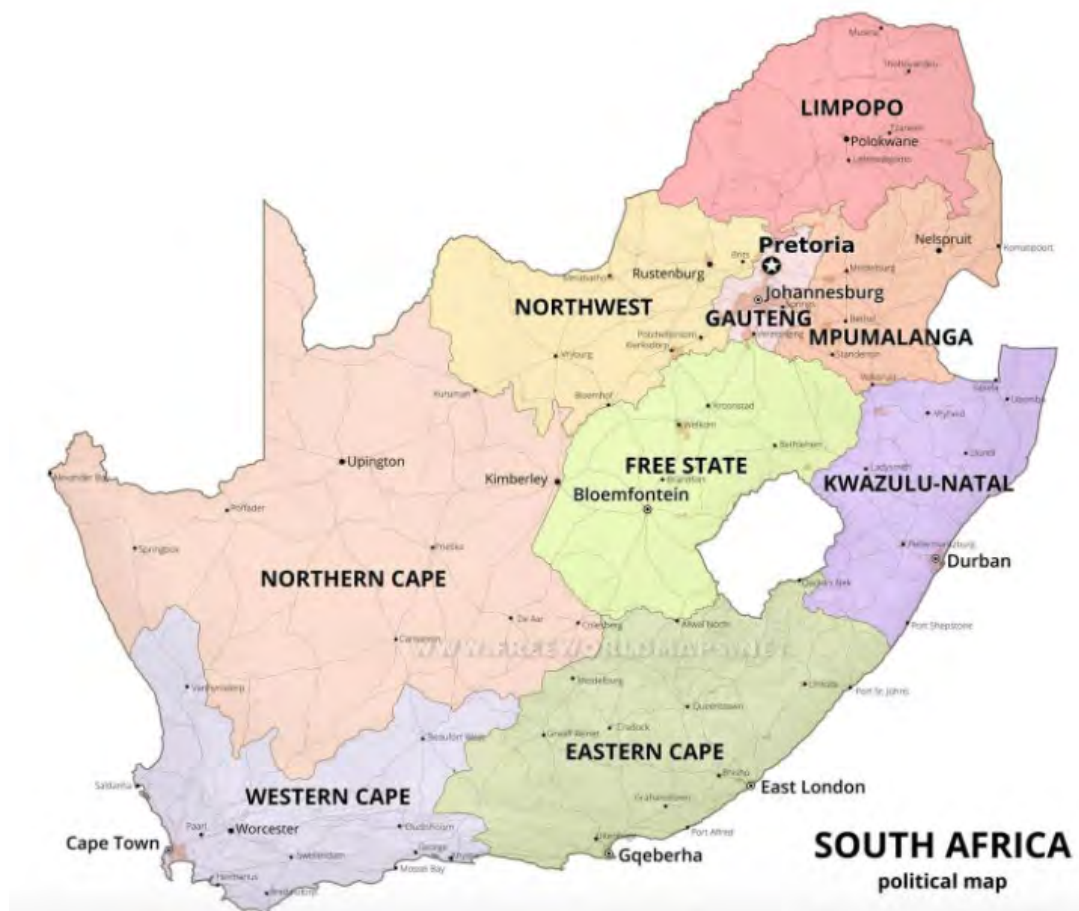


Figure 7 : Political and administrative map of South Africa

INDICATOR	FIGURE	SOURCE
Population (2021)	60.1 million	Statistics South Africa
GDP (2021)	USD 320 billion	
GDP per capita (2021)	USD 5,333	
Unemployment rate (2021)	34.9 %	
Proportion of households vulnerable to hunger, (2019)	10.3 %	
Gini coefficient index (2014)	0.63	World Bank

Table 1: Basic social and economic data for South Africa

SMALL ENTREPRISE FOUNDATION: BASIC ORGANISATIONAL INFORMATION

NAME	Small Enterprise Foundation
LEGAL FORM	Non-profit Company (NPC)
STAFF COMPLEMENT (2021)	1,031
GEOGRAPHICAL AREA OF OPERATION	South African provinces of Limpopo, Eastern Cape, Mpumalanga, KwaZulu Natal and Northwest.
NUMBER OF ACTIVE CLIENTS (January 2022)	219,342
VALUE OF LOANS OUTSTANDING (January 2022)	ZAR 822.5 million, USD 54.6 million

Table 2 SEF organizational information (Source: SEF Research and Development Department)

1 INTRODUCTION

1.1 THE EVALUATION CONTEXT AND OBJECTIVES

The present report aims at evaluating the impact of the **Small Enterprise Foundation (SEF)**, a microfinance institution (MFI) in South Africa providing small loans, almost exclusively focused on women in low-income and very low-income households, in 6 of the country's 9 provinces.

This study was commissioned by Solidarité Internationale pour le Développement et l'Investissement ([SIDI](#)), Grameen Crédit Agricole Foundation ([FGCA](#)) and [F3E](#), a network of NGOs based in France. It was carried out by an evaluation team led by [Reciprocity](#) (South Africa), complemented by [ALESOP](#) (France) and [ChoiceTrust](#) (South Africa).

“It's my third year now, thanks to Sef I can provide my family and my children school fees and uniforms”

Tmachokoloane SEFE - CHRIS HANI - NYANDENI

Overall, the context of the present evaluation of SEF's activities needs to be seen in the light of SIDI's Strategic Action Plan (Plan stratégique et d'action) of 2017-2020, specifically strategic priorities 1

(Inclusive financial services) and 4 (on SIDI and its partners' social performance)². This impact evaluation is **part of a series of stand-alone studies** that SIDI has commissioned to inform and complement the Theory of Change it has conducted as part of its own institutional journey aimed at anchoring its activities around the Social and Economic transition³.

The objective of the evaluation mission as outlined by the original terms of reference (Annex 6.1) were refined and validated in the inception phase and were encapsulated in the following key question:

IS SEF'S INTERVENTION SUCCESSFUL IN PRODUCING POSITIVE SOCIAL AND ECONOMIC IMPACTS AND OUTCOMES?

This general objective was further nuanced to both align with the series of stand-alone studies that SIDI has commissioned and also be useful to SEF in terms of identifying opportunities for improvement of their services.

The intended users of the evaluation are:

SEF, which may use its key findings and recommendations in order to improve its overall social and economic impact, refine its product offering, and improve some internal processes, for example around data collection and performance management.

SIDI, Grameen Credit Agricole and F3E, co-financing the evaluation, who have an interest in ensuring that SEF's impact is maximised, and that SEF's activities are aligned with their own respective social missions and objectives.

² SIDI, Plan stratégique et d'action 2017-2020, pp. 14-18 and pp 26-28

³ Termes de référence, (Annex 5.1).

1.2 THE BROADER CONTEXT OF MICROFINANCE IN SOUTH AFRICA

SEF's activities should be seen in the broader context of South Africa's large and highly developed financial services sector, and the role of consumer lending in the country's social fabric. SEF is in many ways an **atypical actor** in South Africa's financial services sector, and **one of a small number of institutions in the country offering developmental credit**⁴ as opposed to consumer lending. Indeed, South Africa's microcredit sector is dominated by short term and unsecured consumer loans, which accounted for an estimated 78.2% of the estimated US \$ 17.2 billion outstanding microcredit in 2021⁵ (Figure 8). Even these numbers need to be put against the total value of outstanding credit in South Africa, which amounted to 2 trillion rand or US \$ 132.7 billion in 2021⁶. From this perspective, SEF can be described as a "niche" stakeholder operating in a very small corner of the country's financial services sector.

SEF can be described as a "niche"

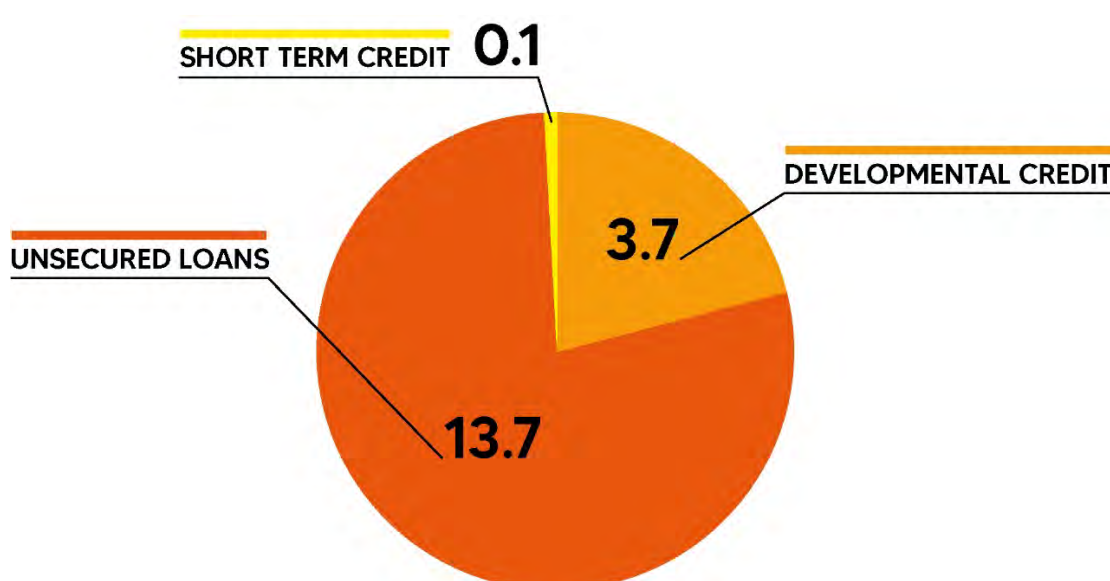


Figure 8: Microcredit in South Africa (USD billion – Q1 2021)

SEF's **external operating environment** is affected by a number of important factors, including:

A highly developed financial services sector: South Africa has one of the most developed financial services sectors in the global south, comprising well-capitalised investment banks, asset managers, insurers, full service banks, retail banks and one of the African continent's most developed fintech sectors. Total assets held by the sector reportedly stood at more than 5.9 trillion rand (381 billion dollars) at the end of 2019⁷. These financial institutions are underpinned by deep capital markets, and a highly

⁴ Defined as loans aimed at developing small businesses, improving low-cost housing or for educational purposes (National Credit Regulator, 2021).

⁵ National Credit Regulator, Consumer Credit Market Report, 1st Quarter March 2021. Web link: <https://www.ncr.org.za/documents/CCMR/CCMR%202021Q1.pdf> (Downloaded in February 2022).

⁶ Eighty20 XDS Credit Stress Report, Q3 2021. Web link: https://www.eighty20.co.za/app/uploads/2021/11/Eighty20_XDS_Credit_Stress_Report_2021_Q3.pdf

⁷ Businesstech, "South Africa's banking sector is dominated by 5 names – who control almost 90% of all assets". Link accessed in February 2022: <https://businesstech.co.za/news/banking/416057/south-africas-banking-sector-is-dominated-by-5-names-who-control-almost-90-of-all-assets/#:~:text=Total%20banking%20sector%20assets%20grew,7%20trillion>.

liquid stock exchange (the Johannesburg Stock Exchange - JSE) that is very well integrated with global financial markets. However, the dominance of large players and high levels of competition in the market **may also constitute high entry barriers** and have a crowding-out effect on providers of developmental microfinance. Furthermore, with a few notable exceptions, the formal financial sector's products and services are largely geared towards the middle and upper-class markets, rather than the lower-income segment of the South African population.

The persistence of financial exclusion of a segment of the population: Traditional measures of financial inclusion show comparatively high levels of financial inclusion in South Africa relative to many other

14 million South African adults (...) remain unbanked or underbanked in 2021

emerging countries: According to the World Bank, an estimated 69% of South African adults held a bank account in 2017 (compared to an average of 43% of

adults in sub-Saharan Africa the same year⁸). This figure, however, may be deceptive. Indeed, detailed evidence uncovered by a number of studies shows that whilst a majority of South African adults hold a bank account, most accounts held by lower-income people are dormant or underused. For example, according to a 2016 Finscope study, 44% of bank account holders transact, on average, only once per month to withdraw all of the cash they have available⁹. According to one estimate, 14 million South African adults (out of a total population of 60 million) remain unbanked or underbanked in 2021¹⁰. Deeper behavioural dynamics also drive a preference among South Africa's underbanked population for holding cash, in contrast to other African countries such as Kenya, Rwanda, or Zimbabwe, where mobile money and electronic money are far more common.

High levels of indebtedness and credit default: South Africans have some of the world's highest levels of household debt. At the end of 2021, the National Credit regulator estimated that more than 10 million South Africans had impaired credit records, defined as being in arrears of more than 3 months on their debt repayments¹¹. This alarming level of indebtedness has been fuelled, paradoxically, by the formal financial services sector

which has found easy profits to be made from unsecured micro-

South Africans have some of the world's highest levels of household debt

consumer loans to low-income South Africans: in 2021, as mentioned earlier, the value of unsecured loans and short-term credit stood at 13.7 billion dollars – around 228 dollars for every South African¹².

Low levels of financial literacy contribute to the problem, and lending contracts are typically drafted in English, a language that few South Africans speak at home. This has serious consequences for the development microfinance sector including for SEF, which typically has a much higher cost base than

⁸ <https://globalindex.worldbank.org>

⁹ <http://www.finmark.org.za/wp-content/uploads/2017/12/why-use-accounts-understanding-account-usage-through-a-consumer-lens.pdf>, p3

¹⁰ Matsebula, Velenkosini, & Yu, Derek: "South African banks need to do more to ensure financial inclusion". July 2nd, 2020. The Conversation, Link accessed in February 2022: <https://theconversation.com/south-african-banks-need-to-do-more-to-ensure-financial-inclusion-141139>

¹¹ Garth Theunissen, Business Day, 15 November 2021, "More than 10 million South Africans have impaired credit records". Link available on: <https://www.businesslive.co.za/bd/economy/2021-11-15-more-than-10-million-in-sa-have-impaired-credit-records/>.

¹² National Credit Regulator, Consumer Credit Market Report, 1st Quarter March 2021. Web link: <https://www.ncr.org.za/documents/CCMR/CCMR%202021Q1.pdf> (Downloaded in February 2022).

the providers of ‘bulk’ micro-consumer loans, who simply build in the cost of default into their interest rate and fee structures.

The persistence of abusive practices by some money lenders in South Africa has arguably caused significant long-term reputational damage to the financial sector

Reputational challenges: The persistence of abusive practices by some money lenders in South Africa has arguably caused significant long-term reputational damage to the financial sector in general, thereby also impacting the ability of micro-lenders such as SEF to

establish trust in low-income communities and offer loans at reasonable terms to end-beneficiaries. Such practices include very high lending costs, often made up of arbitrary fees, extortionate interest rates and, until recently, the automatic deduction of loans from the accounts of South African Social Security (SASSA) grant recipients¹³.

The persistence of informal savings and credit mechanisms: Probably in response to the inadequate offering of the formal financial sector, and low levels of trust in formal finance, a significant portion of low-income South Africans continue to resort to informal and traditional savings and credit mechanisms, including *stokvels* (Rotating savings and credit associations – see more details in BOX 1). Indeed, such mechanisms seem to have even gained in popularity over the past decade. In 2021, an estimated 54% of so-called “black” households made regular contributions to *stokvels*, and 56% of households contributed savings to burial societies¹⁴. These mechanisms, which typically have closed memberships of 5-20 people, rely on mutual trust, and fill a gap that no formal financial institution has so far been able to provide for. Another, more sinister player in the informal lending market are the *mashonisas* (loan sharks) who typically provide emergency credit to distressed borrowers at extortionate rates. While *mashonisa* practices are illegal, they remain important lenders of last resort and form part of the South African societal fabric in many lower-income communities.

A rising interest rate environment: At the start of the covid-19 crisis in March 2020, the South African Reserve Bank (SARB) initially cut its benchmark interest rate by 300 basis points from 10% to a historically low 7% in the space of 4 months¹⁵, as part of its measures to cushion the economic consequences of the government’s lockdown measures. This provided many South African borrowers with welcome but temporary relief. However, due to local inflationary pressure and the rise of interest rates in the global north in late 2021 and early 2022, the overall trend is now back to rising interest rates: The South African Reserve Bank has raised interest rates by 25 basis points in January 2022 and markets expect the upward trend to continue¹⁶. This will inevitably affect SEF’s ability to offer low interest rates to its clients.

The prevalence of women-led households in rural areas: Historical and economic factors have led to a significant gender and age imbalances in some rural parts of South Africa. Young adults, especially males,

¹³ Ikdal, Adam. “6 Challenges to financial inclusion in South Africa”, World Economic Forum, April 2017. <https://www.weforum.org/agenda/2017/04/financial-inclusion-south-africa/>

¹⁴ Old Mutual – Savings and investment monitor, July 2021. https://eu-assets.contentstack.com/v3/assets/blt0554f48052bb4620/blt49505d3962a2c079/61040ee6bc767c65981b44b8/OMSIM_2021_Peppercorn_Full_Research_Report_4_August_2021.pdf
¹⁵ <https://www.ceicdata.com/en/south-africa/prime-lending-rate/prime-lending-rate#:~:text=South%20Africa%27s%20Prime%20Lending%20Rate,Jul%202020%2C%20with%20247%20observati>
^{on}

¹⁶ <https://tradingeconomics.com/south-africa/interest-rate>

tend to leave rural areas such as the Eastern Cape and Limpopo and move to large urban areas in search of jobs and opportunities: Between 2016 and 2021, an estimated 319,000 mostly young adults migrated from the Eastern Cape and a further 189,000 from Limpopo, mainly to Gauteng and the Western Cape¹⁷. Young children are left behind and often raised by grandparents, especially grandmothers, as is evidenced by the much higher proportion of young and old people in these provinces (Figure 9). Almost one in ten households in Limpopo and the Eastern Cape are so-called “skip generation” households, in which grandparents live with grandchildren in the absence of the children’s parents¹⁸. As a result, many of these older women tend to remain economically active in old age as a necessity, for instance by running a small business in order to complement their incomes. It is not a coincidence that SEF is especially active in the older age bracket, with around 19.6% of of their clients over the age of 60¹⁹ (a disproportionately higher number from the percentage of the population over the age of 60).

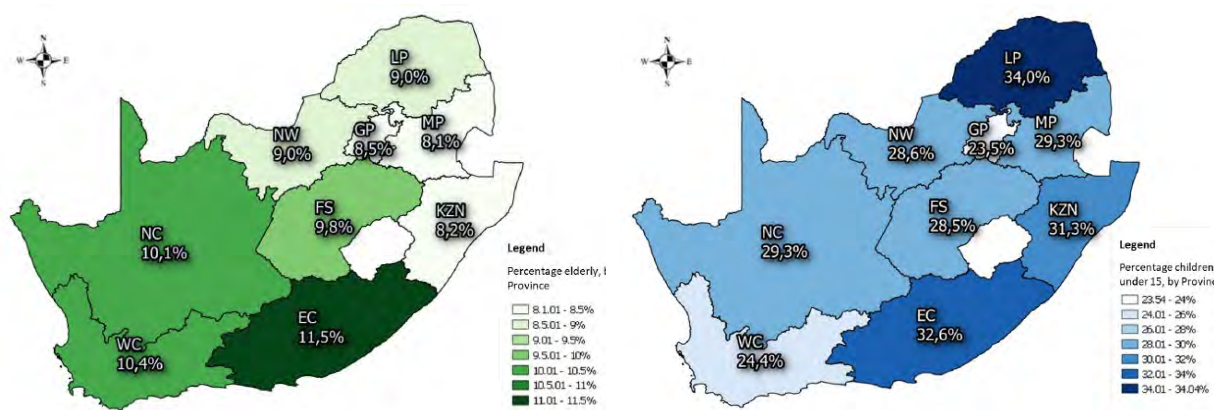


Figure 9 Proportion of population over 60 years, 2021 (left), Proportion of population under 15 years, 2021 (right)

The Covid 19 pandemic, like elsewhere in the world, is having a profound impact on South Africa’s social, economic and health profile²⁰. By the end of 2021, an estimated 91,000 lives had officially been lost to covid, not counting the additional estimated 265,000 ‘excess’ deaths recorded²¹. Gross Domestic product has initially plummeted by almost 11% in 2020, before bouncing back somewhat in 2021. Unemployment has risen to 35%. SEF clients have typically been severely affected by these new realities, and the most visible sign of stress comes in the shape of sharply rising levels of bad debt rates of SEF

17 Statistics South Africa: Mid-year population estimates 2021, Statistical release P0302, p.24 Available on: <http://www.statssa.gov.za/publications/P0302/P03022021.pdf>.

18 Statistics South Africa, General Household Survey 2019, statistical release, p6.

19 Data analysis of client portfolio Data analysis of initial dataset transferred by SEF in February 2020 of 132,474 clients

²⁰ See National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile Survey (CRAM) Survey, Synthesis report. Weblink available on <https://cramsurvey.org/wp-content/uploads/2021/07/1.-Spaull-N.-Daniels-R.-C-et-al.-2021-NIDS-CRAM-Wave-5-Synthesis-Report.pdf>, accessed January 2022.

21 Mark Heywood, Daily Maverick, 20 October 2021: “Covid 19’s terrifying toll on South Africa”. Link available on: <https://www.dailymaverick.co.za/article/2021-10-20-264809-deaths-later-covid-19s-terrifying-toll-on-south-africa-almost-three-times-the-official-figure/>

clients, which **rose almost tenfold** between June 2019 to December 2021, from 0.5% of SEF's loan portfolio to 4.7%²².

Considering all of the above factors, especially the dangers related to the unsustainable levels of indebtedness of South Africa's population, in particular the poorest and most vulnerable, **it is more crucial than ever for SEF to ensure that its approach and practices are in line with its stated social mission and vision.**

1.3 ECONOMIC EMPOWERMENT OF WOMEN: LINK WITH GENDER-BASED VIOLENCE

In September 2019, the President of the Republic of South Africa declared violence against women, including femicide, as a national crisis

South Africa has a history of violence against women. Tens of thousands of women are raped each year, and yet very few men are brought to book and admit the crime²³.

In September 2019, the

President of the Republic of South Africa declared violence against women, including femicide, as a national crisis²⁴.

This crisis was probably exacerbated by the COVID-19 pandemic. Data from many regions already suggests significant increases in domestic violence cases, particularly among marginalised population and several analyses of the gendered impacts of COVID-19 found an increase in gender-based violence and warned that the pandemic will likely disproportionately affect women, exacerbate preexisting gendered risks and vulnerabilities, and widen inequalities²⁵.

In that sense, South Africa, saw the surge of gender-based violence since the implementation of the national lockdown, with 87 000 gender-based violence complaints in the first month²⁶. An examination of routinely collected data from the gender-based violence command call centre (the GBV CCC) further suggested an increase of gender-based violence toward women in the domestic sphere²⁷.

A 2020 systematic review and meta-analysis of 19 randomised controlled trials assessing the impact of economic empowerment interventions on intimate partner violence, based on a total sample size of 44,772 participants in low- and middle-income countries, concluded that in some contexts, improving women's access to economic resources is associated with an increase of the risk of violence²⁸. This study has further emphasised a need to prioritise women's safety in the process of designing economic empowerment programmes and to closely monitor the potential risk of conflict and violence within beneficiaries' households.

²² <https://www.sef.co.za/social-performance/statistics/>

²³ Gqola, P. D. (2015). *Rape: A South African Nightmare*. South Africa: Jacana Media (Pty) Ltd.

²⁴ South Africa in a crisis of violence against women, says president - the Guardian ([link](#))

²⁵ Sri, Anna Samya, et al. "COVID-19 and the violence against women and girls: 'The shadow pandemic'." *International journal of social psychiatry* 67.8 (2021): 971-973.

U. N. Women "[Issue brief](#): COVID-19 and ending violence against women and girls." (2020).

²⁶ Tisane, L. (2020). Trapped under quarantine : The surge of domestic violence during the COVID-19 pandemic. [Link](#)

²⁷ Nduna, Mzikazi, and Siyanda Oyama Tshona. "Domesticated poly-violence against women during the 2020 Covid-19 lockdown in South Africa." *Psychological studies* 66.3 (2021): 347-353.

²⁸ Eggers del Campo, Isabel, and Janina Isabel Steinert. "The effect of female economic Empowerment interventions on the risk of intimate partner violence: a systematic review and meta-analysis." *Trauma, Violence, & Abuse* (2020): 1524838020976088.

1.4 THE EVALUATED INTERVENTION: SEF SERVICES IN SOUTH AFRICA

SEF, which was founded in 1991, is one of South Africa's only providers of small loans aimed at productive purposes (as opposed to providing consumer loans).

It has, since its inception, disbursed more 4.4 million loans for a total amount of R 12.9 billion²⁹ (833 million dollars at February 2022 exchange rates). At the time of writing (February 2022), SEF had an estimated 218,000 active clients on its books³⁰ for a total loan amount of 731 million Rands (47.9 million dollars at February 2022 exchange rates)³¹.

SEF's roots are based in Tzaneen, a fertile agricultural area in South Africa's northern Limpopo province. Over a period of 3 decades, it gradually and cautiously expanded its activities to other provinces in South Africa, including Mpumalanga, KwaZulu Natal, the Eastern Cape and Northwest. It retains a strong presence in Limpopo, as well as the neighbouring provinces of Mpumalanga and Northwest, which together account for just under half of its loan book. Today, SEF's loan portfolio is distributed as follows:

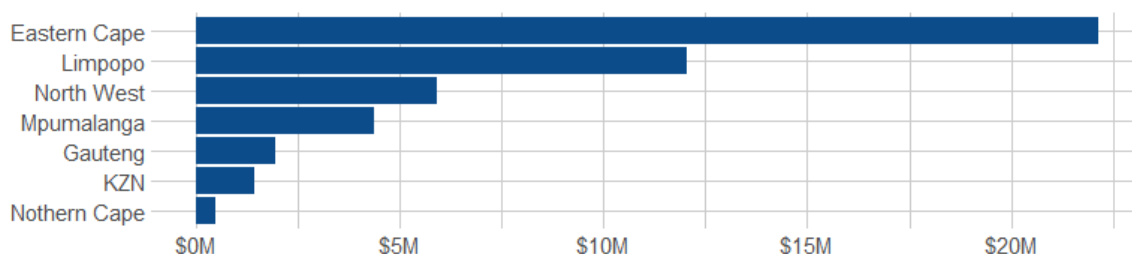


Figure 10: SEF loan portfolio breakdown per province (USD million, February 2022)³².

These provinces are very heterogeneous in terms of demographics, geography and socio-economic structures. The arid Northwest, for example, is mainly a mining province, in contrast with the more fertile Limpopo and the Eastern Cape, where small-scale agriculture is more viable and constitutes the main source of income for many communities. What all these areas have in common, however, **are very high levels of poverty and economic vulnerability**. Income levels in South Africa's two richest provinces, Gauteng and the Western Cape, are between 60% and 110% higher than in SEF's main areas of activity, as illustrated by Figure 11.

²⁹ Deloitte & Touche, SEF Audited Annual Financial Statements for the year ended 30 June 2021, p5. Downloaded from [sef.org.za](https://www.sef.co.za/about/annual-reports/), <https://www.sef.co.za/about/annual-reports/> in January 2022.

³⁰ Defined as clients with outstanding loans

³¹ Compiled from data provided by SEF's R&D department, February 2022

³² Compiled from data provided by SEF's R&D department, February 2022.

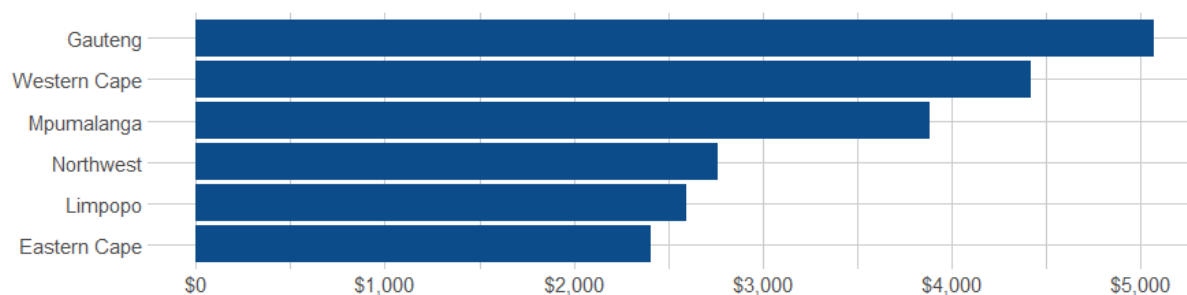


Figure 11 GDP per capita (USD, 2017) for selected provinces in South Africa³³

SEF's original lending approach was influenced by Grameen's group methodology³⁴, but its approach also borrows heavily from the long-standing tradition across South Africa of **stokvels** (BOX 1), which as mentioned earlier are commonly used informal and traditional collective savings and credit mechanisms (also known as Rotating savings and credit associations or ROSCAs). Stokvels come in a large variety of shapes and sizes, but their main features always include the key principles of collective decision making, **joint liability** for savings and loans, and **trust** amongst its members. SEF's original group methodology was therefore familiar to its clients, and arguably remains a key success factor for SEF's success .

SEF provides additional «soft products»

SEF's product portfolio is not limited to the provision of credit.

Indeed, SEF provides additional 'soft products' in the form of financial literacy and business mentoring, as is outlined in the Theory of Change (please refer to annex 5.9.1). SEF provides three types of loans which can be outlined as follows:

- **General Programme Loans (GP).** These are Group Loans, and are SEF's original loan product. Loans in this programme are granted to groups of 5 people, and range from 2,000 to 25,000 rands per individual. The repayment of the loans is the shared responsibility of all the group members. In this report, we will refer to these loans as the GP loans.
- **Individual Liability Loans (IL).** Loans in this programme are still granted to groups as with the GP, and share the same loan size and repayment modalities. The difference, however, lies in the fact that even though the loan is disbursed to a group, each member of the group is individually responsible of their share of the repayments .
- **Larger Loans (LLs):** Loans in this category are granted to selected individuals or businesses, and may reach up to R 250,000 per loan. We will subsequently refer to this category as the Larger Loan Programme (LLP).

At present, the LLP represents 2,5% of SEF loan portfolio in USD for benefiting to 0,25% of the total number of SEF clients.

³³ Centre for Risk Analysis, Socio Economic Survey of South Africa, 2020. Johannesburg, 2019, p104.

³⁴ Alam, M. Nurul, and Mike Getubig. "Guidelines for establishing and operating Grameen-style microcredit programs." *Based on the practices of Grameen Bank and the experiences of Grameen Trust and Grameen Foundation Partners, USA: Grameen Foundation* (2010): 4-14.

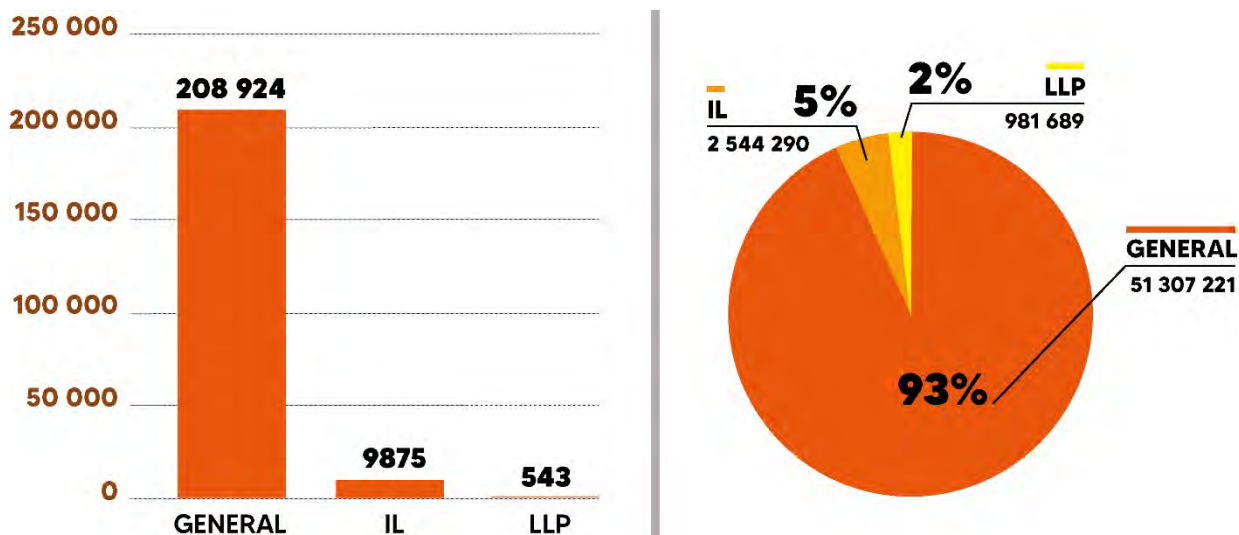


Figure 12 SEF loan portfolio: in number of loans (left); in USD (right)

SEF is organised around 4 major departments (Operations, Research and Development, IT, Support Services -which includes HR, Finance and Compliance). In addition, the Larger Loans Programme falls under its own department, reporting directly to the Managing Director³⁵. (See SEF's Organogram in Annex 6.10).

A simplified version of the process of receiving SEF loans, as well as the timing of PPI surveys, is presented in Figure 13 below. A more in-depth account going beyond the activities is available in the theory of change annexes in section 6.9.

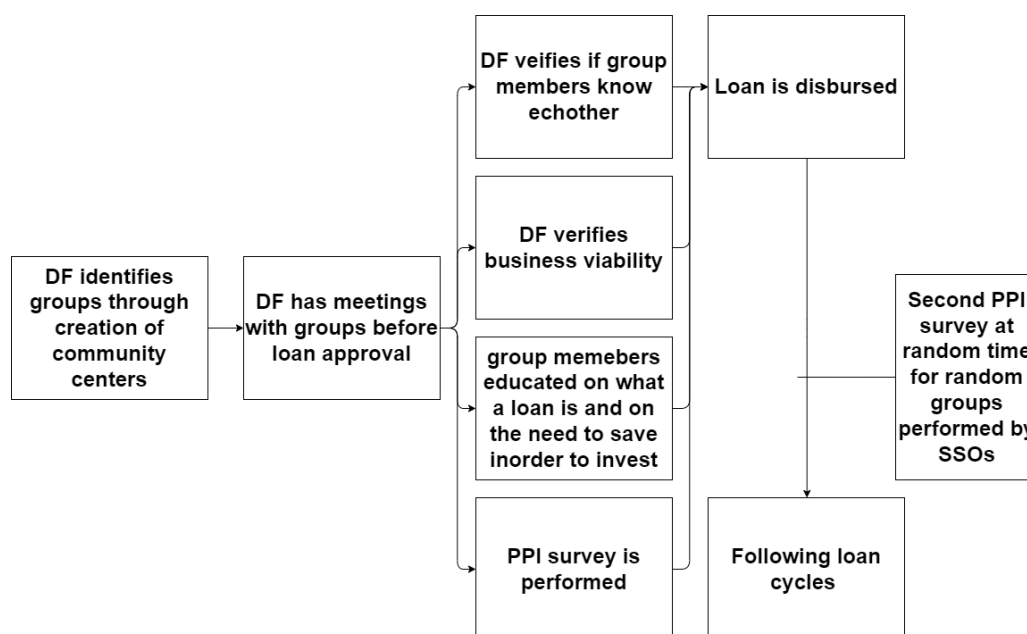


Figure 13 Simplified excerpt of the process of receiving SEF loans under the group methodology

³⁵ SEF's organisational structure is available in Annex 5.10

BOX 1 /

STOKVELS: ZA's ORIGINAL "GROUP METHODOLOGY" SAVINGS AND LOANS SYSTEM

The success of SEF's group methodology can be partly linked to the familiarity of most of its clients with stokvels. Stokvels, which are informal collective savings groups, have emerged in South and Southern Africa the early 1920s and 1930s as informal banking solutions at a time when the vast majority of Black South Africans were excluded from the formal banking system. They remain extremely popular today, and play an important role in the South African financial landscape. Stokvels usually have stated purposes (such as saving for school fees, end-of-year expenses, or burials), and have typically have between 6 and 12 members, often all-female or all-male. Their main focus is usually to allow their members to save money towards large expenses, or to invest for a return. Members can draw cash in turns, and occasionally borrow additional sums from the group savings when needed, usually against interest. Stokvels fulfil not just a financial need but play an important **social role**, creating bonds between neighbours and friends, and helping to establish trust within communities. One key reason for their success, despite the wide availability of formal savings and loans products in South Africa offered by banks and other financial institutions, is the **personal discipline** that they impose on members to save each month, and, as a corollary, the **in-built solidarity amongst members**.

While estimates vary due to the informal nature of the system, the National Stokvel Association of South Africa (NASASA) estimated in 2020 that 11.5 million people were members of stokvels in South Africa, saving around 50 billion rands annually (ca. 3.3 billion dollars per year). In 2019, an estimated 59% of households made regular contributions to stokvels (up from 50% in 2009), and 29% of households contributed savings to burial societies (Old Mutual – Savings and investment monitor, July 2019).

The principle of pooling savings and allowing members to draw cash in turns is, of course, not unique to South Africa, and in fact similar informal savings and loan systems exist around the world, as illustrated for instance by the existence of *tontines* in French speaking West Africa, *sususu* in Ghana, *arisans* in Indonesia or *kamitis* in India and Pakistan.

2 METHODOLOGICAL FRAMEWORK OF THE EVALUATION

2.1 EVALUATION TIMELINE, EVALUATION TEAM AND EVALUATION STEERING

In total, the evaluation process took place over a period of 16 months, using a mixed-method approach, consisting of a combination of quantitative and qualitative evaluation tools and methods in a single evaluation framework (Figure 14). This mixed method provides complementarity of quant and qual evaluation tools and allows for triangulation to strengthen findings and uncover a broader diversity of findings.

Compared to the original work plan, the evaluation process took place with a lot of delays due to the covid restrictions in South Africa as well as in international travels. It took 10 months after the kick off to see the stage where the data collection by the enumerators could start on the field. After extending the inception phase to wait for a better public health context, the evaluation team conducted a primary analysis of SEF database (QUANT), a desk review as well as some semi-directive interviews with SEF and SIDI resource persons (QUAL). The full field data collection took more than 5 months to be conducted, compiled and shared by SEF with the evaluation team (QUANT). At mid-way of this process, informed by a preliminary analysis of survey data (QUANT), the evaluation team conducted some qualitative field work in South Africa (QUAL).

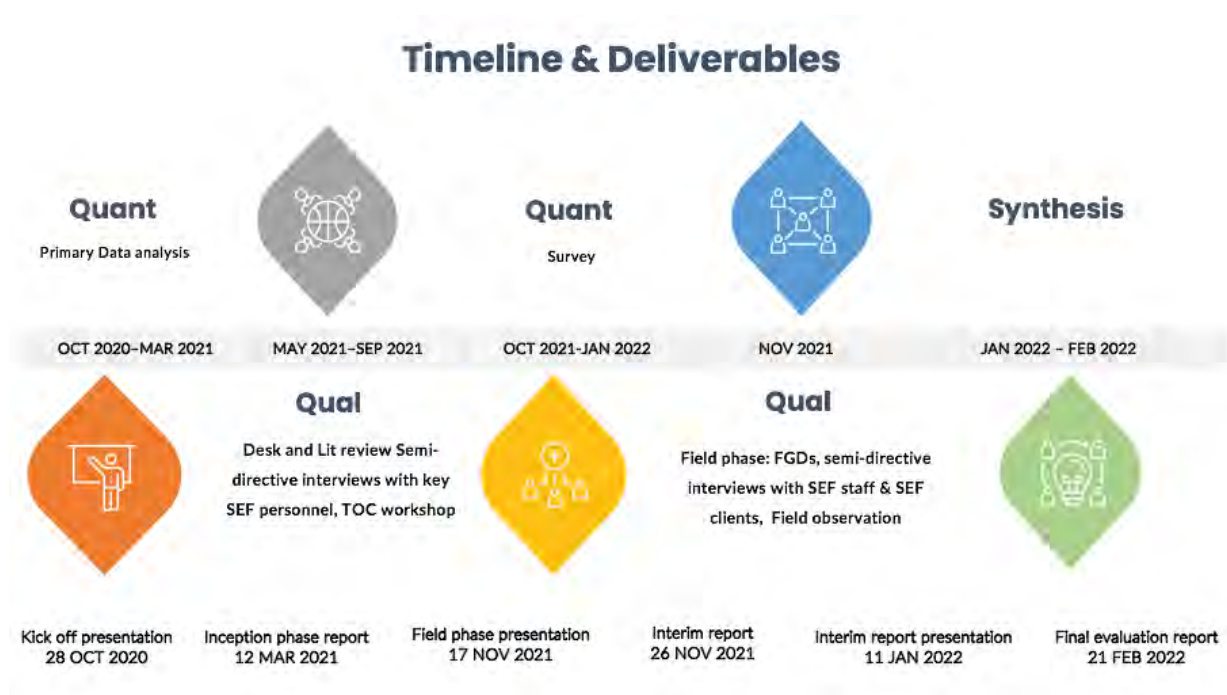


Figure 14 The evaluation timeline and deliverables

The evaluation was mandated by SIDI but steered by a steering group made of representatives from SEF, SIDI, Grameen Foundation Crédit Agricole and F3E. All along the process, formal meetings took place

periodically each time an evaluation deliverable was produced and discussed. Informal updates were regularly made by touching base through phone calls or emails between the Reciprocity team leader and SIDI's evaluation manager chairing the steering committee.

The evaluation was conducted by a core team of 4 evaluators from Reciprocity, with the considerable contribution of SEF's R&D Department and Operation Department, who provided the human resources and logistical coordination of the key primary data collection of the evaluation. The multidisciplinary profiles and respective roles of the evaluation team members are described in Table 3 below, a short pen portrait of each evaluator can be found in Annex 6.2.

Table 3 Roles and profiles in the evaluation team

TEAM MEMBER	PROFILE AND EXPERTISE	ROLE WITHIN THE EVALUATION TEAM
Pierre COETZER	Country expertise, VSE-very small enterprises and private sector expertise, economic analysis, qualitative assessment	Coordination of the evaluation in South Africa, responsible for qualitative field research, analyst on economic aspects and private sector / business model, writing of the evaluation report
Farai HOVE	Local expertise, field expertise for monitoring and evaluation, conduct and coordination of field surveys, gender and microfinance expertise	Local expert based in Tzaneen – Limpopo, liaison for quantitative field surveys, analyst on microfinance and gender aspects
Saskia VAN CRUGTEN	Expertise in project and programme management, senior evaluator and helpdesk with the European Commission for impact evaluations	Development of the impact evaluation methodology, methodological backstopping, quality assurance on deliverables, institutional liaison and feedback in France
Anwar AL SHAMI	Expertise in quantitative evaluation and mixed approach, data analysis, data visualization	Development of the field quantitative data collection system, development of digital data collection and synchronization tools, statistical analysis, technical and IT backstopping, triangulation of information from QUANT and QUAL sources

2.2 EVALUATION SCOPE AND EVALUATION QUESTIONS

2.2.1 Evaluation mandate and questions

The impact evaluation mandate was structured around 4 evaluation questions, each to be answered using a set of judgement criteria as per Figure 15 below. These questions deal with 3 of the 6 standards OECD DAC evaluation criteria, namely effectiveness, impact and sustainability. The full evaluation matrix agreed with the steering committee to structure the formulation of the evaluation judgement can be found in Annex 6.7, showing how the different evaluation tools and their combination were envisaged to answer each of the evaluation questions and judgement criteria.

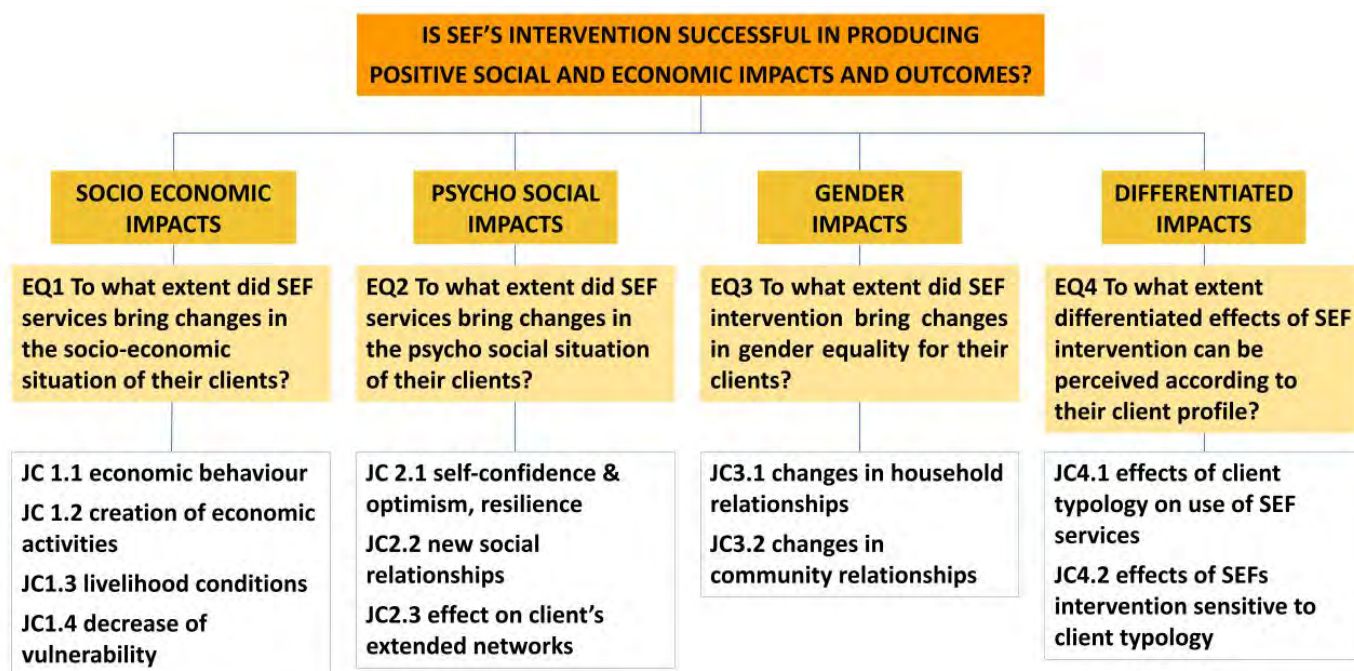


Figure 15 The evaluation questions at a glance

2.2.2 The scope of the evaluation

The central scope of the evaluation is everything that is judged. It is defined in terms of various dimensions such as the territory concerned, the period under consideration, the regulatory framework, the institutions considered. The central scope of the evaluation matches the very contour of the intervention/subject that is under evaluation.

The extended scope is a second broader perimeter that specifies the related actions and the adjacent elements from the context to be taken into account. This extended (secondary) scope is not to be judged, but to be considered only to refine the analysis of the evaluation or to enhance the causality analysis. The central and extended scope for SEF impact evaluation is presented in Figure 16.



Figure 16 The scope of SEF impact evaluation

2.3 EVALUATION METHODOLOGY AND TOOLS IMPLEMENTED



Photo 1 Participatory workshop with development facilitators in Matoks, Limpopo.

The mixed method approach used for this impact evaluation has articulated quantitative and qualitative evaluation tools and methods in a single evaluation framework, allowing for i) complementarity between quantitative and qualitative evaluation tools, ii) better triangulation of information between different sources and tools, iii) more meaningful and robust representativeness of qualitative data collected and iv) a wider diversity of effects and impacts captured by the evaluation.

Impact evaluations typically look at building a counterfactual to compare the actual situation “with” the programme (in this instance the SEF microfinance approach), with what situation would exist “without” the programme (the counterfactual situation). For SEF impact evaluation, a quantitative approach to a counterfactual was not realistic given the limited budget foreseen. However, approaching a qualitative counterfactual has been feasible, through 3 sources of information: i) documentation review for the microfinance sector analysis and description of other MFI in SA, ii) interview with a loan shark, iii) indirect descriptions by SEF clients of other loan provider practices (banks, another NGO competitor to SEF, loan sharks).

A set of evaluation tools has been used to analyse the different aspects of the change process around SEF services (see Figure 17 below³⁶).

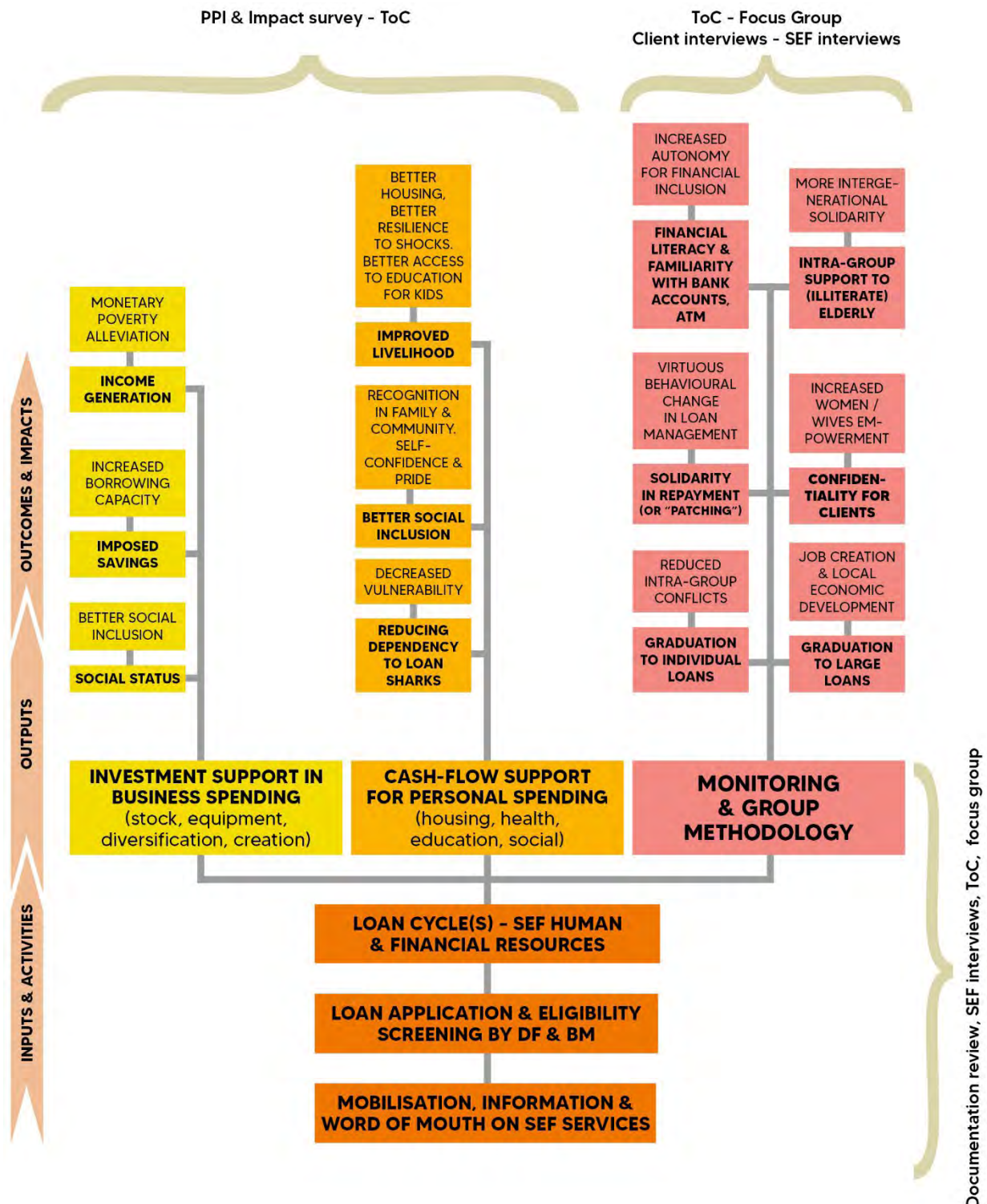


Figure 17 SEF theory of change and the evaluation toolbox used to explore the pathway to change

³⁶ The evaluation reconsidered SEF's ToC (Annex 5.9.1) as part of its evaluation methodology leading to a reconstruction of the intervention logic (Annex 5.9.2). The updated ToC that was produced in a workshop based on the new SEF strategy is presented in its detailed version in Annex 5.9.3.

2.3.1 Desk analysis (Desk QUANT) – Primary data analysis

The goal of this step was to determine how to best orient the field data collection in order to obtain a sample of responses that are representative of region, language group, age group, and gender. The process of designing the operations of the quantitative data collection campaign has been undertaken in close collaboration with SEF and to take into account SEF's capacity to deploy enumerators and the evaluation team's ability to conduct fieldwork.

Since the progress of PPI scores (and more importantly, the progress of the different indicators underlying the PPI score) were to serve as an important tool to assess the effect of SEF loans, a first analysis of the existing PPI dataset and full SEF client database as well as other existing datasets from thematic *ad hoc* surveys were looked at.

Altogether, this process allowed for determining a sampling strategy (see Annex 6.8.1 for more details), but also to understand the potentialities and limitations of using some datasets and not others. Decision was taken to leave aside all the small *ad hoc* surveys that were not having common keys and structure with the PPI survey. It was also decided to sample among clients having had at least 2 rounds of PPI since the start of the covid-19 outbreak to limit the biases of capturing the effect before/after covid crisis.

This phase also helped to confirm that PPI alone would not suffice to generate a clear image of the effect of SEF microfinancing. Another complementary survey was to be created.

BOX 2 / THE EVALUATION TOOLS IN NUMBERS / DESK QUANT

- > 12 datasets (total size 1.46 GB) analysed (1 162 lines of code) and tested for their evaluability
- > 1 sampling strategy elaborated

2.3.2 Qualitative scoping (Desk QUAL) – Documentation review, ToC et online interviews

Semi-structured interviews have been conducted with SIDI and SEF resource persons to complement the documentation review and first analysis of the dataset, as well as to explore the historical perspective of SEF actions, and the evolution of their client portfolio. The output was a first reconstructed theory of change, further discussed and elaborated during a virtual ToC workshop with SEF senior staff using the online collaborative platform Mural© to refine the understanding of the change process and the drivers of change.

BOX 3 / THE EVALUATION TOOLS IN NUMBERS / DESK QUAL

- > 28 documents reviewed (SEF strategic, operational and financial documentation, microfinance)
- > 1 virtual ToC workshop with headquarter staff from SEF R&D and Operation departments.
- > 5 online interviews with SEF and SIDI senior staff
- > 1 specific impact survey questionnaire elaborated
- > 1 guidance document for enumerator elaborated

As the content of the PPI survey was not sufficient to answer the evaluation questions related to the psycho-social situation and gender equality of SEF clients, this qualitative scoping helped creating the specific impact survey to cover most of the missing dimensions of the evaluation matrix (see questionnaire in Annex 6.5).

The specific impact survey was notably designed to include a number of opinion-based questions on the main change factors perceived by SEF clients in

their situation, their perceived ability to save and ability to repay, and the behavioural effects perceived by SEF clients. In addition, some general indicative questions to help select people for focus group discussions on gender aspects and behavioural change. An open question was also added in the spirit of an outcome harvesting approach, with a view to use the answers to it for structuring the FGD of the field qualitative phase (topics and participant selections).

2.3.3 Data collection & analysis (Field QUANT) – PPI & specific impact surveys

Given that SEF's PPI survey tool could not easily add questions, the PPI survey and specific impact survey have been conducted independently. Administering a PPI survey is long and requires observing elements at the home of the client. The specific impact survey could be administered more easily in various places, along with regular SEF activities and group meetings with clients. This is why the specific impact survey has more entries than the PPI survey.

BOX 4 / THE EVALUATION TOOLS IN NUMBERS / FIELD QUANT

- > Regular R&D briefings & follow up for data collection coordination
- > Analysis of PPI survey collected by SEF enumerators from 3 472 households, and comparison with these households' previous PPI surveys
- > Analysis Specific impact survey collected by SEF enumerators with 4551 households
- > Descriptive statistics on a database of the 197 894 clients of SEF portfolio
- > 1 412 lines of code for data analysis and visualization

As the data collection by SEF was progressing, the evaluation team was conducting remote work to create the codes and algorithms for a homogenised database containing the records of all the clients selected by the sampling including for each client the demographic data, loan data, PPI records, the specific impact questions, and other relevant information if available (client satisfaction survey, business evaluation, etc...). This work on the survey data helped prepare the base to answer the evaluation questions in the best possible way, including with the possibility to approach an evolution over time for some indicators showing sufficient statistical significance.

2.3.4 Qualitative triangulation (Field QUAL) – Field observations, FGD & interviews

Given the covid-related uncertainty on the date for the evaluators field mission, the field work took place with only a partial availability of the survey data (most specific impact survey results, but very few PPI data). However, the interim field data analysis could be sufficient to fit the methodological framework initially foreseen, i.e. to provide the key structuring elements for the QUALI field work:

- List of assumptions to verify and triangulate,
- List of topics to be discussed,
- List of branches to visit,
- List of interesting survey respondents among the client sampled to include in the client-FGD composition

The stratification and client selection in these FGD being notably based on the quantitative analysis, it allowed us to complement gaps in information and triangulate some findings between the quantitative and qualitative data collected, notably on the following topics that were dealt with:

- Loans & SEF processes (SEF clients -Disobothla)
- Business and Livelihood changes (SEF clients – Tiyani)
- Evolution of SEF methodology from joint liability to individual liability (SEF Development facilitators – Lebowaqomo)
- Change in gender equality and community inclusion (SEF clients – Namakgale)
- Most significant change (SEF clients – Matoks - Phalaborwa)

BOX 5 / THE EVALUATION TOOLS IN NUMBERS / FIELD QUANT

- > 1 face to face validation workshop with SEF in Johannesburg office on the ToC with R&D and Financial check team members.
- > field observations in 5 branches in 2 different provinces
- > 12 face to face interviews with SEF field staff and clients
- > 4 thematic focus group discussions with 37 SEF clients in 4 branches (Disobothla, Tiyani, Matoks and Namakgale)
- > 1 thematic focus group discussions with 8 SEF Development facilitators in 1 branch (Lebowaqomo)
- > 1 interim restitution & validation workshop with SEF senior staff in Tzaneen headquarter

The outcome harvesting approach integrated in the survey and deepened in the FGD notably helped capture unintended (positive/negative) outcomes that were very relevant to the gender component of the impact evaluation:

- Unintended effects on gender (in)equality in the household or in the community,
- Unintended effects on self-confidence and perception in the community, etc.),
- Indirect socio-economic effects on the family or community,
- Indirect effects on new opportunities and resilience factors etc.) .

2.4 LIMITATIONS AND BIASES

Among the risk factors (full updated risk analysis matrix in Annex 1.1.1) pre-identified in the technical offer and in the inception report of Reciprocity, two main types of risks materialised in a way that negatively affected the evaluation process:

- Covid-19 restrictions and successive pandemic waves postponed the PPI & impact survey and the field work by 10 months
- The dataset and its various extractions shared by SEF during the evaluation process was not structured in a stable way that allowed for easy data analysis. Therefore, additional work had to take place in synthesis phase to i) clean the data and ii) re-create several times the code and algorithms used for the statistical analysis of survey data.

Given the bias introduced by the covid-19 effect on the socio-economic situation of SEF clients, the total population to be considered for sampling in the PPI & impact survey was substantially reduced. Indeed, to account for reducing the covid bias, only clients with 2 available data points after the start of the covid crisis have been considered for the evaluation analysis. In short, this means including in the study only the SEF clients who received loans during the pandemic (which amount to around 67,000 cases).

In case of doubts in the robustness of some findings or conclusions later in this report, the degree of confidence in the evidence found by the evaluation team will be explained.

Originally, the Terms of Reference included a cost-benefit question among the evaluation questions. As agreed with SIDI, the scope of the study did not cover this cost-benefit component. Indeed, as outlined in Reciprocity technical offer, this question falls outside the 'impact' category, and can implicitly be addressed by "willingness to pay" as a proxy. Considering the very high rate of loan repayment by its clients (around 99% before the outbreak of the covid-19 pandemic), there is an assumption that SEF's value for money is likely to be acceptable to its clients / beneficiaries.





3 FINDINGS: ANSWERS TO THE EVALUATION QUESTIONS

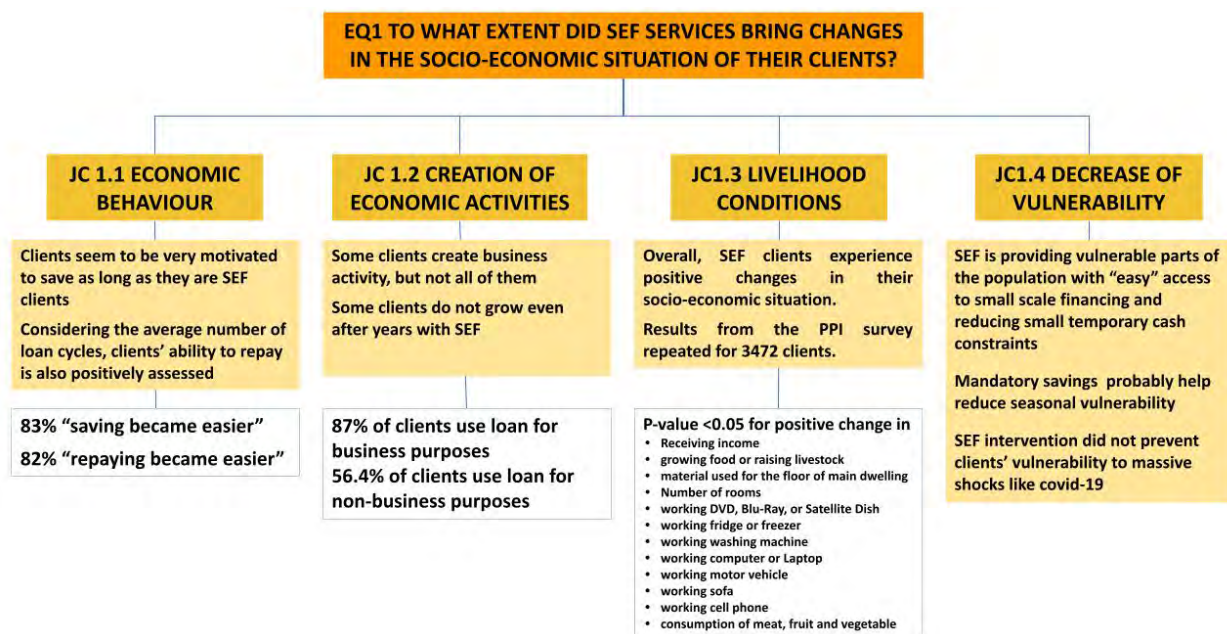


Photo 2 Evelyn Mangwale's Tuck Shop in Kgwelereng, Limpopo, funded by a SEF loan

3.1 CHANGES IN THE SOCIO-ECONOMIC SITUATION (EQ1)

EQ1: TO WHAT EXTENT DID SEF SERVICES BRING CHANGES IN THE SOCIO-ECONOMIC SITUATION OF THEIR CLIENTS?

EVALUATION QUESTION	SUB-QUESTIONS	FINDING	EVALUATION CRITERIA	SOURCE OF EVIDENCE	ROBUSTNESS
EQ1: To what extent did SEF services bring changes in the socio-economic situation of their clients?	1.1 How did the economic behaviour of beneficiaries evolve?		Impact & effectiveness	<ul style="list-style-type: none"> ● Exploration of SEF MIS quantitative data for proxies on ability to repay and savings ● Analysis of surveys questions related to perception on ability to save and repay ● FGDs and interviews Individual interviews with SEF clients and with DFs in Zebediela 	High
	1.2 To what extent can clients strengthen or create economic activities thanks to SEF intervention?		Impact & effectiveness	<ul style="list-style-type: none"> ● Analysis of surveys questions related to clients' perception on the main change factors in their situation ● Theory of change, and theory of change discussion in Johannesburg ● Semi- structured interviews and FGDs notably with clients in Tiyani and DFs in Lebowakgomo 	High
	1.3 How did SEF clients improve their socio-economic conditions and livelihood?		Impact	<ul style="list-style-type: none"> ● Chi squared tests on the PPI quantitative survey performed for this evaluation on 3472 clients (compared with their previous, most recent PPI survey) ● Analysis of surveys questions related to loan usage and changes perceived by SEF clients in their businesses ● Analysis of SEF MIS quantitative data targeting the evolution of the loan amounts given the number of previous loans received by clients ● Theory of change, and theory of change discussion in Johannesburg ● FGDs and interviews in Tiyani, Sekgosese, and Lebowakgomo 	High
	1.4 To what extent did client vulnerability decrease thanks to SEF intervention?		Impact & sustainability	<ul style="list-style-type: none"> ● Theory of change, and theory of change discussion in Johannesburg ● Interviews with informal loan provider (loan shark); interview with regional based social survey officer in Itsoseng, Interviews with Branch Manager in Itsoseng, interviews and participatory workshop with DFs in Lebowakgomo ● Exploration of SEF MIS quantitative data regarding client age brackets 	High



SEF services have indeed brought positive changes to the socioeconomic situation of their clients. The evaluation found that the motivation of SEF clients to save has increased as a result of the loan methodology adopted. Their ability to repay seems to be positive as well. Clients have created new

SEF services have indeed brought positive changes to the socioeconomic situation of their clients

economic activities even though that was not always their main usage of SEF loans. A triangulation of evidence (although mainly stemming from the evolution of answers to PPI surveys) revealed that the above changes were accompanied by improvements of

the clients' socioeconomic conditions as well as by a reduction in vulnerability. The reduction in vulnerability, however, is at risk for a part of the SEF portfolio (that sometimes depends on SEF loans over many cycles). This is due to SEF's plan to gradually move to individual liability in the future³⁷.

3.1.1 How did the economic behaviour of beneficiaries evolve?

SEF clients seem to be **very motivated to save as long as they are SEF clients**, as saving is enables access to larger loans, and the joint liability group methodology under which most SEF clients are, seems to guarantee a high level of repayment. The clients' individual abilities to repay are, however, difficult to judge due to the joint liability group methodology. If one were to take the number of loan cycles clients have with SEF, as well as their perception revealed in the survey as proxy, then the **evaluation would conclude positively on the clients' ability to repay**.

³⁷ It is important to nuance this claim with the fact that Individual Liability clients, while in theory autonomous, may in practice rely on each other for advice and sharing ideas, but also to repay loans and 'help each other out'. (IL interview – Zebediela – Full list of persons met available in Annex 5.45.4)

Data from the survey seems to suggest that saving and repaying loans (even loans other than SEF's loans) is easier for SEF clients. Figure 18 is a summary of the answers to two questions in the survey tackling this dimension.

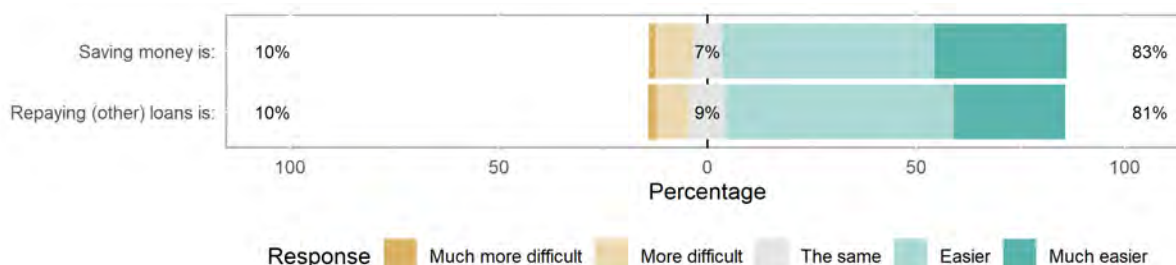


Figure 18 Client perceptions on the changes in their ability to save and repay loans

Respectively 83% and 81% of the clients perceive that saving and repaying loans (respectively) became easier due to their involvement in the SEF process. The ability to repay loans is further verified by the fact that almost 38% of SEF clients have received 4 or more loans³⁸.

These findings were further verified and nuanced by the qualitative branch of the evaluation where SEF loans were found to have a positive effect on risk-taking appetite of some SEF clients³⁹. Some clients even expressed that they were more able to perform activities related to budgeting and planning, and revealed that they were implementing better business practices such as record keeping and separating their personal money from business money⁴⁰.

It is important to note that clients' ability to save is compounded by the fact that there are mandatory savings imposed by SEF. This highlights the question of whether the reported improvement in the clients' ability to save is simply due to the mandatory savings, or if it is due to a "behavioural change", whereby the clients are motivated to save beyond what is required by SEF. It seems to be that clients are genuinely motivated to save given a) the continual SEF messaging on the importance to save⁴¹, b) the fact their answers to the most significant change question highlighted savings which is valuable because the SEF required savings are defined as a small fraction of the loan amount.

“SEF taught me saving, which I was not able to do before”

SEF client, Focus Group discussion in Namakgale, 16 November 2021

³⁸ Data analysis of initial dataset transferred by SEF on February 2020 of 132,474 clients

³⁹ FGD, Individual interviews with SEF clients and with DFs– Full list of persons met available in Annex 5.4

⁴⁰ IL interviews Zebediela– Full list of persons met available in Annex 5.4

⁴¹ SEF is also piloting the “savings plan” programme that enforces the notion that saving is cheaper than credit

3.1.2 To what extent can clients strengthen or create economic activities thanks to SEF intervention?

The notion of business development is largely adopted by SEF clients⁴². However, the picture is not clear enough to have an unequivocally positive judgement on this matter. Even though SEF seems to be invested in the growth and business success of their clients⁴³, some clients seem to not “grow” their

“I went from being able to sell one 20kg bag of mopani worms to being able to sell three bags because I could buy more stock [with the SEF loan]”

SEF client, Focus Group discussion in Tiyani, 11 November 2021

business as they stay for 20+ years with SEF with a loan amount that do not evolve beyond a few thousand Rands (a few hundred dollars)⁴⁴. A further exploration of the SEF client

database further revealed a positive albeit weak correlation between the number of loans taken previously and the current loan amount⁴⁵.

Figure 19 explores this point visually, showing the lack of clear correlation between the two variables. In fact, the loan usage reported by SEF clients is not always entirely business oriented. In Figure 20, it is clear that 3 of the top 5 loan uses reported are not business related. This is not necessarily a negative outcome and is a largely accepted practice by SEF⁴⁶.

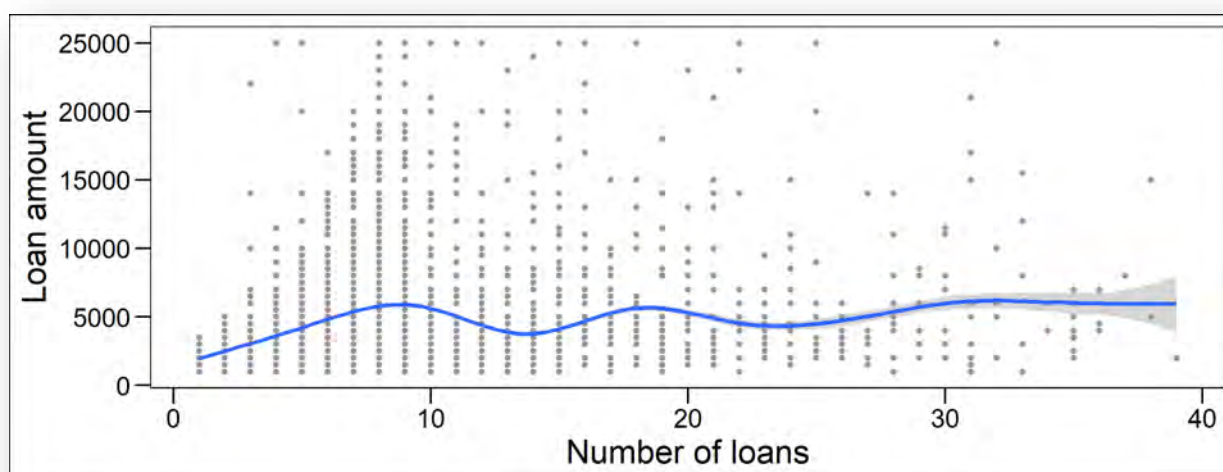


Figure 19 Scatter plot of the loan amounts versus the number of previous loans received.

⁴² Only about 3.6% of clients claim “no change” in their businesses due to SEF loans. The term “business” was mentioned in positive terminology more than 700 times in the clients’ responses to the most significant change question.

⁴³ Through incentives for saving and the Thutopele program officially, but also unofficially in the advice DFs provide to the clients. DFs sometimes advise in relevant manner for the type of business to create (e.g. in LebowaKomo some DFs advised clients to open a Fruit&Veg business as they deemed it very profitable, or traditional beer as it required very low capital input) or for the way the business is managed (e.g. in LebowaKomo: some DFs advised clients to reduce the prices for some overpriced items to stay competitive)

⁴⁴ Noted first with some clients in the Tiyani FGD – Full list of persons met available in Annex 5.4

⁴⁵ Pearson correlation coefficient = 0.467 (t = 192.25, df = 132472, p-value < 2.2e-16)

⁴⁶ It is important to note here that the Figure does not present exclusive uses of the loan. A client might be using the loan for multiple purposes. A detailed interaction of the clients’ answers as to the loan uses is present in Annex 5.11.45.10

The blue line shows the non-parametric Locally Weighted Scatterplot Smoothing line and serves to better visualize the relationship between the two variables

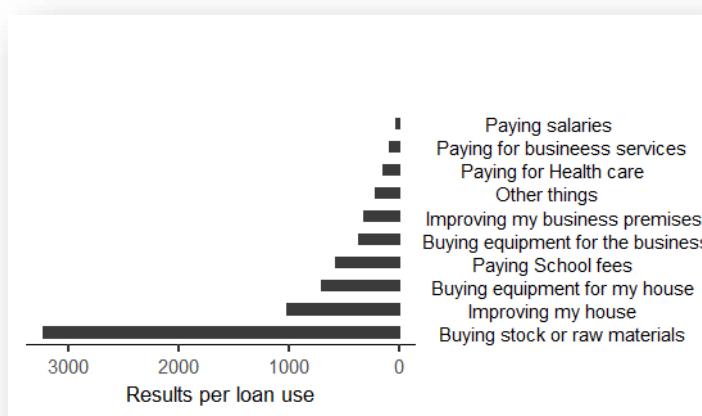


Figure 20 Reported loan uses

When asked directly, however, about what changes they had perceived in their businesses due to SEF loans, very few clients reported “no change” (3.6%) even though that option was always available⁴⁷ (Figure 21). The changes reported most often⁴⁸ were the ability to have a larger stock, higher revenues, and higher savings.⁴⁹

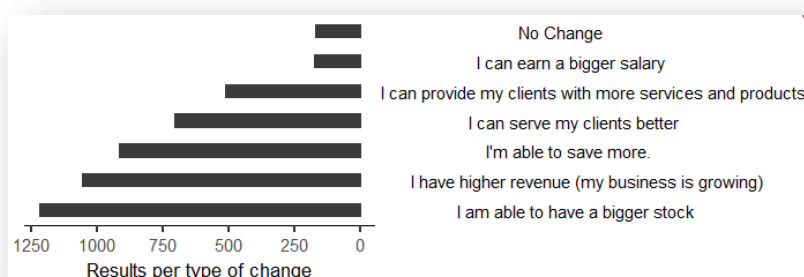


Figure 21 Types of changes that clients have experienced in their businesses due to SEF loans

* for the interaction of those changes in their answers please consult Annex 6.10.

3.1.3 How did SEF clients improve their socio-economic conditions and livelihood?

Overall, SEF clients experience positive changes in their socio-economic situation. This is most visible when comparing the clients’ answers to the different elements of the PPI survey. The PPI survey was

⁴⁷ In order to reduce the potential bias, enumerators were instructed to first let the clients freely answer the question and then categorize the answer under the categories listed in Figure 19

⁴⁸ This was also triangulated in the interviews with clients in Lebowakgomo and the FGD in Tiyani

⁴⁹ The effect of COVID restriction was not in the scope of the evaluation questions, however certain effects on the viability of certain businesses were pointed out in an interview with Mutodzi Sarah Tshisimbey in Mpheni. The interviewee revealed that she had to stop a profitable business of selling school snacks due to COVID restrictions and move to a different business model. – Full list of persons met available in Annex 5.4

repeated for 3472 clients. The answers to these PPI surveys were compared⁵⁰ to answers to the preceding PPI survey⁵¹. The comparison was performed using the chi-squared test of independence⁵². The analysis of the chi-squared test of independence reveals that the clients' situation has changed positively⁵³ from the time the previous PPI was conducted for quite a lot of variables, but not for all of them (see Table 4)⁵⁴.

Table 4 What has and has not changed clients' situation since the last PPI survey

POSTIVE CHANGES PERCEIVABLE IN CLIENT'S SITUATION SINCE THE PREVIOUS PPI SURVEY	NO CHANGE PERCEIVABLE IN CLIENT'S SITUATION SINCE THE PREVIOUS PPI SURVEY
<ul style="list-style-type: none"> • Receiving income from employment or self-employment last month • Participating in growing food or raising livestock • Main type of material used for the floor of the main dwelling • Number of rooms • Owning a working DVD player, Blu-Ray player, or Satellite Dish • Owning a working fridge or freezer • Owning a working washing machine • Owning a working computer or Laptop • Owning a working motor vehicle (includes bakkies or trucks) • Owning a working sofa • Owning a working cell phone • Frequency of consumption of meat in a typical week • Frequency of consumption of fruit and vegetables in a typical day 	<ul style="list-style-type: none"> • Literacy of the female head of the household • Availability of a flush toilet • source of energy/fuel used for cooking • Owning a working TV • Frequency of consumption of 3 daily meals in a typical week

⁵⁰ Note that the time interval between the survey conducted for this evaluation and the previous PPI survey is not constant across clients, nor is the number of loans or the loan amounts. No normalization to any of these variables was conducted and this is acknowledged as a limitation.

⁵¹ PPI surveys are conducted by SEF for all clients at least when they join SEF. They are all made according to a single template that makes cross-comparison of these surveys feasible. Additionally, SEF employs some QA on these surveys by means of spot-checks that the branch managers perform on the data collected by development facilitators.

⁵² The Chi-square test of independence is a statistical hypothesis test used to determine whether two categorical or variables are likely to be related or not. In this case, when the p-value is less than 0.05 we reject the null hypothesis. That is to say, the answers to a particular PPI question in the survey conducted for this evaluation and the previous PPI surveys are statistically different. This implies that there has been a change in the situation related to the question at hand.

⁵³ Growth in household assets was also mentioned in interviews in Lebowakgomo and in the Tiyani FGD (TVs, fridges, and other household appliances) as well as in the Itsoseng FGD (vehicle) – Full list of persons met available in Annex 5.4

⁵⁴ Further details including the contingency table used to generate the results, as well as the chi squared values and their respective significance level (0.05 was used) is available in Annex 5.11.2.

The positive changes revealed by the chi-squared tests of independence can conceivably be attributed to one of two mechanisms:

- 1) Clients use loans to develop their businesses thereby generating revenue that leads to an improvement in their socio-economic situation
- 2) Clients use loans to directly make purchases to improve their socio-economic situation

In practice, there is no way to discern which of these mechanisms are in action. Clients regularly use loans to simultaneously make investments in their businesses and in their livelihoods.⁵⁵

“When you take out a loan, you should have a goal [with the money], and not spend it on things that disappear”

SEF Client, Focus Group discussion in Matoks, 15 November 2021

These findings were validated on more than one occasion in the field-work where clients have affirmed using the loan to directly or indirectly build, extend, or improve their homes⁵⁶,

sending their children to university⁵⁷ or covering school expenses such as uniforms, stationary supplies and other school-related expenses⁵⁸ and other uses not necessarily directly business-related.

As for the clients' ability to save, the mere fact more than 38% of SEF clients have received 4 or more loans is a testimony of their ability to save⁵⁹. The ability to save was additionally a recurring topic in the answers to the most significant change question⁶⁰ and in the different interviews and FGDs conducted⁶¹

3.1.4 To what extent did client vulnerability decrease thanks to SEF intervention?

The methodology that SEF adopts for its loans, as well as how some clients use the loans, helps decrease client vulnerability. Some changes that SEF is implementing risk leaving part of their client portfolio behind and thereby risk increasing their vulnerability.

The first and possibly most significant element is the accessibility of SEF loans. SEF does not require from the recipients of their

“I now have two savings accounts for SEF and my personal bank account, I am very ready for emergency situations”

Ymakokoe MASHIA - BELA-BELA - BOJANALA

loans any collateral or significant paperwork (taking in return a “social” collateral⁶²). In many cases SEF

⁵⁵ See loan usage in Figure 18 and in Annex 5.11.4

⁵⁶ Interviews Lebowakgomo + FGD Tiyani – note that sometimes this could be a business activity in which clients build additional rooms in their yards to rent-out– Full list of persons met available in Annex 5.4

⁵⁷ Interview Lebowakgomo+ FGD Sekgosese

⁵⁸ Interviews Lebowakgomo + FGD Tiyani

⁵⁹ In order to increase loan amounts from from loan cycle to another SEF clients need to show proofs of a certain percentage of the loan in savings

⁶⁰ Occurred 386 times

⁶¹ Most notably in the Tiyani FGD and interviews in Lebowakgomo– Full list of persons met available in Annex 5.4

⁶² The SEF General Programme (i.e. the Joint Liability programme) is designed to provide SEF with the ability to provide low- (or no-) income clients with loans. The SEF service portfolio is very distinct from commercial banks –

loans are either the only ones available to clients, or of the loans available, they are the better alternative. Commercial banks require 3 months salary slips to release loans which make them largely inaccessible to the clientele targeted by SEF⁶³. Other loan providers that are accessible to SEF clientele are basically loan sharks that employ unsavoury methods to recover debts and hold clients' IDs and/or SASSA⁶⁴ cards as collateral⁶⁵. In this sense, SEF is providing vulnerable parts of the population with “easy” access to small scale financing and reducing small temporary cash constraints.



Photo 3 Focus Group discussion in Nkuzana (Tiyani), Limpopo

The second element to be considered relates directly to the way SEF designed its methodology. The mandatory savings⁶⁶ probably help reduce seasonal vulnerability (mainly festivity expenditures in December and school expenditures in January)⁶⁷.

and from other formal and informal loan providers - in that SEF provides loans to so-called “high-risk clients” without requiring any form of material collateral. Instead, under the joint liability methodology, SEF requires a form of “social collateral”. By defaulting, the clients would be risking their social capital with their group members, as well as their image as trustworthy individuals in their community.

⁶³ Even when they are, the clients’ salaries could be used as a collateral through a “garnish order” that leads to the automatic deduction of money from employees’ salaries to settle owed debt (desk research, FGD in Vryburg)

⁶⁴ The South African Social Security Agency (SASSA) provides monthly social grants to an estimated 18 million beneficiaries in South Africa, the most common grants being the Child Support Grant (ca. 35 dollars per month) and the Old Age Grant (ca. 120 dollars per month).

⁶⁵ Interview with a loan shark, SSO DF & BM interviews– Full list of persons met available in Annex 5.4

⁶⁶ In order to progress from loan cycle to another SEF clients need to show proofs of a certain percentage of the loan in savings

⁶⁷ Itsoseng Focus group discussion and interview with Regional based SSO– Full list of persons met available in Annex 5.4

Together these two elements increase the capacity of the target population not only to ride-out rough times with some income smoothing, but in many cases support active income generation conceivably leading to a decrease in financial vulnerability.

It is interesting to note, however, that the SEF intervention did not prevent clients' vulnerability to massive shocks like covid-19 that led to some negative effects⁶⁸ that were reportedly perceivable at the portfolio level and equally reported by SEF clients. It is impossible to judge if the SEF intervention had any effect on the reduction of vulnerability due to covid-19.

On the other hand, a segment of SEF clients is likely to face higher vulnerability in the course of the development of the individual liability programme⁶⁹. This new approach requires at least some familiarity with banks, ATMs, and smartphones; as well as a larger degree of autonomy on the clients' side to be able to manage their loan with SEF.

However, when looking at the age pyramid of SEF clients, a substantial segment (around 30%) consists of women over the age of 55⁷⁰. These clients are also the ones who are more likely to struggle with new technology, such as ATMs and smartphones, and be less comfortable with losing the group solidarity effect that is visible in the general loan programme under the joint liability approach (an observation stemming from individual interviews and focus group discussions). In some regions (and certainly in Limpopo where the field work took place), these 55+ women are also often the main breadwinners and providers of income for their family, including for small children and young adults who do not (or do not want to) work.

This is the segment of clients that could be at risk of being left behind with an evolution of the service from joint liability to individual liability. Dropping the joint liability group methodology⁷¹ is already a source of concern for such clients in the branches piloting this approach. These clients value the support they get to keep the books, to go to the banks, to withdraw money, from other group members. In contrast, the new approach that inherently reduces the intra-group incentives for solidarity, does not provide this kind of support sufficiently. This could be exacerbated by the way this new approach is implemented with very limited flexibility: once a client "graduates" to individual liability, there is no way for them to go back to the joint liability programme. This may cause some risks but remains for now an analysis that is not supported by strong field evidence.

In fact, one account cited by the development facilitators during participatory workshop with DFs in Lebowakgomo, referred to an older client's treat to drop-out from SEF if she is forced to remain in the individual liability pilot⁷².

⁶⁸ Portfolio data is showing an increase in number of clients at risk and an increased group drop-out rate (DF interview Lebowakgomo); Increased rate of loan write-offs due to COVID (BM interview Itsoseng); Negative effects on clients' business (reported on multiple occasions in the FGDs and in individual interviews)

⁶⁹ At present, the joint liability methodology (i.e., the traditional group methodology, the SEF general program), which is historically a cornerstone of SEF's approach is set to be slowly replaced by a group methodology that employs an individual liability (IL) approach.




⁷⁰ Across the different datasets received, the fraction of clients above the age of 55 hovers around 30% (visualization of the age distribution of clients across the portfolio is available in Annex 5.11.4)

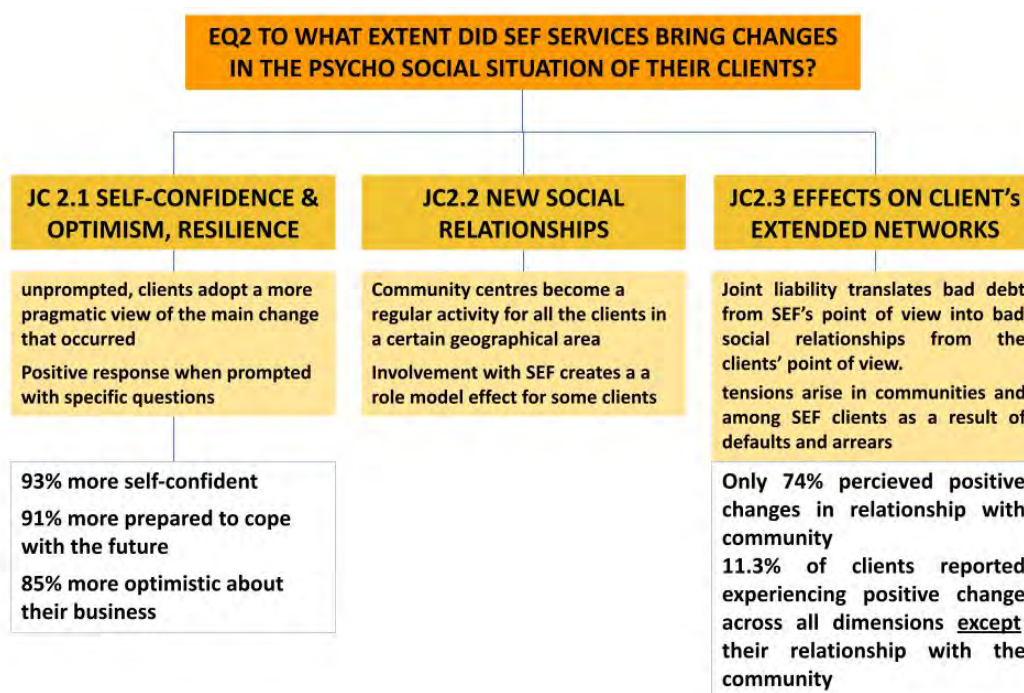
⁷¹ The phase out of joint liability in favour of individual liability is a long term plan of SEF

⁷² Participatory workshop with DFs in Lebowakgomo - a branch implementing individual liability. In expressing these concerns, one of the participants even quoted an older client saying "group methodology or I will drop" meaning that this client wanted to return to joint liability instead of individual liability

3.2 CHANGES IN THE PSYCHO-SOCIAL SITUATION (EQ2)

EQ2: TO WHAT EXTENT DID SEF INTERVENTION BRING CHANGES IN THE PSYCHO-SOCIAL SITUATION OF THEIR CLIENTS?

EVALUATION QUESTION	SUB-QUESTIONS	FINDING	EVALUATION CRITERIA	SOURCE OF EVIDENCE	ROBUSTNESS
EQ2: To what extent did SEF intervention bring changes in the psycho-social situation of their clients?	2.1 To what extent do SEF clients relate SEF intervention with an effect on their self-confidence, their optimism toward the future and/or their resilience?		Impact	<ul style="list-style-type: none"> • FGDs in Matoks, Vryburg, and Tiyani • Analysis of survey questions related to relative distribution of the different changes that clients have reported in their daily life and the answer intersections, also allowing for selection of clients for FGDs and interviews • Analysis of survey questions related to clients' self-perception 	High
	2.2 To what extent do SEF clients relate SEF intervention with an effect on new social relationships?		Impact	<ul style="list-style-type: none"> • Theory of change, and theory of change discussion in Johannesburg • Participatory workshop and interviews with DFs in Leb汪gomo • Interview with Zebediela branch clients in Kgwereng; FGD with Phalaborwa Branch clients in Namakgale 	High
	2.3 To what extent are changes observable only at the client level, or are also at the family level and/or circles of friends (additionality of effects)?		Impact & sustainability	<ul style="list-style-type: none"> • Theory of change, and theory of change discussion in Johannesburg • Analysis of survey questions related to clients' perception of the additionality of effects at the household and community levels, also allowing for selection of clients for FGDs and interviews • Analysis of survey questions to explore the relative distribution of the changes that clients have reported positive and the interaction of the dimensions of positive change • Interview with regional based social survey officer in Itsoseng, Interviews with Branch Manager in Itsoseng, interviews and participatory workshop with DFs in Leb汪gomo • Various interviews with current and former SEF clients 	High



In terms of changes in the psycho-social situation of their clients, the results are mixed. Clients (naturally) tend to perceive changes more in tangible elements rather in their attitude. A direct exploration of changes in their self-confidence, optimism, and resilience revealed an overwhelmingly positive perception. As for social relationships, the SEF methodology has led to the creation of community-based centres in which groups of clients interact, but this has not always led to positive changes especially in terms of the relationship of the clients with their community.

3.2.1 To what extent do SEF clients relate SEF intervention with an effect on their self-confidence, their optimism toward the future and/or their resilience?

Survey results have shown that, unprompted, clients adopt a more pragmatic view of the main change that occurred. Answers such as **“I can provide my family / children with more things”**, and **“I can pay for more things in the house”**, which emphasise **‘hard changes’** were significantly more prominent than **‘soft changes’** such as **“I feel more respected”**, **“I feel more optimistic”**, or **“I feel more independent”**. This is illustrated by the fact that answers excluding all the remaining options, and only including hard changes (either or both of the “providing for family” and “paying for things in the house” statements) amount to 2,823 answers, which represents over 62% of the total surveys (see blue highlight in Figure 22).

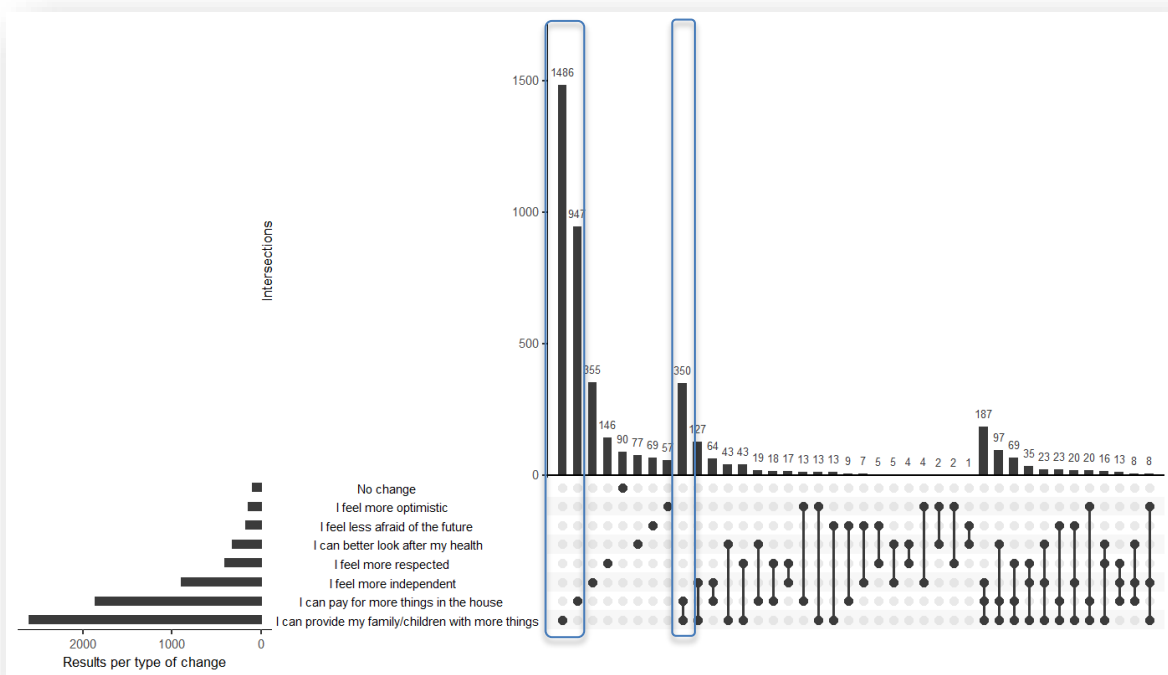


Figure 22 The relative distribution of the different changes that clients have reported in their daily life (left bar chart) and a visualization of the intersections of their answers showing the instances in which items were answered simultaneously or on their own⁷³

⁷³ For a more detailed explanation on how to use such plots please consult Lex, Alexander, et al. "UpSet: visualization of intersecting sets." *IEEE transactions on visualization and computer graphics* 20.12 (2014): 1983-1992.

The main take-away from this figure is that paying for more things in the house and providing for family were the answers reported the most: 1486 times providing for family was the only answer, 947 times paying for things in the house was the only answer, and 356 times where both of these answers occurred together

This suggests that clients perceive the hard changes in their lives more prominently and more importantly than the effect of their involvement with SEF on their self-confidence, their optimism toward the future and/or their resilience. When prompted with specific questions on these dimensions, however, clients reported with a large majority that they feel more self-confident (93%), more prepared to cope with the future (91%), more optimistic about their business (85%) as visualized in Figure 23.

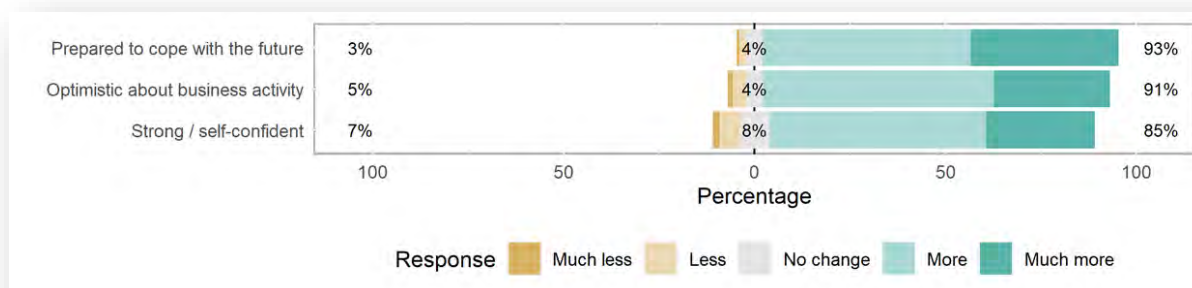


Figure 23 Answers on a Likert scale on self-perception

The qualitative data collection also confirmed this effect of self-confidence and pride, which was found to be notably more prominent when they are able to bring a change in their household or standard of living⁷⁴.

“ When you are poor, people undermine you. After I accessed the SEF loan, my life changed completely, and people are now sending their orders for dress making and I am able to give some of my clothes to the extended family. Not depending on anyone, having improved health, I am bright and glowing and successfully running my business. ”

Elisabeth RAMULUMBI, Client, Sekgosese Branch

As for the clients’ optimism towards the future (with a 91% positive response rate in the relevant survey question), fieldwork seems to confirm this aspect as well with some clients found to be planning to grow their business, creating employment in their community, having separate business premises (from their household), or expanding their operations (more land to farm)⁷⁵.

⁷⁴ Especially with visible signs of success like buying a car - FGD Vryburg; or building better housing -FGD Tiyani

⁷⁵ FGD in Matoks (Sekgosese branch) – Full list of persons met available in Annex 5.4



Photo 4 Exterior of Evelyn Mangwale's Tuck Shop in Kgwelereng, Limpopo

3.2.2 To what extent do SEF clients relate SEF intervention with an effect on new social relationships?

The general programme that employs the joint liability group methodology definitely has some effect on the creation of new social relationships. These relationships are governed by “centres”. Centres are the smallest unit in the SEF hierarchy. They are mostly independent community units that convene once every two weeks and are used by the SEF DFs to organise trainings, monitor repayment, and as a platform to form new groups⁷⁶. These centres have their own rules regarding adherence⁷⁷ and are able to influence who can access SEF loans⁷⁸. The presence of SEF is the catalyst of the presence and functioning of these centres which become a regular activity for all the clients in a certain geographical area (usually within walking distance).

With (women) community members that are not SEF clients, a role model effect was discussed by some clients, whereby they were sought after for advice on how to join SEF. And in some cases, the business

⁷⁶ In that sense each DF is responsible for several centres

⁷⁷ Each centre has a “constitution” which is a set of rules regarding how meetings are conducted, as well as a subscription fee (reported in an interview to be around 2 ZAR/client/month) as well as fines for absenteeism (reported in an interview to range between 20 and 100 rands). The money is collected and managed entirely by the members (i.e., by SEF clients).

⁷⁸ New groups have to “pitch” themselves to the centre, and DFs sign them up after they are approved by the members.

opportunity that SEF has provided led to the establishment of informal business partnerships including with foreign immigrants⁷⁹.

3.2.3 To what extent are changes observable only at the client level, or are also at the family level and/or circles of friends (additionality of effects)?

At first glance positive change in the client's relationship with the community seemed to be less prominent than positive changes perceived at the household level (Figure 24). This was an initial observation that was first verified by quantitative means.

It has changed my family life because I make a profit on my business whereas I was only getting a grant for one children to support five family members”

Hmafihara MUDAU - NORTH - LWAMONDO

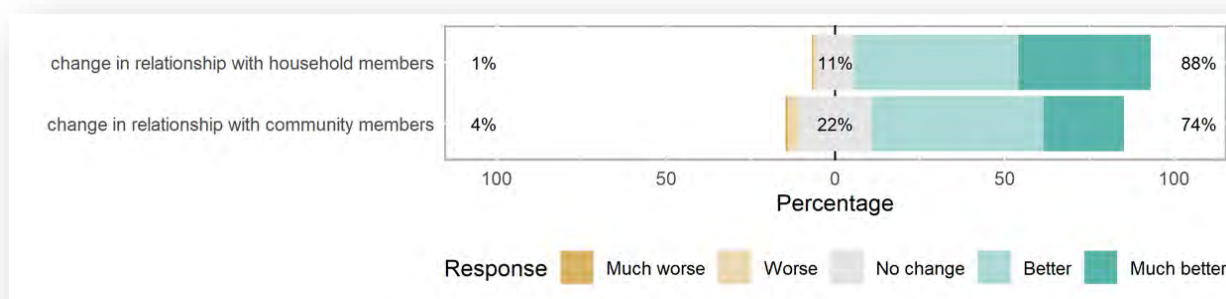


Figure 24 Answers on Likert scale on how clients feel perceive additionality of effects

We explored this dimension further by recording the answers to the questions in Figure 23 (*psycho-social changes at the client level*) and Figure 24 (*psycho-social changes beyond the client level*), tallying only the positive outcomes. The result of this tallying is available in Figure 25. Although 2,763 (callout 1 - 61%) report a positive change across all dimensions, the community aspect is highlighted: **Better relationship with the community was the least frequent answer**, and 517 (callout 2 - 11.3%) of clients reported **experiencing positive change across all the dimensions except their relationship with the community**, while 234 (callout 3 - 5.1%) clients reported **experiencing positive change across all the dimensions except both relationship with household members and with the community**⁸⁰.

⁷⁹ Interview with Zebediela branch clients in Kgwereng; FGD with Phalaborwa Branch clients in Namakgale

⁸⁰ It is noteworthy that even though the surveyed sample increased by around 11% (from 4,102 to 4,551 surveys) the basic proportions of answers remained virtually unchanged from the previous analysis conducted for the interim report. This is a very good sign for the robustness and representativity of the answers and a fruition of the prolonged effort to ensure statistical significance in the methodology of sample selection.

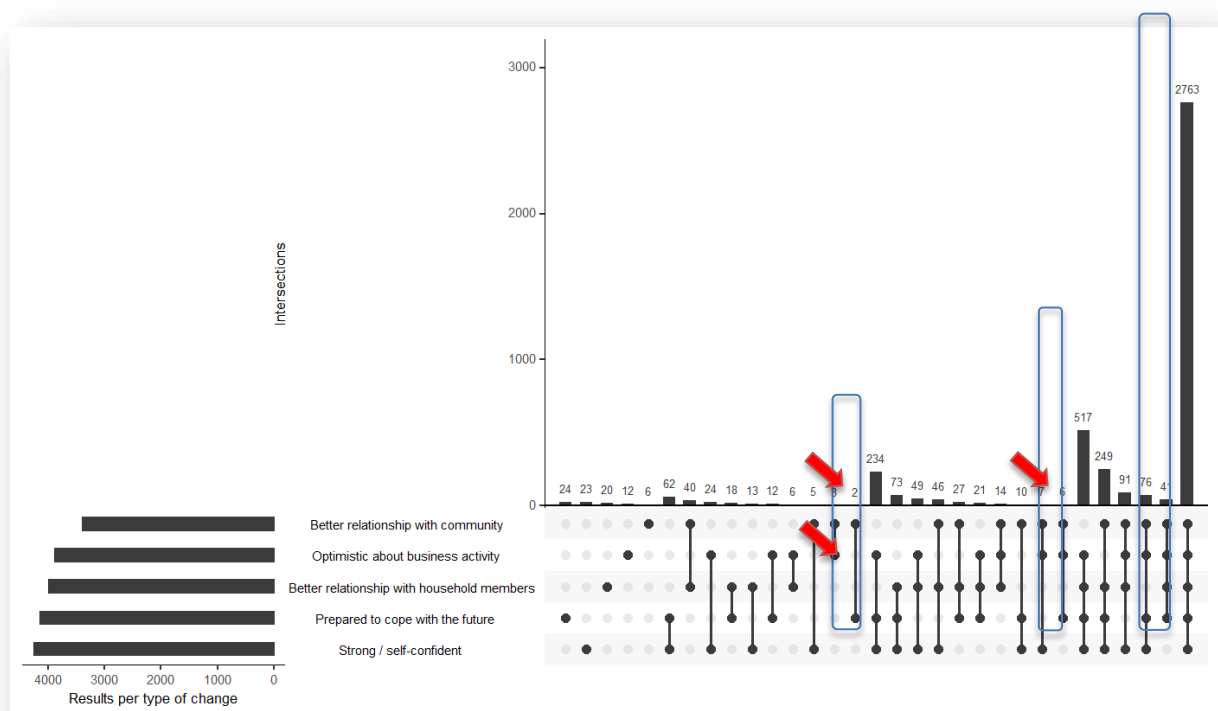


Figure 25 The relative distribution of the changes that clients have reported positive in dimensions explored (left bar chart) and a visualisation of the intersections of their answers showing the instances in which items were answered simultaneously or on their own⁸¹

The main take-away from this figure is that even though all the 5 dimensions were reported frequently (2763 respondents reported positive on all 5 dimensions – callout 1), there were 2 interesting peaks: answers that were positive in all dimensions except better relationship with community (callout 2 – 517 answers), and answers that were positive in all dimensions except better relationship with community and household members (callout 3 – 234 answers)

These preliminary observations were further explored in the quantitative field work that has provided some possible answers that might explain the fragility of the relationship of some clients with their communities.

The SEF General Programme (i.e. the Joint Liability programme) is designed to provide SEF with the ability to provide low- (or no-) income clients with loans. The SEF service portfolio is very distinct from commercial banks – and from other formal and informal loan providers - in that SEF provides loans to so-called “high-risk clients”, without requiring any form of material collateral. Instead, under the joint liability methodology, SEF requires a form of “social collateral”. By defaulting, the clients would be risking their social capital with their group members, as well as their image as trustworthy individuals in their community.

This risk management method has allowed SEF to provide collateral-free loans to otherwise ineligible clients marginalised by the formal financial sector. On the other hand, when these clients are not able to repay their loans, they risk losing their social capital. The joint liability translates bad debt from SEF’s

⁸¹ For a more detailed explanation on how to use such plots please consult Lex, Alexander, et al. "UpSet: visualisation of intersecting sets." IEEE transactions on visualisation and computer graphics 20.12 (2014): 1983-1992.

point of view into bad social relationships from the clients' point of view. As a result, many tensions were seen to arise in communities and among SEF clients as a result of defaults and arrears⁸².

On the other hand, SEF is at a crossroads between the individual liability and joint liability approaches. The individual liability programme would solve many of the above shortcomings but might equally place the older population of the SEF portfolio in a more vulnerable position if implemented without differentiation⁸³.

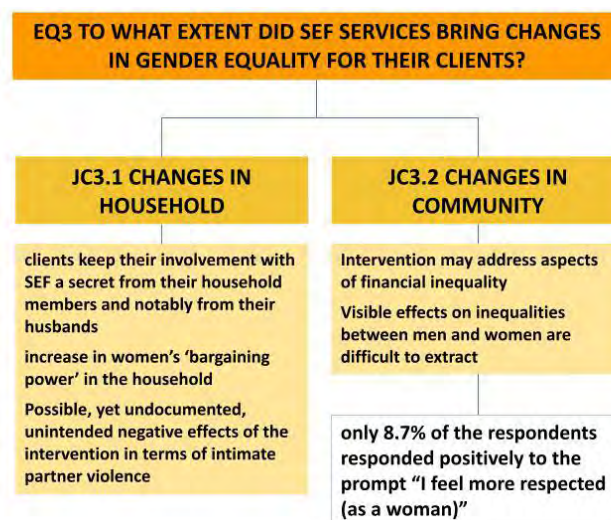
3.3 CHANGES IN GENDER EQUALITY (EQ3)

EQ3: TO WHAT EXTENT DID SEF INTERVENTION BRING CHANGES IN GENDER EQUALITY FOR THEIR CLIENTS?

EVALUATION QUESTION	SUB-QUESTIONS	FINDING	EVALUATION CRITERIA	SOURCE OF EVIDENCE	ROBUSTNESS
EQ3: To what extent did SEF intervention bring changes in gender equality for their clients?	3.1 To what extent did SEF's intervention have an effect on inequalities between the men and women of the household of its client?	~	Impact	<ul style="list-style-type: none"> • Participatory workshop with DFs of Zebediela branch • Interviews with Zebediela branch clients in Kgwereng, Interview with Evelyn MANGWALE (SEF client – 17 loan cycles), Interviews with clients in Lebogakomo • FGD in Namakgale with clients from the Phalaborwa Branch • Interview with Phalaborwa branch manager 	Medium
	3.2 To what extent did SEF's intervention have an effect on inequalities between men and women in the wider community of their clients?	~	Impact & sustainability	<ul style="list-style-type: none"> • Analysis of survey results for question exploring gender aspects and behavioural change allowing for selection of clients for FGDs and interviews • Theory of change, and theory of change discussion in Johannesburg, as well as field observation of the low profile of SEF branches • Participatory workshop with DFs of Zebediela branch • Interviews with Zebediela branch clients in Kgwereng, Interview with Evelyn MANGWALE (SEF client – 17 loan cycles), Interviews with clients in Lebogakomo • FGD with Phalaborwa Branch clients in Namakgale 	Low

⁸² If a certain group member is not able to pay their debt on time, the remaining member will have to “patch” for this member (i.e., pay on their behalf). Failing to do so, the entire group will be in arrears and all the members would eventually lose access to SEF loans in the future. This mechanism was the leading cause of tension. This was confirmed and explored in many of the individual interviews and FGDs with both clients and SEF staff (including Branch managers and Development facilitators)

⁸³ See section 3.1.4



The gender equality aspect was difficult to evaluate due to the usually secretive nature of the involvement of SEF clients with SEF. This secrecy results from a gender dynamic that prompts women to protect the loans from interference of their husbands or life partners. The evidence seems to suggest, however, that in some cases, an increase in women's 'bargaining power' in the household could be perceived, as they are the only ones that can bring in SEF loans. Further evidence relating to gender-based violence could not be gathered, but the context in which SEF clients find themselves is a context where "male backlash"⁸⁴ is likely to happen. At the community level, however, it is harder to have a robust judgement. It seems that the effect of SEF loans on gender equality at the community level are at least not very evident.

3.3.1 To what extent did SEF's intervention have an effect on inequalities between the men and women of the household of its client?

The effect of SEF's intervention on the inequalities between men and women of the same household is not always clear due to the tendency of many of the clients to keep their involvement with SEF a secret from their household members and notably from their husbands⁸⁵. This is largely facilitated by the fact

“ I took a loan from SEF to repair the family car that had breakdown. My husband is now using the car for piece jobs (transporting), and working in parallel we are able to pay back the SEF loan, save and support the family ”

SEF Client, Focus Group discussion in Namakgale, 16 November 2021

that SEF keeps a surprisingly low profile in the areas where it operates which is

appreciated by clients as it affords them some secrecy around their involvement with SEF. In fact, SEF clients are rarely exposed as being SEF clients in their households and communities, except when they face issues with their loans (defaulting or being pointed at by other group members they have to patch

⁸⁴ As defined by Hautzinger, S. (2003) and further discussed in 3.3.1

⁸⁵ As revealed across the fieldwork and most notably in the FGD held with clients in the Phalaborwa Branch in Namakgale targeted specifically at exploring changes in gender equality and community inclusion

for). This secrecy is apparently key for many women to protect the loan use and its repayment from diverted use by their husbands or families. Even though empowering, this secrecy sometimes overshadows any noticeable effects on inter-household inequalities between men and women.

Qualitative evidence gathered through the FDGs and face to face interviews reveals a wide spectrum of experiences for SEF beneficiaries when it comes to the effect of SEF loans on their relationships. For some women, accessing a SEF loan is experienced as empowering, and may even provide a welcome boost to the relationship with their life partners: “My husband appreciates [the loan] because through my catering business, I was able to pay school fees for the children”, one participant explained⁸⁶. For others, in contrast, access to a SEF loan may not only subject women to a backlash effect as described above, but also to misuse of the loan by their intimate partners. Several women in the same FGD explained that one of the reasons they were reluctant to disclose the loans to their partners was for fear that they would use these loans to spend on girlfriends as “blessers”. The “blesser” phenomenon, in which men attract younger women with gifts in return for sex and casual relationships was widely discussed during the FGD on gender. Recent research in South Africa corroborates this, with evidence that the blesser phenomenon is a rising societal issue, and that it can contribute to intimate partner violence and GBV⁸⁷.

In the cases when clients openly disclose their involvement with SEF to their husbands, some increase in women’s ‘bargaining power’ in the household was sometimes reported⁸⁸. Decisions on how to apply loans were in these cases taken collectively with husbands / partners, sometimes also involving the older children. This co-decision process was reported to help cement clients’ positions in the household, and in some cases seems to have a clear effect on self-confidence of women with regards to her status in the household, not only towards husband / partner but also in the eyes of her children⁸⁹ with a possible role model effect on younger children (long term benefit)⁹⁰.

⁸⁶ Focus Group Discussion, Namakgale, 16 November 2021.

⁸⁷ Brent V. Frieslaar; Maake Masango (2021), “Blessings or curses? The contribution of the blesser phenomenon to gender-based violence and intimate partner violence”. HTS Theological studies, University of Pretoria. http://www.scielo.org.za/scielo.php?script=sci_arttext&pid=S0259-94222021000400028

⁸⁸ This bargaining power is due to the fact that currently only women are eligible to receive SEF loans. In the new strategy, however, SEF is considering removing this exclusivity, which might reduce this positive outcome

⁸⁹ Interview with Evelyn MANGWALE (SEF client – 17 loan cycles); Participatory workshop with DFs of Zebediela branch

⁹⁰ Interviews with Zebediela branch clients in Kgwerereng – Full list of persons met available in Annex 5.4

Additionally, in some cases where clients' involvement with SEF was disclosed, they were pursuing their own revenue-generating activities and complementing household income in addition to husband's income. Husbands/ partners in some of these cases support accessing SEF loans and income generation by their partners/ wives by contributing towards loan repayments⁹¹.



Photo 5 Matidza Namadzavho in her Tuck Shop in Matoks, Limpopo

However, the other side of the coin is that clients who choose to keep their involvement with SEF a secret (or even the amount of money owed to SEF), they could be prone to familial discord when their husbands/partners find out. This not only could lead to these clients dropping out⁹², but could also conceivably create unintended negative effects of the intervention in terms of intimate partner violence.

⁹¹ Interviews with clients in Lebogakgomo and FGD in Namakgale with clients from the Phalaborwa Branch

⁹² Interview with Phalaborwa branch manager – Full list of persons met available in Annex 5.4



Photo 6 Focus Group discussion in Matoks, Limpopo

Even though an entire focus group discussion was dedicated to the gendered effects of the SEF intervention, these dynamics, in which the economic empowerment of women may lead to increased levels of intimate partner violence, were not perceived in the qualitative fieldwork. This, however, is not evidence of the absence of violence, but rather to the sensitivity of the topic that probably led to the evaluators' inability to find evidence. It is our position, that even though no evidence of effects of the SEF intervention on intimate partner violence was found, the "male backlash" ⁹³ dynamic can be assumed to exist for at least some cases.

In that regard, in 2001, SEF partnered with IMAGE (Intervention with Microfinance for AIDS and Gender Equality) launching a 4 year randomised controlled trial (RCT) combining their microcredit programme with a 12-month gender and health education curriculum. The randomised controlled trial saw a 55% reduction in intimate partner violence over the course of 2 years for the 12,300 participants⁹⁴. SEF has maintained its partnership with IMAGE and is planning to integrate many parts of the study's educational curriculum in its methodology.

⁹³ See discussion in section 1.3

⁹⁴ Decrease in risk of IPV in the past year from 10 per cent to 4.5 per cent. The methodology used to estimate the risk was not clear



3.3.2 To what extent did SEF's intervention have an effect on inequalities between men and women in the wider community of their clients?

Although some clients have reported being seen as a role model in their communities and being sought after for advice⁹⁵ This kind of dynamic is mostly valid in their relationship with other women in their community rather than that with both men and women. This is to be expected given that men are excluded from be the SEF intervention⁹⁶. Combining that factor with the fact that a majority of clients keep their involvement with SEF more or less a secret⁹⁷ means that visible effects on inequalities between men and women are difficult to extract. This hypothesis is validated by the quantitative data, where only 8.7% of the respondents responded positively to the prompt "I feel more respected (as a woman)".

One aspect of the inequalities between men and women in the wider community may have been addressed for some of the SEF clients, which is the financial inequality. However, additional information would be needed to be able to validate this.

3.4 DIFFERENTIATED EFFECTS ACCORDING TO CLIENT PROFILE (EQ4)

EQ4: TO WHAT EXTENT DIFFERENTIATED EFFECTS OF SEF INTERVENTION CAN BE PERCEIVED ACCORDING TO THEIR CLIENT PROFILE?

EVALUATION QUESTION	SUB-QUESTIONS	FINDING	EVALUATION CRITERIA	SOURCE OF EVIDENCE	ROBUSTNESS
EQ4: To what extent differentiated effects of SEF intervention can be perceived according to their client profile?	4.1 To what extent can a client typology be related to a way of using SEF services?		Relevance & effectiveness	<ul style="list-style-type: none"> Field observation Interviews with DFs of Zebediela branch, interview with SSO manager Interviews with Zebediela branch clients in Kgwereng Theory of change, and theory of change discussion in Johannesburg Interview with the Phalaborwa Branch Manager Interest rate calculation from client loan sheets collected on the field 	Low
	4.2 What are the key effects of SEF interventions that appear sensitive to the client typology?		Impact	<ul style="list-style-type: none"> Theory of change, and theory of change discussion in Johannesburg Field observation Interview with the Phalaborwa Branch Manager Interviews and participatory workshop with DFs of Zebediela branch (piloting IL programme) 	Medium

⁹⁵ See section 3.2.2

⁹⁶ Interestingly, exclusively targeting women was an operational decision made by SEF when they switched from the MCP to the TCP type lending (the traces of which can still be seen in the member numbers in the form of trailing -T or -M). SEF in fact doesn't deliberately look at gender and focuses on poverty without a gender nuance. (Group interview – and ToC workshop in Johannesburg with SEF R&D department; interview with SEF SSO manager)

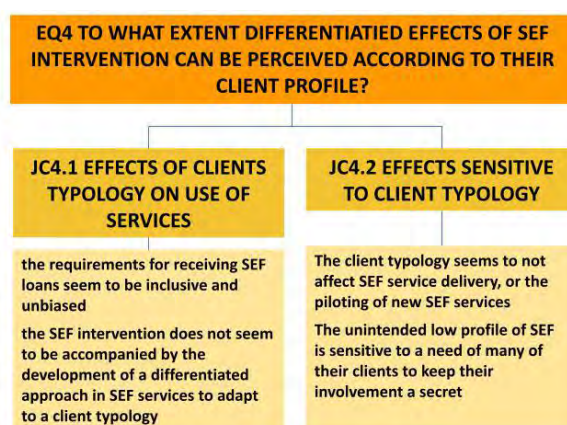
⁹⁷ See section 3.3.1

During the initial phases of this evaluation, most notably in the offer in response to its ToR, there were some assumptions that differentiated effects would be visible across age groups and sectors of activity. As the evaluation progressed, the analysis of different sources of data (most notably the answers to the survey questions and their variation across age groups and sectors of activity) has not revealed any perceivable differences.

As such, the evaluation expanded the scope beyond the original assumptions to look at “client typology” in general. The sources of this information are qualitative in nature and were revealed during the field activities of this evaluation.

It became evident that there are different kinds of uses of SEF loans, that these different uses would have different effects on the recipients of the loans, and, most importantly, that these different uses were driven by different client typologies.

The quantitative data, originating from the survey is retrospective, asking the clients to reflect on their experience with SEF loans. The clients surveyed, were carefully sampled to be representative of SEF’s general programme clients (group liability - group methodology). On the other hand, the information revealed by the qualitative field work was more forward-looking as it explored the differentiated effects of the different pilots currently in place, and attempted to reveal potential risks that may materialize in the future as these pilots become more mainstream.



Differentiated effects of SEF intervention were difficult to perceive in terms of different client profiles. This may be attributed to the way the intervention is administered. While there is a certain homogeneity in the client profile in terms of economic marginalisation, the way clients use the service is not directly monitored by SEF. Some elements of the intervention, however, seem to be compatible with the client typology, especially the fact that the clients are able to keep their involvement with SEF to themselves if they wish.

3.4.1 To what extent can a client typology be related to a way of using SEF services?

Generally speaking, the SEF intervention does not seem to be accompanied by the development of a **differentiated approach in SEF services** to adapt to its client typology. The current differences reside in

the loan amount and the loan program under which the client lies, but nothing seems to relate clearly to an established typology⁹⁸ of clients that is based on an analysis of the customer profile.

On the other hand, the requirements for receiving SEF loans seem to be inclusive and unbiased as they are governed both by assessment of the need for loans conducted by the DFs and spot checks by branch managers, and a community vote of the other SEF clients in the centre⁹⁹.

The above notwithstanding, there is an organic typology of SEF loan users that has been identified in the fieldwork as field observation and through interviews and FGDs. Although the validation of these typologies and the breakdown in terms of percentage of clients in each typology require much more research, Table 5 shows the 4 typologies identified.

TYPE	EVOLUTION OF LOAN AMOUNTS	CLIENT BUSINESS SITUATION
Using SEF loans as a seed fund to start a business	Increases with time until it reaches a stable amount	Evolving to self-sustaining
Using SEF loans as a cashflow support for business (mostly to buy stock)	More or less stable	Self-sustaining
Using SEF loans as cashflow support in general, or to pay stockvels ¹⁰⁰ for example (these are in some cases repaid by SASSA money ¹⁰¹)	More or less stable	N/A
Using SEF loans as cashflow support to supplement additional income in the household (in these cases husbands help repay as well)	More or less stable	N/A

Table 5 Client typologies identified on the field

3.4.2 What are the key effects of SEF interventions that appear sensitive to the client typology?

SEF tends to offer its services in a take-it-or-leave-it format. The client typology seems to not affect SEF service delivery, or the piloting of new SEF services¹⁰². With the data that SEF is already collecting, a

⁹⁸ Typology here is used in its broader term. It does not mean a classification of client characteristics collected from the present portfolio data, but rather a set of characteristics that are correlated to a certain way of using SEF loans. These could be for example “young clients in an urban environment that need cashflow support”, or “older clients in rural environment that are the main bread-winners for an extended family” ... etc.

⁹⁹ Participatory workshop with DFs – Full list of persons met available in Annex 5.4

¹⁰⁰ Some clients were seen to be using SEF simply as a saving facility (albeit a very expensive one – see interest rates in Annex 5.11.6). In fact, SEF confirms the similarity that it presents to traditional stokvels and that clients sometimes use it as a savings facility (interview with Social Performance manager on 15/11/2021). An initiative that might help reduce this kind of behaviour is “Savings Plan” currently piloted by the R&D department that aims to instil the notion that “saving is cheaper than credit”.

¹⁰¹ In an interview with the Phalaborwa Branch Manager, she revealed that she suspects that around 80% of the clients use the SASSA grant money to at least supplement their repayments to SEF. She observed that this behaviour is not new, but that in her opinion has increased due to COVID’s effect on businesses. For an elaboration on SASSA see section 3.1.4

¹⁰² As an example, the Individual Liability programme is piloted for whole branches. Even though the IL pilot offers many benefits as compared to the GP, it (by nature) excludes some clients. Clients in the IL programme are expected to open bank accounts and commute to banks which tends to exclude the older (and in many cases illiterate) generation. Older clients complained that the IL programme is more difficult for them as they are less

typology can be built around many types of criteria: socio-economic condition, age, loan use, type of income, sources of income generation in the household, risk in repayment capacity, etc. This requires careful thought, evidence-based analysis, and excellent knowledge of the socio-economic and cultural context of the clients. However, this is not the current situation.

Generally speaking, however, aside from the accessible eligibility criteria¹⁰³, one of the main elements that appear sensitive to the client typology, however, could be an unintended one. The low-profile that SEF employs is much appreciated by existing clients as it affords them some secrecy around their involvement with SEF. In fact, SEF clients are rarely exposed as such in their communities, except when

“I’m able to recognize myself as a person”

Amthethwa MALINDISI - EAST - WHITE RIVER

they face issues with their loans (defaulting or being pointed at by other group members

they have to patch for). This secrecy is apparently key for many women to protect the loan use and its repayment from diverted use by their husbands or families.



Photo 7 Johanna Lesego in front of her house in Kgwelereng, Limpopo

able to rely on their group members to take care of the paperwork required for banking. Some have even threatened to drop-out of SEF if they are forced to stay in the IL system. SEF, however, has the position of “once in the IL programme, you cannot go back to the general programme”. This rigidity, however, stands in stark contrast with the number of older clients in the SEF portfolio (clients ages 55+ represent 30% of the overall portfolio) (FGD with DFs)

¹⁰³ In fact, new SEF clients are sometimes even sometimes suspicious of the ‘easy’ access criteria in terms of not having to provide payslips, they assume is that accessing loans is not possible for people with no salary or other form of collateral and conclude that SEF is a ‘scam’ (IL Interviews Lebowa kgomo + FGD Tiyani). This is compounded by the low profile that SEF adopts in the areas where it operates.

4 OVERALL ASSESSMENT OF SEF IMPACT

Based on client's perception as expressed in the impact evaluation survey, SEF impact is real and richly illustrated in the rating and qualitative answers collected through the survey.

The word cloud below is the results of the most significant change perceived by SEF clients following their experience as users of SEF financial and non-financial services. A statistical sample of 4551 respondents have been surveyed for this impact evaluation, among the various questions, one was "what has been the most significant change since you have been using SEF loans?". The font size in the word cloud, proportionate to the occurrence of the words used by SEF clients, reflects their perception of the change.

What has changed the most for SEF client is that they are now "able", able to deal with their businesses, able to provide for their family, able to impulse change in key poverty indicators: education, housing, food, clothing income, financial safety net, social well-being and psychological welfare.



Figure 26 Wordcloud reflecting the most significant change perceived by clients

Numbers coming out from the survey are self-explanatory and show the wide appreciation of SEF clients of the positive impact of accessing and using SEF loans in their lives. The impact materialises not only on their business, but most importantly to their eyes on their livelihood and on key dimensions of poverty such as access to food, housing, health, education, clothes for them and their children. If psychosociological effects are less in their rating, they remain significant in client's perception, impacting positively their self-confidence, their position in their family and community, and the self-assessment of their vulnerability.

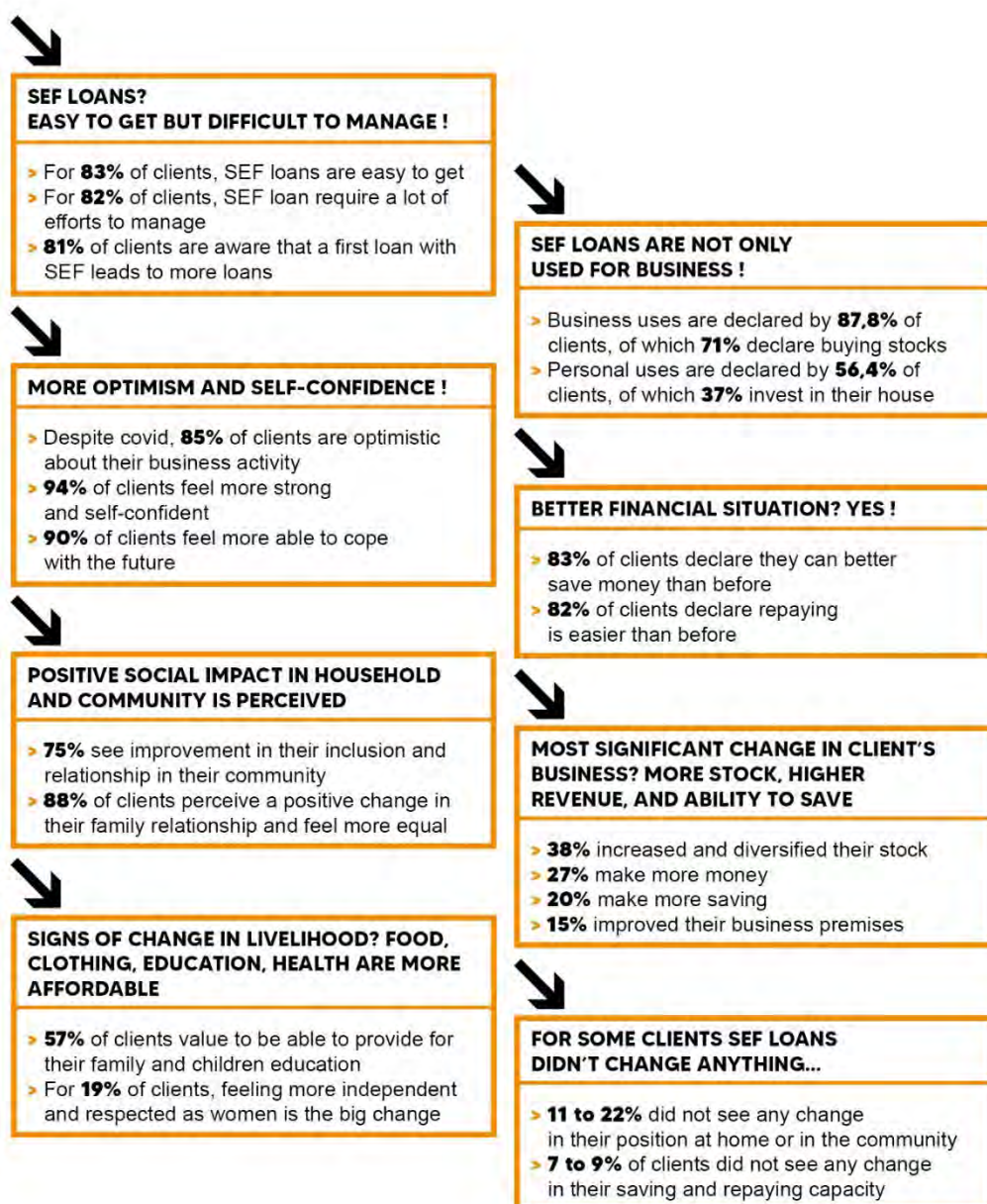


Figure 27 Impact of SEF loans in numbers

In March 2022, the “Outcomes Management for Financial Service Providers: A Proposed Standard Framework Aligned With the Sustainable Development Goals” report was published. The report aims to contribute to building a framework of actionable indicators based on the SDG targets that can answer the need for a simple, credible methodology to monitor outcomes: one that is built on a well-defined social strategy and theory of change, and that is assessed regularly through internal data management systems.

Annex 6.14 includes an overview of the indicators identified in the aforementioned report, along with the data that was produced by this evaluation that may contribute to some of these indicators.

It is important to note that this evaluation was not designed to tackle these indicators and that the methodological framework chosen for this evaluation had different goals than aligning the outcomes of microfinance to the SDGs. As such, data is not available for all the indicators, and when data is available, it serves only as a proxy for some rather than a direct answer to the identified indicators.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

SEF is one of the few loan providers that a marginalised segment of the South African society can turn to for loans without risking steep financial and non-financial collaterals. The long-term outcomes in terms of improvement of living standards and financial positions of clients and their households as well as the reduction of vulnerability and increase in clients' motivation to maximise their commercial potentials, visible in SEF's 2018 ToC seem more or less successful. However, SEF services are used by different clients in different ways that do not lead to the improvement of financial positions in all cases, but, in some of the cases rather prevent the deterioration of their financial positions (see discussion in section 5.1.3 below).



Figure 28 overview of conclusions by evaluation criteria

In its new strategic vision, SEF recognises the multidimensionality of poverty and as a result, that of poverty alleviation. However, the overarching assumption looking at SEFs "out-of-poverty" vision seems to be summarised by "reducing the monetary poverty reduces the multidimensional property, allowing for access to education, access to health, access to food security, access to social and financial inclusion etc." This works most of the time, and is a valid assumption, but one that must be further nuanced to avoid unintended negative effects.

On the operational side, SEF's larger loan programme offers a chance to drive for financial inclusivity for a majority of its clients, and at the same time poses a risk of lack of coherence with SEF's "out-of-poverty" narrative. Moreover, there are some elements related to the data collection and data management that could negatively affect the efficiency of the SEF intervention.

5.1.1 Relevance: is the intervention doing the right things?

Extent to which the intervention objectives and design respond to beneficiaries' needs, and priorities, and continue to do so if circumstances change.



SEF clients usually fall under the economically and financially marginalised segment of the society. In that sense, SEF is one of the few loan providers that this segment can turn to for loans without risking steep collaterals with informal loan providers. Although the stated aim of SEF loans is to be "economically productive", the SEF intervention is flexible enough to allow for other loan uses that are equally important to its clientele and is low-profile enough to be sensitive to the clients' need to keep their disbursements protected.

The SEF General Programme (i.e., the Joint Liability programme) is designed to provide SEF with the ability to provide low- (or no-) income clients with loans. The SEF service portfolio is very distinct from commercial banks – and from other formal and informal loan providers - in that SEF provides loans to so-called "high-risk clients", without requiring any form of material collateral. Instead, under the joint

liability methodology, SEF requires a form of “social collateral”. By defaulting, the clients would be risking their social capital with their group members, as well as their image as trustworthy individuals in their community. This risk management method has allowed SEF to provide collateral-free loans to otherwise ineligible clients marginalised by the formal financial sector.

Survey data as well as the qualitative interviews and focus group discussion with SEF clients revealed a myriad of direct uses of SEF loans ranging from buying stock of merchandise to paying school fees. These practices are known to SEF and are widely accepted.

The low profile that SEF adopts in the communities in which it operates is much appreciated by existing clients as it affords them some secrecy around their involvement with SEF. In fact, SEF clients are rarely exposed as such in their communities, except when they face issues with their loans (defaulting or being pointed at by other group members they would have to patch for).

5.1.2 Coherence: how well does the intervention fit?

Compatibility of the intervention with other interventions in a country, sector or institution.



Evaluation criterion outside of the evaluation mandate and scope

Even though coherence is not in the mandate of the evaluation, there are elements that the evaluation found relevant for an assessment of the internal coherence of the SEF intervention. As revealed by the Theory of Change workshop, as well as by the evaluation team’s own reconstruction of the intervention logic, one of the higher levels intended outcomes of the SEF intervention is to ensure eventual financial inclusion of its clients in the formal financial sector (i.e., access to loans from commercial banks directly).

External coherence and financial inclusion

SEF’s larger loan programme, where loans up to R250,000 can be disbursed to new clients, has set in place a mechanism of reporting to the National Credit Regulator (NCR). This mechanism only becomes a legally binding requirement for loans larger than a certain threshold. This presents an important opportunity.

The larger loan clients and the clients of the general programme (that make up the vast majority of SEF clients) are managed by the same loan management system (LMS)¹⁰⁴. The reporting for the larger loan clients will most likely take place through the LMS platform, and talks are currently underway with the credit regulator for the frequency and content of reporting.

One by-product of these developments could be that since most of the clients’ loans are managed by the same LMS, SEF could easily report its general programme client data to the credit bureau as well. Combined with the observation that many clients go through several loan cycles with SEF, such reporting to the credit bureau can help build SEF clients’ credit score to be able to eventually reach financial inclusion in the banking sector, which currently tends to exclude them due to the absence of credit data.

¹⁰⁴ Interview with Grant Glanvill, IT Project Manager, Nov 17 2021

Such an evolution would be a big value-added operation in terms of impact and, at the same time, a very smooth and low-cost transition to make, given that the portfolios of GP and LL clients is managed by the same LMS.

This aspect, however, did not seem to be under consideration by SEF, and the reporting to the NCR seems to have been made as it needs to have been done, rather than because it leads to the “financial inclusion” outcome.

Internal coherence and “out of poverty” narrative

SEF’s two main loan products, the general programme and the individual liability, seem broadly in line with SEF’s “out of poverty” narrative, based on the data collected and the demonstrably positive socio-economic impact that these loans have on their beneficiaries: Indeed as noted in previous sections, the vast majority of SEF clients not only report positive changes in their short and medium term socio-economic situation, but also in their psycho-social situation. Evidence on the long-term impact is more mixed, as the repetition of cycle upon loan cycle by many clients suggests that many of them reach a ‘ceiling’ on their way out of poverty, and don’t often graduate permanently out of a situation in which SEF loans are no longer needed.

The new larger loan (LL) programme of SEF proposes loans that range from 25,000 Rands (1,650 dollars) to 250,000 Rands (16,500 dollars) for both existing, and, more recently, new clients. Responding to a demand of its most successful clients who needed to grow bigger, SEF recently opened these LLs to newcomers. As acknowledged during the field mission, *“these clients are not poor anymore”*, which begs the question: how does this LL programme fit into the poverty alleviation narrative of SEF? Three answers were provided:

- i) SEF does not want to let their old clients down while no other financial actor is ready to take over
- ii) these clients have SMEs and are job creators, hence it links with poverty reduction, and
- iii) SEF could use the return of these larger loans to support its operations and/or reinvest in its lending. The reality of the decision, however, seems to have been mainly driven simply by the existence of a demand from these clients, and the financial possibility for SEF to implement it.

The second of these arguments is perhaps the most compelling one in terms of the “out of poverty narrative”, especially in the context of deep structural rural poverty and unemployment. In this instance, SEF’s loans are not directly alleviating the poverty of their clients (“who are no longer poor”), but rather helping such clients to alleviate poverty by allowing them to create jobs and support livelihoods in their communities. This is certainly convincing in theory, but it would be important, however, to be able to monitor this effect by quantifying this employment creation, and by establishing a clear link between the LL programme and the jobs that the programme is deemed to support.

Notwithstanding, SEF’s LL programme still presents some fragilities vis-a-vis its mission:

- These clients are now economic actors whose profile would normally allow them to apply for loans at a regular commercial bank – and who could possibly even get funding at lower interest rates with these commercial banks or other financial institutions than currently available through SEF.
- These clients would probably be considered more eligible by commercial banks or other financial institutions if there was an active effort to support their financial inclusion and transition them (for example through registration, recording of credit history with SEF, and regular communication of loan records with the National Credit Regulator).
- The job creation aspect would be achieved regardless of the identity of the loan provider.

- The financing invested in these LLs could potentially be developed at the expense of smaller borrowers (i.e. SEF's historical clients, and the stated targets of microfinance). Indeed at present, LL clients represent only 0.2% of SEF clients, but a full 2% of SEF's total financial volume, and this proportion shows a sharply increasing trend¹⁰⁵. This type of allocation of resources can be supported only if there is very clear evidence of its impact in terms of jobs created and livelihoods supported, and hence supporting SEF's out of poverty narrative.
- From a revenue perspective for SEF, the interest generated by the LL programme is identical, relative to loan size, to the revenue generated by the IL and GP programmes¹⁰⁶, so the financial return generated by LL program clients is not larger than the margin generated from the historical ones. This lack of differentiated profitability means that the prospect of using the return of these loans to support other types of loans is difficult to conceive.

As noted, it is fair to ask if such clients still need SEF, and if SEF still is the best financial institution for them, considering the potentially lower interest rates they may be eligible for in the commercial banking sector.

While it is true that the LL program would not necessarily deprive historical clients from the other group loan programs as long as SEF continues to develop all of its loan categories, the risk of a non-strategic piloting of the LL program is that it could result in an increase of the LL ratio in the overall SEF loan book, and correspondingly lower IL and GP ratios allocated to the smaller borrowers who are at the core of SEF social mandate. A vision for the future seems to be missing on this LL program, and without it, SEF's social and economic impact might eventually differ from the one SEF was originally created for.

5.1.3 Effectiveness: is the intervention achieving its objectives?

Extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.



Looking at SEF's 2018 Theory of Change¹⁰⁷, the long-term outcomes in terms of improvement of living standards and financial positions of clients and their households as well as the reduction of vulnerability and increase in clients' motivation to maximise their commercial potentials, the SEF intervention seems more or less successful. However, SEF services are used by different clients in different ways that do not always lead to the improvement of financial positions in all cases, but rather prevent the deterioration of their financial positions.

Both quantitative and qualitative data attest to some improvements in the socio-economic situation of SEF clients facilitated by safe and sustainable access to credit. These changes were accompanied by implementation modalities that encourage saving and other forms of financial responsibility.

SEF clients, however, don't always use access to credit as a facilitator of entrepreneurship (the stated goal of SEF loans). This point was first explored in section 3.1.2 and more numerically in Figure 19 that

¹⁰⁵ Interview with Charl van Vuuren, SEF Finance Manager on 15 November 2021, revealed an increase in the number of LL clients from 83 LL clients in July 2020 to 475 LL clients in September 2021.

¹⁰⁶ Interview with Charl van Vuuren, SEF Finance Manager on 15 November 2021

¹⁰⁷ See annex 5.9.1

shows that, on average, SEF clients tend to stagnate in terms of loan amounts after a few loan cycles suggesting a loan use that is not always business-development-oriented, but is more cashflow-smoothing oriented. Albeit only seen for a minority, and only explored qualitatively, uses such as income smoothing or in some cases even as a saving facility analogous with traditional stokvels, or even to pay for pre-existing stokvel (or other financial) liabilities, or even using state loans to pay for SEF loans were seen. These kinds of loan uses do not necessarily lead to the intended improvements of clients' financial positions, but possibly have a positive impact in preventing their deterioration.

The covid-19 pandemic and its negative economic externalities have exacerbated such effects and seems to have led to the increase of the proportion of clients that make use of social grants¹⁰⁸ to repay their outstanding loans to SEF.

5.1.4 Efficiency: how well are resources being used?

Extent to which the intervention delivers results in an economic and timely way.



Evaluation criterion outside of the evaluation mandate and scope

Although efficiency is not in the scope of this evaluation, the evaluation team noted some elements that could negatively affect the efficiency of the SEF intervention.

Data collection and data management

SEF produces a large amount of data on its clients. This data is generated at multiple points in the loan cycle and in different forms (financial data, demographics data, PPI data, business evaluations, client exits surveys, client satisfaction surveys, staff performance reports...). Moreover, data is generated in different forms and formats on different and sometimes incompatible platforms (paper-based, loan management MIS and the DFA frontend, commcare®, ... etc).

This makes the SEF data stream vulnerable to dissection and compartmentalization and therefore requires a conscious effort on SEF's side to continually try to homogenise and integrate the different streams of data into a live coherent dataset able to generate insights.

The point of discussing data-informed decision making is that this is the most concrete way to strategically drive the SEF operation towards more/better impact. Indeed, when SEF collects data the cost-benefit ratio of the effort should be carefully weighed: either utilize the data to its fullest potential; or reduce the effort in a manner commensurate with the eventual use and usefulness of the data.

This lack of efficiency is best exemplified by the PPI data that is work-intensive and sensitive to collect. The only use that SEF gets from this data is an aggregated index that curtails the ability to assess the actual changes in their clients' socioeconomic situation. An exploration of this dataset beyond the index was made in section 3.1.3 and has revealed a wealth of information that enabled the evaluation team

¹⁰⁸ South Africa introduced a special Covid 19 Social Relief of Distress Grant (SRD) of R350 per month for 6 months to be paid to individuals who are currently unemployed, do not receive any form of income, social grant etc. But this refers to the SRD as well as the Child Support Grant mentioned in section 3.1.4

to make a more informed judgement on the changes in the socio-economic conditions and livelihood of SEF beneficiaries.

DF workload

with the slow but gradual move towards a higher proportion of ILs in relation to GP loans, there will be an additional need to look for future efficiency gains in terms of the workload of DFs, who already state that while ILs reduces the scope for tensions within a group, ILs also involve higher workloads and more paperwork, as well as increased need for follow up with individual clients.

5.1.5 Impact: what difference does the intervention make beyond its direct effect?

Extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.



In its new strategic vision¹⁰⁹ as well as on its website¹¹⁰, SEF recognises the multidimensionality of poverty and as a result, that of poverty alleviation. However, the overarching assumption looking at SEFs “out of poverty” vision seems to be summarised by “reducing the monetary poverty reduces the multidimensional property, allowing for access to education, access to health, access to food security, access to social and financial inclusion etc.” This works most of the time, and is a valid assumption, but one that must be further nuanced to avoid unintended negative effects

SEF is clearly a robust organisation that has proved effective in developing its portfolio over more than 30 years, implementing some smart performance-based management to reduce its portfolio at risk and the risk of fraud, despite working with fragile customers in a very decentralised manner. SEF’s monitoring system is shaped to measure the loan portfolio quality, assuming that loan repayment means progress out of poverty.

As the phrase goes, “What gets monitored gets managed”. This is why highlighting SEF’s understanding of impact deserves some attention. The understanding of “impact” that underlies management is an important area that bears both possible areas for improvement in multiplying SEF’s impact, and potential negative externalities in SEF’s future evolution. Much of this will depend on which kind of impact SEF aims to manage for: improving loan portfolio quality versus alleviating multidimensional poverty.

Indeed, the positive assessment of SEF’s impact at present could evolve into creating potential negative externalities in the future for some segments of SEF’s customer portfolio. If acknowledged, these potential risks could help to identify ways of improving SEF’s strategic evolution and steer its services towards maximising impact in the broader definition of the concept.

¹⁰⁹ See annex 5.9.3 for the theory of change that reflects the discussion the evaluation team had with SEF regarding the new strategic vision

¹¹⁰ “Poverty is a complex issue. Our clients need innovative solutions. We take a holistic approach, developing the capabilities of our clients and reducing their vulnerability to shocks.” SEF homepage <https://www.sef.co.za/>

5.1.6 Sustainability: will the benefits last?

Extent to which the net benefits of the intervention continue or are likely to continue.



To answer the issue of sustainability, most of the benefits of the SEF operation will last as long as the SEF operation lasts.

SEF is a dependable provider of credit for a clientele that has little other means of accessing credit, and the ability to access credit has led to a multitude of positive outcomes discussed at length. At individual client level, these positive impacts are likely to remain beyond SEF's intervention when loans are converted into investment in livelihoods and businesses, such as building improvements and investment in business infrastructure.

A broader observation is that SEF clients, most of whom stay with SEF for years, however, **do not seem to progress to an extent that they no longer need SEF loans** (that are much more expensive than regular loans from commercial banks¹¹¹). This is due to a multitude of factors, mostly beyond SEF's control. On the other hand, one factor that is in SEF's hands, financial inclusion, could be further developed: Indeed, the sustainability of the benefits SEF provides can only fully materialise if SEF pushes for the financial inclusion of their clients, by actively designing interventions that can improve the ability of marginalised clients to access formal financial services, including loans.

As it currently stands, most of the benefits produced by the SEF intervention are contingent on the survival of the intervention itself.

¹¹¹ See interest rates in Annex 5.9

5.2 RECOMMENDATIONS

5.2.1 Recommendations to SEF Senior Management

- Use the opportunity of the setting up of a mechanism of reporting to the National Credit Regulator (NCR) to **drive for financial inclusion of all SEF clients**, not just the Larger Loan clients.
 - most of the clients' loans are managed by the same LMS, SEF could easily report its general programme client data to the credit bureau as well. Combined with the observation that many clients go through several loan cycles with SEF, such reporting to the credit bureau can help build SEF clients' credit score to be able to eventually reach financial inclusion in the banking sector, which currently tends to exclude them due to the absence of credit data.
- Push for an **exploration of the differentiated uses and impacts of the loans** across the client typology
 - This seems to be a weakness of the process. SEF did not seem to notice the risks of leaving some clients behind in the transition to individual liability. The different services that SEF provides should be designed while keeping in mind a strategic vision to stay relevant to the clients' needs
- Make sure to **keep all the programmes aligned to SEF's "out of poverty" vision**, especially the Larger Loan programme.

5.2.2 Recommendations to SEF's R&D Department

- Introduce some **nuances in the pilots and avoid using one-size-fits-all methods**
 - Pilot programmes are usually implemented at a branch level disregarding the client typology within the branch. This may lead to pilots failing or succeeding not due to their design but since the clients that were part of the pilot have some special characteristics. Ignoring the client typology may, in these cases, lead to wrong decisions to expand or end pilots.
 - As an example (even though it technically is no longer a pure pilot), the individual liability programme seems to be less successful with older or illiterate clients who value the support they get from group members in the general programme to keep the books, to go to the banks, to withdraw money... etc. In that sense, piloting individual liability loans in younger versus older groups can better reveal the risks that SEF will undertake by dropping part of its social collateral

5.2.3 Recommendations to SEF's Operations Department

- Look at **simplifying the process of depositing savings and instalments in bank accounts**. The system of queuing at the branch, and then checking slips and receipts is deeply inefficient, time-consuming and expensive for clients as well as for SEF. It can also simplify the reconciliation process for SEF. This can be through taking advantage of technology (mobile money) with reduced fees, less time to the bank resulting in increased business production time, security and privacy.
- For IL clients in particular: Explore the **possibility to use banking apps for some of the clients that are younger and / or more tech-savvy** and have a smartphone. Clients can do savings deposits, as well as instalments payments through the app and send the payment notifications to their DF or Branch.
- Envisage partnering with a bank for ILs, for example Tymbank and / or Capitec, which are likely to have the highest footprint among SEF clients apart from Nedbank and Postbank.
- Invest in skills/ **capacity building of DFs OR some mechanisms so that they are enabled to provide quality financial literacy education support clients that require to start up a business**,

identify clients that are likely to be vulnerable at any early stage (early warning signs detection), but **do not try to transform DF into social workers specialised in domestic violence**, but rather to include awareness raising that enables DFs to flag such cases to locally available social services/support organisation for women suffering from IPV. Considering the wide spectrum of experiences that women have, SEF's response would benefit from a **deeper study of the gender dimension of its impact**, in order to develop a much more calibrated, ad-hoc response to the individual effects its loans can have.

- Push for **reducing dissimilarities among group members**. Groups with members having much bigger loans than others were seen to be more prone to default due to patching and also to lead to a deterioration of the relationships among the group members and their families beyond the SEF intervention. Groups with a large age gap¹¹² make it difficult to implement some pilots requiring knowledge of some digital tools and were also seen to face some difficulties in the piloting of the individual liability programme.

5.2.4 Recommendations to SEF's Human Resources Department

- Use the performance-based management¹¹³ grids to drive impact
 - PBM must not only be undertaken as a management tool, but also as a tool that can influence the wider impact of SEF. The assigned task and corresponding workload of DFs and BMs should be continually reviewed vis-à-vis the performance grids (especially in pilot programmes where DFs and BMs are assigned tasks that are not reflected in the PBM bonus scheme). Likewise, the performance grids and bonus schemes themselves should be the subject of continual optimization to shape the staff-client relationship in ways that produce better impact with different client typologies. This optimization exercise, if employed, shouldn't be a single approach for the entirety of the portfolio, but rather combine differentiated schemes for different types of clients and programmes (GP clients versus LLP clients for example having some different motivations for the respective DFs reflected in slight, but targeted differences in their bonus grids to achieve appropriate performance target for each of the -very different-kinds of loans)

5.2.5 Recommendations to SEF regarding the use and utility of the PPI dataset

- Try to **systematically collect PPI data**
 - Historically, the PPI dataset seems to be under-used. The evolution of the clients' PPI score is rarely computed and as such rarely used as an indicator. Conversely the collection of the PPI data is a time-consuming process that forces field staff to conduct lengthy home visits. The cost-benefit ratio of the PPI, as such, seems to be too elevated.
- Update the survey with **more relevant indices**

¹¹² The current maximum age gap is 20 years

¹¹³ Performance-based management (PBM) seems to be a widely accepted and adopted mechanism in the South African private sector. SEF employs its own PBM system, not unlike many other companies and foundations. PBM being a standard mechanism in South Africa, its application may not be considering all the benefits it could produce in terms of impact for SEF.

SEF staff operate with performance contracts setting base salaries and complementing this base income with significant bonuses, based on regular assessments according to pre-set performance targets. The PBM at the lower parts of the hierarchy, especially at the DF (Development Facilitator) and BM (Branch manager) levels, controls the vast majority of the interaction of SEF staff with SEF clients. This means that the nuances of the targets in the PBM for these categories of staff will influence the way they handle their client portfolio, what kind of advice they will give, the sorts of influence they will try, the positive and negative reinforcements they will use... in order to make their clients perform in a way that gives the DFs and BMs a better performance rating.

- Some of the PPI indicators used seem to be outdated, it does not account for access to the internet or ownership of smartphones. These are important indicators to collect both as a measure of vulnerability, and as internal SEF parameters to better target their services
- **Use the components of the data,** not only the computed index
 - The evolution of some of the indices is valuable (the increase in number of rooms, the recent ownership of household equipment, the availability of a flush toilet ... etc). The utilization of these indices separately can provide a clearer picture of the impact of the SEF loans, as opposed to a mere increase in the index value.

5.2.6 Recommendations to SEF's IT Department

- Coordinate with the R&D department to set in place a **flexible common data structure and collection framework** that would work for all the pilots and satisfy the requirements of the systems already in place in order to eventually replace them. This would reduce or eliminate the need to revert to paper and manual data entry of the paper records into your systems.

6 ANNEXES

6.1 TERMS OF REFERENCE OF THE IMPACT EVALUATION

A. Justification de l'étude

1. Origine de la demande

La SIDI a défini un plan stratégique sur la période 2017-2021 visant à ancrer la logique de son action autour de la Transition Ecologique et Sociale (TES). Pour répondre aux ambitions fixées par le plan stratégique, la SIDI a lancé en 2017 un chantier permettant de mieux définir en quoi son action s'inscrit dans une démarche TES. L'établissement de la **Théorie du Changement** (ToC) de la SIDI a constitué une première étape essentielle pour clarifier sa mission sociale et environnementale et ainsi permettre une meilleure identification des leviers d'action TES sur lesquels agir.

Si la SIDI a depuis fait un travail conséquent pour mieux comprendre les résultats de son action auprès de ses organisations partenaires, la méthodologie employée ne permet cependant pas d'appréhender au mieux les **effets de l'action des partenaires sur leurs client-e-s finaux-les**. Pour répondre à ce manque, la SIDI souhaite mettre en place d'ici la fin de son plan stratégique, une série de monographies lui permettant, à elle et ses différentes parties prenantes (partenaires au Sud, actionnaires solidaires, instance de gouvernance), de mieux cerner les effets de l'action de ses partenaires. Ces études lui permettront également de dégager des recommandations stratégiques en vue de l'élaboration de son prochain plan.

La SIDI a démarré cette série par une **étude d'impact consacrée à ses partenaires MUSO⁴** réalisée en 2017. Afin de poursuivre cette série, la SIDI souhaite désormais étudier les effets et l'impact de l'activité d'une IMF qui cible particulièrement les femmes et les personnes vivant en zone rurale, des publics qui sont particulièrement vulnérables du fait de ces deux caractéristiques. La SIDI souhaiterait ainsi comprendre quels sont les actions, services et dispositifs des partenaires les plus fortement porteurs de changement, afin de pouvoir participer à leur dissémination dans d'autres contextes.

2. Attentes et objectifs pour la SIDI et SEF

A travers la présente étude, la SIDI attend prioritairement de :
mieux cerner les **effets socio-économiques d'une IMF sur ses bénéficiaires finaux** ;
évaluer si les effets des activités de SEF contribuent à la réduction des **inégalités de genre** auxquelles les clientes sont confrontées : accès au crédit, accès à la formation, évolution de leur place au sein de leur ménage et plus largement de leur émancipation (*empowerment*) vis-à-vis de l'ensemble de la société ;

A cela s'ajoute deux objectifs, plus mineurs :
comprendre les **conséquences d'une tarification élevée en milieu rural**. La pratique de taux d'intérêt élevés peut apparaître comme contradictoire avec la mission sociale promue par le secteur de la microfinance. Cette étude permettrait d'explorer ce paradoxe et ainsi d'évaluer si la pratique d'une tarification élevée chez SEF est compensée par des impacts sociaux importants pour les clientes.

⁴ MUSO : Mutuelle de Solidarité, groupes d'épargne-crédit autonomes fonctionnant sur une méthodologie particulière définie par la SIDI.

- identifier les **facteurs de changement** afin de pouvoir tirer des recommandations en termes de bonnes pratiques dans le secteur et ainsi pouvoir partager les résultats de l'étude avec d'autres IMF partenaires de la

SIDI.

Les informations récoltées pendant l'évaluation ainsi que les conclusions et recommandations seront utilisées par la SIDI lors de l'élaboration de son prochain plan stratégique, en vue d'un éventuel ajustement de ses méthodes d'intervention et de sa stratégie de ciblage.

Pour SEF, qui n'a pour l'heure pas encore conduit d'analyse de la sorte, cette étude aurait un quadruple objectif :

déterminer si son offre de financement et de services non financiers a contribué à la **réduction des inégalités** auxquelles ses clientes sont confrontées ;

identifier des **pistes d'amélioration pour le travail opérationnel** de SEF, tant au niveau des stratégies de financement que d'accompagnement des femmes ;

valoriser les données récoltées grâce à l'outil PPI (voir [I.B.8](#)). SEF dispose en effet de nombreuses données sur ses client-e-s, données qui restent pour l'heure sous-exploitées. La présente étude pourrait alors servir à identifier comment SEF pourrait intégrer un suivi plus régulier de l'évolution du niveau de vie de ses client-e-s sur la base des données déjà existantes.

Enfin, SEF, dont l'équilibre dépend encore des financements extérieurs, pourrait faire valoir les résultats de cette évaluation dans **une perspective de levée de fonds** auprès de bailleurs locaux et internationaux.

B. Objet de l'étude

1. Postulats fondateurs et démarche d'intervention dont l'étude devra analyser la pertinence et la cohérence

L'objectif principal de la SIDI est « d'amener les institutions bénéficiaires à un niveau de développement qui garantisse leur pérennité et leur permette d'accéder à d'autres refinancements sur le marché ». Cet objectif contribue à la mission générale de la SIDI qui est de mobiliser l'expérience et les capacités de ses équipes afin d'intervenir de manière efficace et *in fine* de parvenir à un **impact économique et social auprès des bénéficiaires finaux-les, notamment dans les zones rurales**. La SIDI promeut ainsi une finance au service d'un développement intégral qui soit socialement juste et écologiquement soutenable, reposant sur des valeurs de solidarité, de confiance, d'éthique et de transparence.

Ainsi, à travers cette étude, la SIDI souhaite s'assurer que le secteur d'activité qu'elle cible en priorité, à savoir la microfinance, s'inscrit dans cette lignée d'action. En effet, il est généralement avancé que la microfinance joue un rôle important dans le développement de l'accès aux services financiers en milieu rural, ce qui permettrait de réduire la vulnérabilité des clientes et d'entraîner un certain changement social. La présente étude permettra de vérifier ce postulat.

Par conséquent, la problématique générale de l'étude est donc d'établir si l'activité de SEF (services financiers et non financiers) contribue à la réduction des inégalités auxquelles les clientes sont confrontées au quotidien: accès au crédit, accès à la formation, accès à l'indépendance économique via la mise en place d'activités génératrices de revenus pérennes, évolution de leur place au sein de leur ménage et plus largement de leur émancipation (*empowerment*) vis-à-vis de l'ensemble de la société. En d'autres termes,

Est-ce qu'à travers son action SEF réussit à atteindre sa mission sociale ?

2. Principales questions qui se posent sur les changements (effets / impact) à étudier et contribution de l'action à ces changements (effets / impact). Notamment, quels sont les changements spécifiques liés au genre : les inégalités de genre ont-elles perduré, été amplifiées, atténuées ?

Cette étude s'inscrit entièrement dans une **évaluation genre**. En effet, les inégalités de genre étant par nature **systémiques et cumulatives** avec d'autres sources d'inégalités que subissent les femmes sud- africaines (inégalité économique, inégalité raciale, etc.) il est nécessaire d'évaluer la place des clientes dans leur écosystème global, c'est-à-dire au sein de leur cadre familial, professionnel, mais également sur un plan personnel au regard du reste de la société.

Ainsi, la présente étude devra apporter des réponses à l'ensemble de ces questions évaluatives :

- **Volet Socio-Economique**

- Est-ce que souscrire à un prêt chez SEF a permis aux clientes d'améliorer leur niveau de vie d'un point de vue socio-économique (revenus, épargne, création/consolidation d'activité économique génératrice de revenus, habitat, santé, éducation) ?
- Est-ce que la valeur ajoutée des produits et services délivrés par SEF est au moins égale au coût de ces services ?
- Les comportements économiques des bénéficiaires ont-ils évolué ? (capacité de remboursement, propension à épargner)
- Est-ce que la vulnérabilité des clientes a diminué et comment évolue-t-elle ?
- Est-ce que les clientes peuvent, grâce à SEF, exercer de nouvelles activités économiques et se créer de nouvelles relations sociales ?
- Est-ce les clientes ont constaté un effet sur leur confiance en elles-mêmes, leur optimisme quant au futur et/ou leur résilience ?
- Les changements sont-ils observables uniquement à l'échelle des clientes ou concernent-ils également le cercle familial et/ou amical des clientes ? (additionnalité des effets)

- **Volet Genre**

- Est-ce que l'intervention de SEF a un impact sur les inégalités entre hommes et femmes au sein du ménage (exemples : partage des tâches domestiques et de la charge mentale, violences intra- familiales, prise de décision, accès aux ressources comme l'héritage, accès à l'éducation) ?
- Est-ce que l'intervention de SEF a un impact sur les inégalités entre hommes et femmes au sein de la communauté plus largement (exemples : participation politique, associative, accès aux ressources communes) ?
- Est-ce que le recours à un prêt change l'image des clientes vis-à-vis de leur communauté ?

Transversalement, il s'agira de s'interroger sur l'impact différencié ou non que pourraient avoir les activités de SEF sur les bénéficiaires selon leur âge, leur situation socio-économique, leur lieu de résidence, leur situation familiale, selon leur ethnie d'appartenance etc.

Il est demandé aux consultant-e-s, dans leur offre de services, de reformuler et d'organiser le questionnaire évaluatif qu'elles-ils proposent de traiter autour de ces axes de réflexion et de questionnements, en fonction de leur compréhension de la problématique, des enjeux et des objectifs de l'évaluation qu'elles-ils auront exposés par ailleurs.

3. Suites envisagées à l'action et aspects sur lesquels des recommandations sont attendues pour améliorer l'impact des actions et les stratégies / pratiques d'intervention

Comme mentionné précédemment, la SIDI a récemment accru son soutien auprès d'IMF ayant une approche genre en Afrique australe et en Afrique de l'Ouest. De manière globale, on note au sein du portefeuille de la SIDI que de plus en plus d'IMF s'intéressent à l'approche genre. Par exemple, on remarque qu'environ 40 % des partenaires microfinance de la SIDI proposent des services non financiers exclusivement réservés aux femmes.

Compte tenu de ce contexte croissant en faveur de la microfinance genrée, la présente étude permettra à la SIDI :

- D'alimenter la réflexion sur les pratiques particulières des IMF en termes de soutien aux femmes et diffuser des bonnes pratiques ;
- De nourrir une position vis-à-vis des taux d'intérêt élevés pratiqués en Afrique australe ;
- De comprendre les moteurs de changement pour un meilleur appui à ses autres partenaires. Ici, il est notamment attendu de pouvoir comprendre d'un côté quels sont les principaux facteurs de vulnérabilité et de succès de la démarche d'intervention de SEF, et d'autre côté quelles ont été les étapes principales de l'évolution des bénéficiaires au fil de leur partenariat avec SEF.

Du côté de SEF, cette étude servira principalement de repère afin de mieux servir ses clientes. Depuis quelques années, SEF réfléchit à la mise en place de nouveaux services financiers et non financiers. Des recommandations sur les stratégies de financement et d'accompagnement des femmes sont donc attendues afin de guider SEF vers une éventuelle mise à jour de leur offre de service.

C. Méthodologie

1. Pour l'étude, y compris restitution(s)

L'équipe PSE SIDI envisage une évaluation portant deux volets :

une **analyse quantitative**, qui permettra de discerner les évolutions au regard des conditions de vie des clientes et de leurs activités génératrices de revenu. La liste des indicateurs collectés par SEF, notamment via l'outil PPI, sont disponibles en annexe 2.

une **analyse qualitative**, plus centrée sur le recueil des expériences des clientes vis-à-vis des inégalités de genre dont elles font l'objet et leur évaluation des services de SEF.

Compte tenu de la taille de l'institution (près de 200 000 emprunteuses actives en 2019), il sera nécessaire d'extraire un **échantillon représentatif** des clientes de l'institution (sur la base du type de prêt souscrit, du nombre de cycle de crédit, du type d'activité, de l'âge, du niveau de vie, du lieu de résidence, de l'ethnie d'appartenance etc.). La répartition des clientes par région et sous-région est disponible en annexe 3.

Afin de renforcer l'**aspect participatif** de cette étude, il sera pertinent d'inclure les équipes de SEF et les clientes lors de la construction des outils servant à la conduite des focus group. Les clientes sont en effet les plus à même de connaître les enjeux et défis auxquels elles sont confrontées dans leur vie quotidienne. Elles pourront ainsi être des sources d'information précieuses pour constituer les questionnaires d'enquête et affiner les questions évaluatives genre.

1.1.1.1 Déroulé de l'étude :

NB : le déroulé présenté ci-dessous est susceptible d'être modifié en fonction de l'évolution des mesures sanitaires en Afrique du Sud liées à la crise du COVID 19

- 1) **Cadrage approfondi** en France (Paris) avec le comité de pilotage (cf. [II.C.2](#)) : une note de cadrage sera réalisée par le ou la consultant-e chef-fe de mission (suite à ses premiers échanges avec la SIDI et la transmission par celle-ci de documents complémentaires) et discutée en France lors d'une réunion au siège de la SIDI idéalement (à distance si besoin). Au cours de ce travail préparatoire (à partir des TDR, de l'offre retenue et des premiers échanges / documents complémentaires) seront précisés les objectifs et les axes de travail / questionnement de l'étude, sa méthodologie et son calendrier, déterminés les choix de zones pour les missions, la taille et les critères de l'échantillonnage.
- 2) **Réunion d'introduction** entre les équipes de SEF et les consultants autour de la note de cadrage. Cette réunion pourra se faire à distance pour le ou la consultant-e chef-fe de mission et sur place pour le ou la consultant-e national-e.
Cette première mission servira aux évaluateur-trice-s à se faire une idée plus précise de la qualité et de la typologie des données à disposition pour l'étude et à récolter les extractions des bases de données qui seront nécessaires à l'étude. Ce sera aussi l'occasion d'établir la liste des clientes échantillonnées et rédiger des questionnaires d'entretiens en collaboration avec les équipes et les clientes de SEF, pour recueillir leur témoignage et affiner les questions évaluatives genre.
- 3) **Débriefing à distance** : une première réunion de retour de mission avec le comité de pilotage et le ou la consultant-e chef-fe de mission aura lieu pour valider l'échantillonnage
- 4) Sur la base de cet échantillonnage, SEF se chargera d'assurer **une série d'enquêtes de suivi PPI** afin que l'ensemble des clientes échantillonnées ait toutes été enquêtées au moins 2 fois avec le même questionnaire.
- 5) Une fois ces enquêtes réalisées, les consultant-e-s pourront se consacrer à **l'analyse des bases de données** et la finalisation des différents questionnaires d'entretiens, en collaboration avec d'éventuels enquêteurs/traducteurs locaux. Ces premières analyses réalisées à distance permettront aux consultant-es de rédiger une **note d'étape** sur les premières tendances se dégageant de l'étude quantitative et les pistes envisagées pour l'analyse qualitative.
- 6) **Débriefing à distance** (ou en France si possible) : une réunion du comité de pilotage et le ou la consultant-e chef-fe de mission aura lieu pour un échange sur la note d'étape, quant aux premières tendances se dégageant de l'étude quantitative et aux points à approfondir éventuellement. Validation par le copil de la note d'étape.
- 7) **Mission en Afrique du Sud pour l'ensemble des consultants** : les évaluateur-trice-s commenceront l'administration des entretiens qualitatifs, avec l'aide éventuelle d'enquêteur-trice-s locaux-les. La mission pourra également servir au consultant ou à la consultante chef-fe de mission pour vérifier certains éléments des bases de données analysées en cas de doutes ou erreurs identifiés lors de l'analyse entre les deux missions.
- 8) **Analyse** par consultant en charge de **l'analyse qualitative** (à distance)
- 9) Selon le besoin, le ou la consultant-e national-e pourra organiser **des entretiens complémentaires** dans les semaines suivant la mission en Afrique

du Sud. Ce temps pourra également servir au consultant national pour vérifier certains éléments des bases de données analysées en cas de doutes ou erreurs identifiés lors de la réunion du comité de pilotage.

- 10) **Rédaction et restitution du rapport provisoire** : le ou la consultant-e chef-fe de mission remettra son rapport provisoire complet aux référent-e-s SIDI et F3E. Une réunion de restitution du rapport provisoire complet sera organisée en France (Paris) avec le ou la consultant-e chef-fe de mission, le comité de pilotage, l'équipe de la SIDI et l'équipe de SEF en téléconférence, qui feront leurs retours sur le rapport en vue de sa finalisation par le ou la consultant-e chef-fe de mission.
- 11) **Restitution du rapport final pour socialisation des résultats de l'étude** : après validation à distance (mails) du rapport final et d'une synthèse (10 pages environ) par le comité de pilotage, le ou la consultant-e chef-fe de mission présentera les résultats de l'étude lors d'un atelier de restitution élargie (en France / Paris) auprès de membres du F3E et d'acteurs et actrices intéressé-e-s par la thématique de l'étude.

1.1.1.2 Restitutions et livrables

Plusieurs types de productions sont attendus :

- **Livrables** :
 - Note de cadrage de l'évaluation (au minimum en anglais)
 - Note d'étape à l'issue de la première mission et des premières analyses quantitatives
 - Rapport de l'étude (provisoire puis final) : il doit être livrable sous une forme de fichiers et papier. Autant que nécessaire, une présentation dynamique des principaux résultats sera attendue (sous la forme de tableau de bord notamment). Celui-ci sera accompagné d'une synthèse, faisant apparaître les principales conclusions et recommandations et d'une note sur la méthode employée dans l'étude. Le rapport final devra être rédigé en anglais et en français (le recours à une traduction externe vers l'une des deux langues est envisageable, voir [II.D.2](#)).

NB : L'ensemble des livrables devront être rédigés en anglais, à l'exception de la synthèse qui devra être rédigée en français et en anglais.

- **Restitutions** :
 - Restitution technique : Une restitution du rapport provisoire complet aura lieu au comité de pilotage et à l'équipe SIDI (cf. ci-dessus étape 8).
 - Restitutions publiques : En plus d'une restitution organisée sur place avec les équipes locales à l'issue de chaque mission, le partage des résultats se fera sous la forme d'une réunion de restitution officielle élargie, co-organisée avec le F3E.

La SIDI pourra se charger des aspects logistiques des restitutions. Pour tous les éléments de préparation des restitutions, le ou la consultant-e chef-fe de mission travaillera en lien avec le comité de pilotage.

2. Pour le suivi de l'étude : rôle de la structure et de ses partenaires et articulation avec l'expertise externe

L'équipe Performance Sociale et Environnementale (PSE) souhaite **s'approprier le plus possible le processus d'évaluation en étant impliquée largement dans l'évaluation**. Le comité de pilotage sera donc composé des membres de l'équipe PSE de la SIDI, du chargé de partenariat SIDI en charge du suivi de SEF, du chargé d'étude F3E et d'un représentant de l'équipe de SEF.

Durant l'étude, en complément du comité mentionné ci-dessus, les consultant-e-s seront en lien avec :

- **La cheville ouvrière de l'étude**, l'Analyste de la Performance Sociale et Environnementale, membre d'équipe PSE de la SIDI, pour les questions de méthodologie et de conservation / transmission des données et des process de l'étude ;
- **Les assistantes aux opérations de la SIDI**, en charge de la logistique de la mission ;

Les référent-e-s du suivi de l'étude chez SEF pour l'organisation des entretiens et la logistique sur place.

En tenant compte des éléments ci-dessus, il est demandé aux consultant-e-s, dans leur offre de service, de commenter les éléments méthodologiques proposés ci-dessus, et de faire des propositions détaillées en ce qui concerne la méthodologie qu'ils se proposent de mettre en œuvre (étapes de l'évaluation, acteurs consultés, missions, réunions et restitutions, 1^{ers} éléments d'échantillonnage, méthodologie et outils de collecte / traitement d'informations, documents produits, articulation avec le comité de pilotage et la SIDI). Les consultant-e-s proposeront également, dans leur offre de services, la répartition du nombre de jours de travail aux différentes phases de l'étude, entre eux éventuellement si un binôme / équipe est proposée ainsi dans ce cas que le rôle des différents consultant-e-s dans l'étude, et préciseront les modalités de coordination / communication / articulations entre eux-elles pour la réalisation de l'étude.

D. Moyens

L'équipe sélectionnée sera idéalement composée à minima d'un-e consultant-e international-e ou national-e chargé de l'étude (chef-fe de mission) et d'un-e consultant-e national-e sud-africain-e. Les consultant-e-s sélectionné-e-s devront avoir de très bonnes **connaissances en microfinance et finance rurale** dans les pays en développement, une **capacité d'analyse selon une perspective genre** avérée, ainsi qu'une forte **compétence en statistique**. De même, ils devront avoir une **expérience significative en études des effets et de l'impact**, dans l'animation de **focus groups** et la **conduite d'enquêtes qualitatives**, ainsi qu'une bonne connaissance de l'environnement de l'étude en Afrique du Sud. Ils devront maîtriser **l'anglais et le français**.

6.2 EVALUATION TEAM

- **Pierre Coetzer** holds a master's degree in international relations and public affairs from the Catholic University of Louvain (Belgium). A founding partner of Reciprocity in 2007, he has 21 years of experience in the finance and consultancy sectors. He specialises in field research, analysis and documentation of inclusive economic models, focusing on qualitative analysis on topics such as access to financial services, health care, housing, energy and support for small entrepreneurs. He has carried out a number of Social Enterprise mapping studies for the World Bank, UNDP and GIZ, in Zambia, Uganda, Senegal, Botswana and South Africa. He has also designed and implemented training modules in experiential learning programmes for international academic institutions, notably London Business School (LBS), Brown University/IE Business School (Providence and Madrid), as well as the London School of Economics (LSE), the University of Toronto and Imperial College.

- **Farai Hove** has 18 years of experience in the commercial and non-profit sector in Zimbabwe, South Africa and Lesotho. She is currently based in Tzaneen in the South African province of Limpopo. Her areas of expertise are evaluation monitoring, research (including impact assessments) and project management (planning, implementation and monitoring), organisational development and institutional capacity building and mentoring. Farai is passionate about solving the issues of resilience of vulnerable communities through sustainable development projects, and has several years of experience in the microfinance sector and in actions promoting gender equality within grassroots communities.

- **Saskia Van Crugten** is an agro-economist by training, specialised for 20 years in project management, monitoring-evaluation and territorial development. After 7 years in the NGO world, Saskia established herself as a consultant and works primarily as a consultant evaluator and trainer in project management and monitoring and evaluation. Thanks to her very solid methodological background, Saskia is one of the few experts selected to train and support the staff of the European Commission on project design and evaluation. In this capacity, she is also in charge of the helpdesk and quality assurance service for the European staff for evaluations of the European Commission cooperation programs on Africa (European Evaluation Support Service). Based in France, Saskia has also started providing advice since 2018 on the adaptation of assessment methodologies to difficult conditions of access to the field, as well as to the constraints linked to the covid 19 pandemic.

- **Anwar Al Shami** holds a Masters in Environmental Engineering and has 6 years of experience in applied research, design, development and implementation of projects and programmes. Anwar has exceptionally sharp abilities to extract statistical analysis and modelling through the processing of quantitative data, providing the essential skill to translate field data into usable analysis. Having designed and coordinated quantitative surveys as part of impact assessments, he has developed digital tools to facilitate the work of remote teams, as well as the visualisation, mapping and synchronisation of information. Anwar brings a perspective that combines the scientific rigour of the research world with the adaptability necessary for working with grassroots communities.

NAME OF TEAM MEMBER	PROFILE AND EXPERTISE	ROLE WITHIN THE EVALUATION TEAM
Pierre COETZER	Country expertise, VSE-very small enterprises and private sector expertise, economic analysis, qualitative assessment	Coordination of the evaluation in South Africa, responsible for qualitative field research, analyst on economic aspects and private sector / business model, writing of the evaluation report
Farai HOVE	Local expertise, field expertise for monitoring and evaluation, conduct and coordination of field surveys, gender and microfinance expertise	Local expert based in Tzaneen - Limpopo, liaison for quantitative field surveys, analyst on microfinance and gender aspects
Saskia VAN CRUGTEN	Expertise in project and programme management, senior evaluator and helpdesk with the European Commission for impact evaluations	Development of the impact evaluation methodology, methodological backstopping, quality assurance on deliverables, institutional liaison and feedback in France
Anwar AL-SHAMI	Expertise in quantitative evaluation and mixed approach, data analysis, data visualisation	Development of the field quantitative data collection system, sampling strategy, exploratory and statistical analysis, data visualisation, triangulation of quantitative and qualitative data, elaboration of the findings and conclusions

6.3 CALENDAR OF WORK

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
INCEPTION PHASE																
Kick off meeting & interviews in Paris (French)																
First documentation review																
Overview of data reliability/availability																
Inception note drafting: refined Methodology and evaluation framework																

¹¹⁴ Desk & remote phases in blue, Field phases in orange.

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
Inception Phase Report and presentation																
DESK PHASE																
Literature review																
Data analysis based on existing SEF MIS & PPI																
Preliminary findings, information gaps & assumptions to test																
Adjustment of field methodology																
QUALITATIVE SCOPINGS																

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
Desk and Lit review																
Semi-structured interviews																
Internal team Theory of Change workshop																
Theory of change workshop																
QUANTITATIVE DATA COLLECTION & ANALYSIS																
Finalisation of enhanced PPI survey questionnaires																
Drafting & presenting guidance note																

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
for SEF data collection & sampling method																
Following up & support to SEF survey team																
Data harmonisation (PPI/ MIS...)																
Data analysis																
QUALITATIVE TRIANGULATION AND VALIDATION (FIELD MISSION)																
Focus group preparation (Targeted invitation according to survey data, agenda &																

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
logistics, tools and modalities)																
Field mission: FGDs, semi-directive interviews, field data collection																
Drafting of the interim report																
Participatory feedback & validation workshop to SEF in ZA (including presentation of field debriefing note)																
SYNTHESIS PHASE: FINAL REPORT AND FINAL PRESENTATIONS																

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
Field phase debriefing and interim report presentation in videoconference to evaluation committee																
Formulating conclusions & recommendations, report writing and editing																
Presentation of the draft final report to evaluation committee																
Feedback loop and final edit																
Public presentation of																

WORKSTREAM PERIOD ¹¹⁴	Q4 20 20	JAN 21	FEB 21	MAR 21	APR 21	MAY 21	JUN 21	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22
the impact evaluation results																

6.4 LIST OF PERSONS MET

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
19/3/2021	Paris	kick off meeting	Anaïs DUFOUR	SIDI	Chargée de performance sociale et environnementale	a.dufour@sidi.fr
19/3/2021	Paris	kick off meeting	Gabrielle FERHAT	GRAMEEN	Until 2021: Risk and social performance analyst	
19/3/2021	Paris	kick off meeting	Paul DAULNY	F3E	Responsable programme	p.daulny@f3e.asso.fr
26/5/2021	Online	Individual interview	Colin RICE	SEF (R&D department)	Social Performance manager	colin.rice@sef.co.za
9/6/2021	Online	Individual interview	Esido MUSHWANA	SEF (R&D department)	R&D Manager	esido.mushwana@sef.co.za
18/6/2021	Online	Individual interview	Sydwell TSHIMBANA	SEF Operations Manager	Operations Manager	sydwell.tshimbana@sef.co.za
09/09/2021	Online	ToC workshop	Esido MUSHWANA	SEF (R&D department)	R&D Manager	esido.mushwana@sef.co.za
09/09/2021	Online	ToC workshop	Colin RICE	SEF (R&D department)	Social Performance manager	colin.rice@sef.co.za
09/09/2021	Online	ToC workshop	Lebo MAHLALELA	SEF (R&D department)	R&D Officer	lebogang.mahlalela@sef.co.za

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
09/09/2021	Online	ToC workshop	Nompi VILAKAZI	SEF (R&D department)	Chief Strategy Implementation manager	nompi.vilakazi@sef.co.za
09/11/2021	Itsoseng	Individual interview	Mulalo MAKANANISE	SEF (Ops department)	Branch manager (Disobothla branch)	071 305 7011
09/11/2021	Itsoseng	Individual interview	Precious KGOETE	SEF (R&D department)	Regional based SSO	076 507 0539
09/11/2021	Itsoseng	Focus group discussion	Sylvia MELAMU	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Lorraine LUKUKO	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Idah PULE	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Grace MOREMA	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Mpho ASAKA	individual	SEF client - GP (Branch manager (Disobothla branch))	

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
09/11/2021	Itsoseng	Focus group discussion	Julia TIISANS	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Dipuo MAIHAE	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Kgatsi JULOY	individual	SEF client - GP (Branch manager (Disobothla branch))	
09/11/2021	Itsoseng	Focus group discussion	Alam MATSHIDISO	individual	SEF client - GP (Branch manager (Disobothla branch))	
10/11/2021	Johannesburg	Group interview - ToC validation	Colin RICE	SEF (R&D department)	Social Performance manager	colin.rice@sef.co.za
10/11/2021	Johannesburg	Group interview - ToC validation	Esido MUSHWANA	SEF (R&D department)	R&D manager	esido.mushwana@sef.co.za
10/11/2021	Johannesburg	Group interview - ToC validation	Lebo MAHLALELA	SEF (R&D department)	R&D department	lebogang.mahlalela@sef.co.za
10/11/2021	Johannesburg	Group interview - ToC validation	Gloria DENG	SEF (R&D department)	Tutopele - financial education	
10/11/2021	Johannesburg	Group interview - ToC validation	Oratile (Rati) KGANTSI	SEF (Quality compliance department)		

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
10/11/2021	Johannesburg	Group interview - ToC validation	Patience MOTOKOLO	SEF (Quality compliance department)		
11/11/2021	Tzaneen	Individual interview	Sipho MAKHUBELE	SEF (R&D department)	SSO manager	
11/11/2021	Nkuzana	Focus group discussion	Sinah CHOUKE	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Vhakisa MATHUSI	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Yvonne TSHIOWA	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Johana MUNYAI	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Mkateko BALOYI	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Ndulamiso MTHOMBENI	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Sarah MUDAU	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Focus group discussion	Agnes MATHYE	Individual	SEF Client (Tiyani Branch)	

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
11/11/2021	Nkuzana	Focus group discussion	Miyeiani SITUOIE	Individual	SEF Client (Tiyani Branch)	
11/11/2021	Nkuzana	Individual interview	Francina SEPOGWAME	SEF (Ops department)	Branch manager (Tiyani branch)	
11/11/2021	Nkuzana	Individual interview		Individual	former SEF client (Tiyani Branch)	
12/11/2021	Phone	Phone interview	Clément NUKERI	Informal loan provider	Former SEF DF	
12/11/2021	Zebediela	Individual interview	Thivhadini MMBODI	SEF (Ops department)	Branch manager (Zebediela branch)	
12/11/2021	Kgwelereng	Individual interview	Evelyn MANGWALE	Individual	SEF client - IL(17 cycles, high attendance)	073 355 4628
12/11/2021	Kgwelereng	Individual interview	Johana LESEGO-MANAMELA	Individual	SEF client - IL (4 cycles low attendance)	
12/11/2021	Lebowakgomo	Participatory workshop & Individual interview	Livkuwani MUNYAI	SEF (Ops department)	DF - reliever (regional based)	079 463 9651
12/11/2021	Lebowakgomo	Participatory workshop	Michael MAFIKENG	SEF (Ops department)	DF (Zebediela branch)	06 0810 2850
12/11/2021	Lebowakgomo	Participatory workshop	Oscar NDHLOVU	SEF (Ops department)	DF (Zebediela branch)	079 463 9651

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
12/11/2021	Lebowakgomo	Participatory workshop	Tlangelani MABUNDA	SEF (Ops department)	DF (Zebediela branch)	071 811 9859
12/11/2021	Lebowakgomo	Participatory workshop	Tebogo LEDWABA	SEF (Ops department)	DF (Zebediela branch)	079 589 9706
12/11/2021	Lebowakgomo	Participatory workshop	Sewela MOJAPELO	SEF (Ops department)	DF (Zebediela branch)	063 635 6788
12/11/2021	Lebowakgomo	Participatory workshop	Bessy RAMUSI	SEF (Ops department)	DF (Zebediela branch)	078 684 8175
15/11/2021	Matoks	Focus Group Discussion	Ledile MALAMELA	Client	Sekgosesa Branch	079 66 88 304
15/11/2021	Matoks	Focus Group Discussion	Grace Tebogo PHOOKO	Client	Sekgosesa Branch	076 76 26 834
15/11/2021	Matoks	Focus Group Discussion	Hilda MATHEBELA	Client	Sekgosesa Branch	07928 79 341
15/11/2021	Matoks	Focus Group Discussion	Goodness PHOOKO	Client	Sekgosesa Branch	071 247 4803
15/11/2021	Matoks	Focus Group Discussion	Florah MANYUSA	Client	Sekgosesa Branch	072 693 0097
15/11/2021	Matoks	Individual Interview	Elisabeth RAMULUMBI	Client	Sekgosesa Branch	071 567 94 61

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
15/11/2021	Matoks	Individual Interview	Molatelo RAMABOEA	Client	Sekgosese Branch	079 955 5017
15/11/2021	Matoks	Individual Interview	Mokgadi SEBONE	Client	Sekgosese Branch	079 3131900
16/11/2021	Namakgale	Focus Group Discussion	Nkhensani MABUNDO	Client	Phalaborwa Branch	079 695 8502
16/11/2021	Namakgale	Focus Group Discussion	Portia KHUTAMO	Client	Phalaborwa Branch	072 444 87 64
16/11/2021	Namakgale	Focus Group Discussion	Florah MAHLATSI	Client	Phalaborwa Branch	079 99 31 252
16/11/2021	Namakgale	Focus Group Discussion	Suzan MMOLA	Client	Phalaborwa Branch	071 0591420
16/11/2021	Namakgale	Focus Group Discussion	Maria NGOBENI	Client	Phalaborwa Branch	
16/11/2021	Namakgale	Focus Group Discussion	Egnes MOHLALA	Client	Phalaborwa Branch	063 6539 840
16/11/2021	Namakgale	Focus Group Discussion	Norah NGOBENI	Client	Phalaborwa Branch	082 620 64 63
16/11/2021	Namakgale	Focus Group Discussion	Maria MMOLEDI	Client	Phalaborwa Branch	082 777 1189

DATE OF MEETING	LOCATION OF MEETING	TYPE OF MEETING	NAME	ORGANISATION/STATUT	POSITION/BUSINESS	CONTACT (IF ANY)
17/11/2021	Tzaneen	Restitution meeting	Lesego MOTSHOANE	Support Services Manager	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Charl VAN VUUREN	Finance Manager	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Jimmy SAPE	Admin Manager	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Kgabo HLAISI	HR Manager	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Grant GLANVILL	IT Project Manager	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Neville LELAKANE	Business Analyst	SEF Management	
17/11/2021	Tzaneen	Restitution meeting	Linda SOMAGACA	Limpopo Central Zone manager	SEF Management	

6.5 SURVEY QUESTIONS

What kind of activities do you mainly use the SEF loan for:

Business-related things

Buying stock or raw materials
Improving my business premises (painting, signage, shelves,...)
Buying equipment for the business (fridge, cash register, tools, etc)
Paying salaries
Paying for services (advertising, printing, accounting, ...)
Other

Household related things

Improving my house (paint, roof, renovation, extension...)
Buying equipment for my house (furniture, kitchen utensils...)
Paying School fees
Paying for Health care
Other

Other things

What is the type of business activity that you are using SEF loans for:

Trading

Clothing reseller
Goods reseller (Tupperware, Avon, etc)
Spaza shop
Fruit and Veg trader
Hair & Beauty salon
Bakery
Event management & catering (including funerals)
Restaurants (including street food vendors)
ECD Centre
Street vendor
Transport including taxi services
Car wash
Laundry services
Mechanic
Hardware store / Repair shop
Butchery
Bar / Tavern
Carpenter
Other (please specify - free text)

Agriculture

Crop farmer
Poultry and cattle farmer
Seeds and farming implements
Other (please specify - free text)

Is it: "completely wrong"; "wrong"; "neutral"; "true"; or "very true"

If someone said: "SEF loans are easy to get"

If someone said: "SEF loans are the only ones available"

If someone said: Once you get the first SEF loan, you'll always get more loans

If someone said: When you get a SEF loan you need to commit of lot of time and effort to manage the loan" is it:

Since you received the SEF loans, is Saving money:

Since you received the SEF loans, is repaying (other) loans:

"much more difficult"

"more difficult"

"the same"
"easier"
"much easier"

What are the biggest things that changed for your business thanks to the SEF loans?

(UNPROMPTED)

I have higher revenue (my business is growing)
I can serve my clients better
I am able to have a bigger stock
I can provide my clients with more services and products
I'm able to save more.
I can earn a bigger salary

What are the biggest things that changed in your everydaylife thanks to the SEF loans? (in the house, in the family, in the community?)

(UNPROMPTED)

I can provide my family / children with more things

I can pay for more things in the house
I can better look after my health
I feel more respected (as a woman?)
I feel more optimistic
I feel more independent (as a woman?)
I feel less afraid of the future

Since you received the SEF loans,

do you feel more or less optimistic about your business activity?
do you feel more or less strong / self-confident ?
do you feel more or less prepared to cope with the future (overcome future challenges)?
"much less"; "less"; "no change"; "more"; "much more"

Since you received the SEF loans,

what kind of change did you notice in your relationship with household members?
what kind of change did you notice in your relationship with your community?
much worse; worse; no change; better; much better

Can you tell us in one sentence what is the most significant change for you since you have been using SEF loans

How would you assess the way the client answered the impact evaluation questions?

honestly (in conformity with what you know of him/her)
not reliably (clearly not in conformity with what you know of him/her)
impossible to say if the answers were honest or not

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6.7 EVALUATION MATRIX

EVALUATION QUESTIONS	SUB-QUESTIONS	DAC CRITERIA	FOCUS	SOURCE OF EVIDENCE	ROBUSTNESS
SOCIO-ECONOMIC COMPONENT					
EQ1: To what extent did SEF services bring changes in the socio-economic situation of their clients?	1.1 How did the economic behaviour of beneficiaries evolve?	Impact & effectiveness	Evolution of behaviour	<ul style="list-style-type: none"> ● Exploration of SEF MIS quantitative data for proxies on ability to repay and savings ● Analysis of surveys questions related to perception on ability to save and repay ● FGDs and interviews Individual interviews with SEF clients and with DFs in Zebediela 	High
	1.2 To what extent can clients strengthen or create economic activities thanks to SEF intervention?	Impact & effectiveness	Creation of new economic activities	<ul style="list-style-type: none"> ● Analysis of surveys questions related to clients' perception on the main change factors in their situation ● Theory of change, and theory of change discussion in Johannesburg ● Semi- structured interviews and FGDs notably with clients in Tiyani and DFs in Lebowakgomo 	High
	1.3 How did SEF clients improve their socio-economic conditions and livelihood ?	Impact	Improved socio-economic conditions	<ul style="list-style-type: none"> ● Chi squared tests on the PPI quantitative survey performed for this evaluation on 3472 clients (compared with their previous, most recent PPI survey) ● Analysis of surveys questions related to loan usage and changes perceived by SEF clients in their businesses ● Analysis of SEF MIS quantitative data targeting the evolution of the loan amounts given the number of previous loans received by clients ● Theory of change, and theory of change discussion in Johannesburg 	High

EVALUATION QUESTIONS	SUB-QUESTIONS	DAC CRITERIA	FOCUS	SOURCE OF EVIDENCE	ROBUSTNESS
				<ul style="list-style-type: none"> ● FGDs and interviews in Tiyani, Skgosese, and Lebowakgomo 	
	1.4 To what extent did client vulnerability decrease thanks to SEF intervention?	Impact & sustainability	Evolution of vulnerability	<ul style="list-style-type: none"> ● Theory of change, and theory of change discussion in Johannesburg ● Interviews with informal loan provider (loan shark); interview with regional based social survey officer in Itsoseng, Interviews with Branch Manager in Itsoseng, interviews and participatory workshop with DFs in Lebwakgomo ● Exploration of SEF MIS quantitative data regarding client age brackets 	High
EQ2: To what extent did SEF intervention bring changes in the psycho-social situation of their clients?	2.1 To what extent do SEF clients relate SEF intervention with an effect on their self-confidence, their optimism toward the future and/or their resilience?	Impact	Effect on attitude	<ul style="list-style-type: none"> ● FGDs in Matoks, Vryburg, and Tiyani ● Analysis of survey questions related to relative distribution of the different changes that clients have reported in their daily life and the answer intersections, also allowing for selection of clients for FGDs and interviews ● Analysis of survey questions related to clients' self-perception 	High

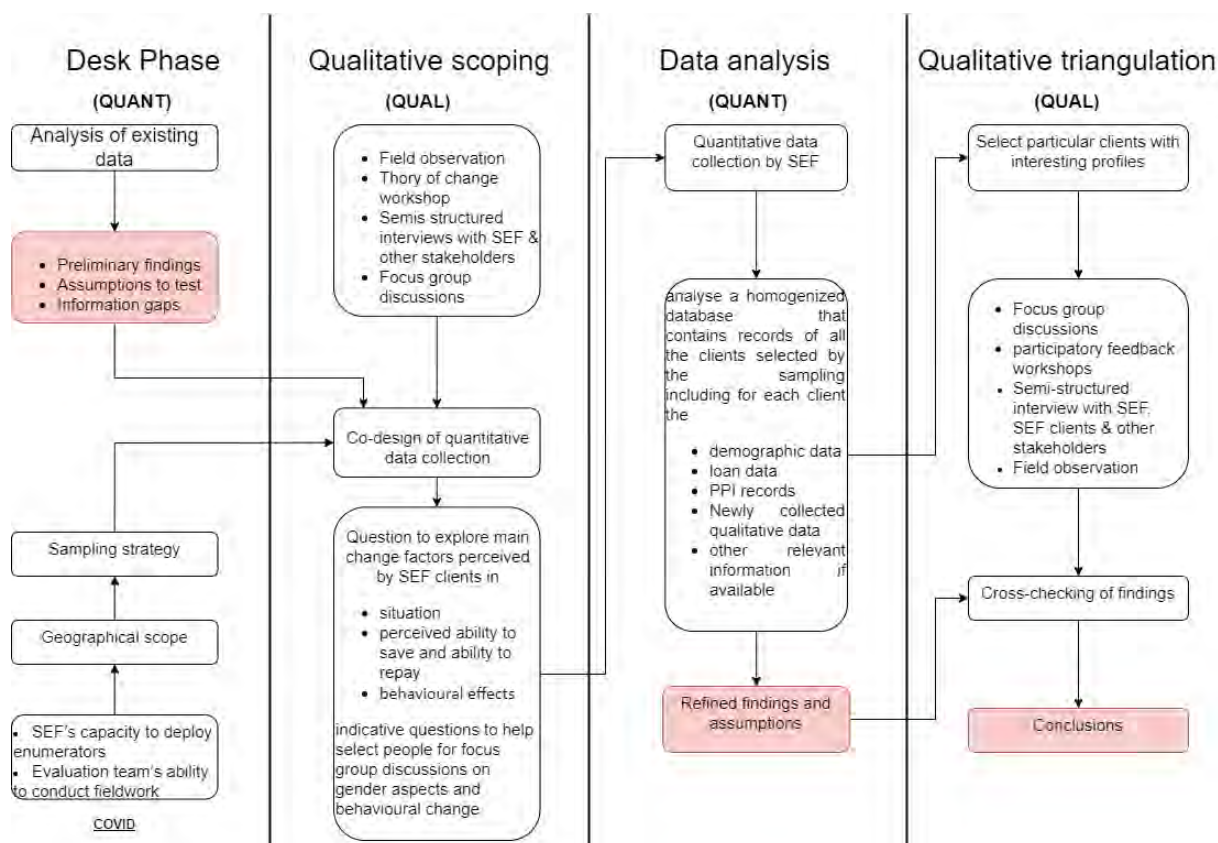
EVALUATION QUESTIONS	SUB-QUESTIONS	DAC CRITERIA	FOCUS	SOURCE OF EVIDENCE	ROBUSTNESS
	2.2 To what extent do SEF clients relate SEF intervention with an effect on new social relationships?	Impact	Effect on social relationships	<ul style="list-style-type: none"> • Theory of change, and theory of change discussion in Johannesburg • Participatory workshop and interviews with DFs in Lebwakgomo • Interview with Zebediela branch clients in Kgwereng; FGD with Phalaborwa Branch clients in Namakgale 	High
	2.3 To what extent are changes observable only at the client level, or are also at the family level and/or circles of friends (additionality of effects)?	Impact & sustainability	Additionality of effects at community level	<ul style="list-style-type: none"> • Theory of change, and theory of change discussion in Johannesburg • Analysis of survey questions related to clients' perception of the additionality of effects at the household and community levels, also allowing for selection of clients for FGDs and interviews • Analysis of survey questions to explore the relative distribution of the changes that clients have reported positive and the interaction of the dimensions of positive change • Interview with regional based social survey officer in Itsoseng, Interviews with Branch Manager in Itsoseng, interviews and participatory workshop with DFs in Lebwakgomo • Various interviews with current and former SEF clients 	High
GENDER COMPONENT					

EVALUATION QUESTIONS	SUB-QUESTIONS	DAC CRITERIA	FOCUS	SOURCE OF EVIDENCE	ROBUSTNESS
EQ3: To what extent did SEF intervention bring changes in gender equality for their clients?	3.1 To what extent did SEF's intervention have an effect on inequalities between the men and women of the household of its client?	Impact	Gender (in)equality at household level	<ul style="list-style-type: none"> • Participatory workshop with DFs of Zebediela branch • Interviews with Zebediela branch clients in Kgwelereng, Interview with Evelyn MANGWALE (SEF client – 17 loan cycles), Interviews with clients in Lebowakgomo • FGD in Namakgale with clients from the Phalaborwa Branch • Interview with Phalaborwa branch manager 	Medium
	3.2 To what extent did SEF's intervention have an effect on inequalities between men and women in the wider community of their clients?	Impact & sustainability	Gender (in)equality at community level	<ul style="list-style-type: none"> • Analysis of survey results for question exploring gender aspects and behavioural change allowing for selection of clients for FGDs and interviews • Theory of change, and theory of change discussion in Johannesburg, as well as field observation of the low profile of SEF branches • Participatory workshop with DFs of Zebediela branch • Interviews with Zebediela branch clients in Kgwelereng, Interview with Evelyn MANGWALE (SEF client – 17 loan cycles), Interviews with clients in Lebowakgomo • FGD with Phalaborwa Branch clients in Namakgale 	Low
CROSS-SECTIONAL					

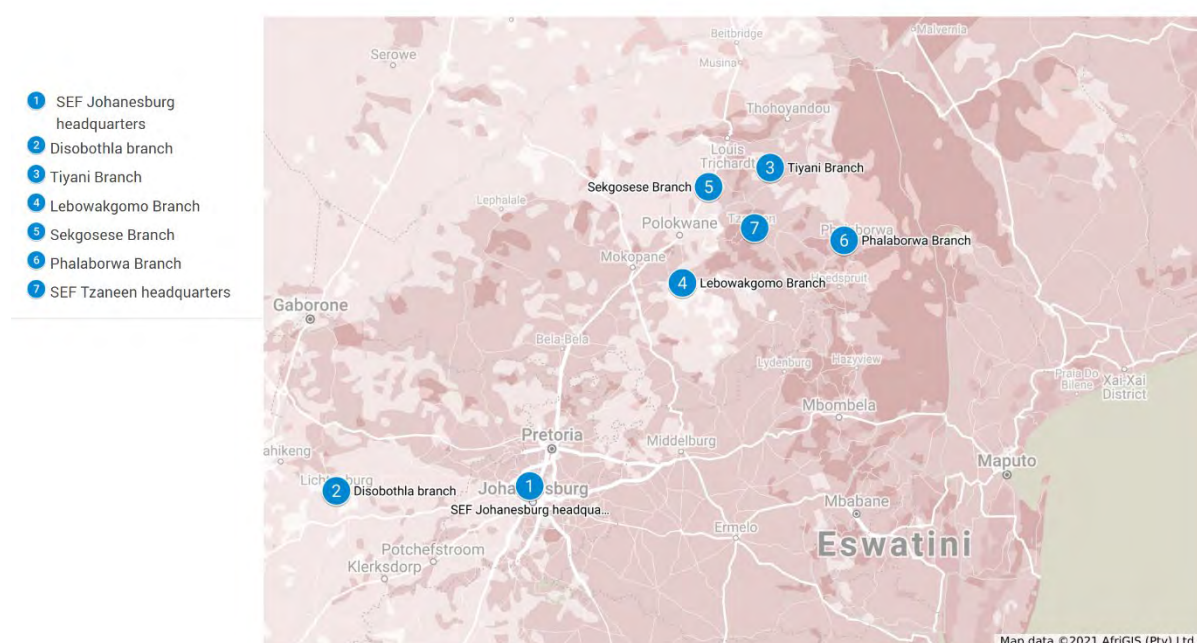
EVALUATION QUESTIONS	SUB-QUESTIONS	DAC CRITERIA	FOCUS	SOURCE OF EVIDENCE	ROBUSTNESS
EQ4: To what extent differentiated effects of SEF intervention can be perceived according to their client profile?	4.1 To what extent can a client typology be related to a way of using SEF services?	Relevance & effectiveness	Beneficiary diversity & inclusivity	<ul style="list-style-type: none"> ● Field observation ● Interviews with DFs of Zebediela branch, interview with SSO manager ● Interviews with Zebediela branch clients in Kgwelereng ● Theory of change, and theory of change discussion in Johannesburg ● Interview with the Phalaborwa Branch Manager ● Interest rate calculation from client loan sheets collected on the field 	Low
	4.2 What are the key effects of SEF interventions that appear sensitive to the client typology?	Impact	Differentiated Impact	<ul style="list-style-type: none"> ● Theory of change, and theory of change discussion in Johannesburg ● Field observation ● Interview with the Phalaborwa Branch Manager ● Interviews and participatory workshop with DFs of Zebediela branch (piloting IL programme) 	Medium

6.8 EVALUATION METHODOLOGY DETAILS

6.8.1 Mixed method evaluation methodology flowchart



6.8.2 Map of the branches visited for qualitative fieldwork



6.8.3 Updated risk analyses, limitations and biases, difficulties encountered and limitations.

Table 6 Risk analysis and mitigation strategies before and during the evaluation implementation

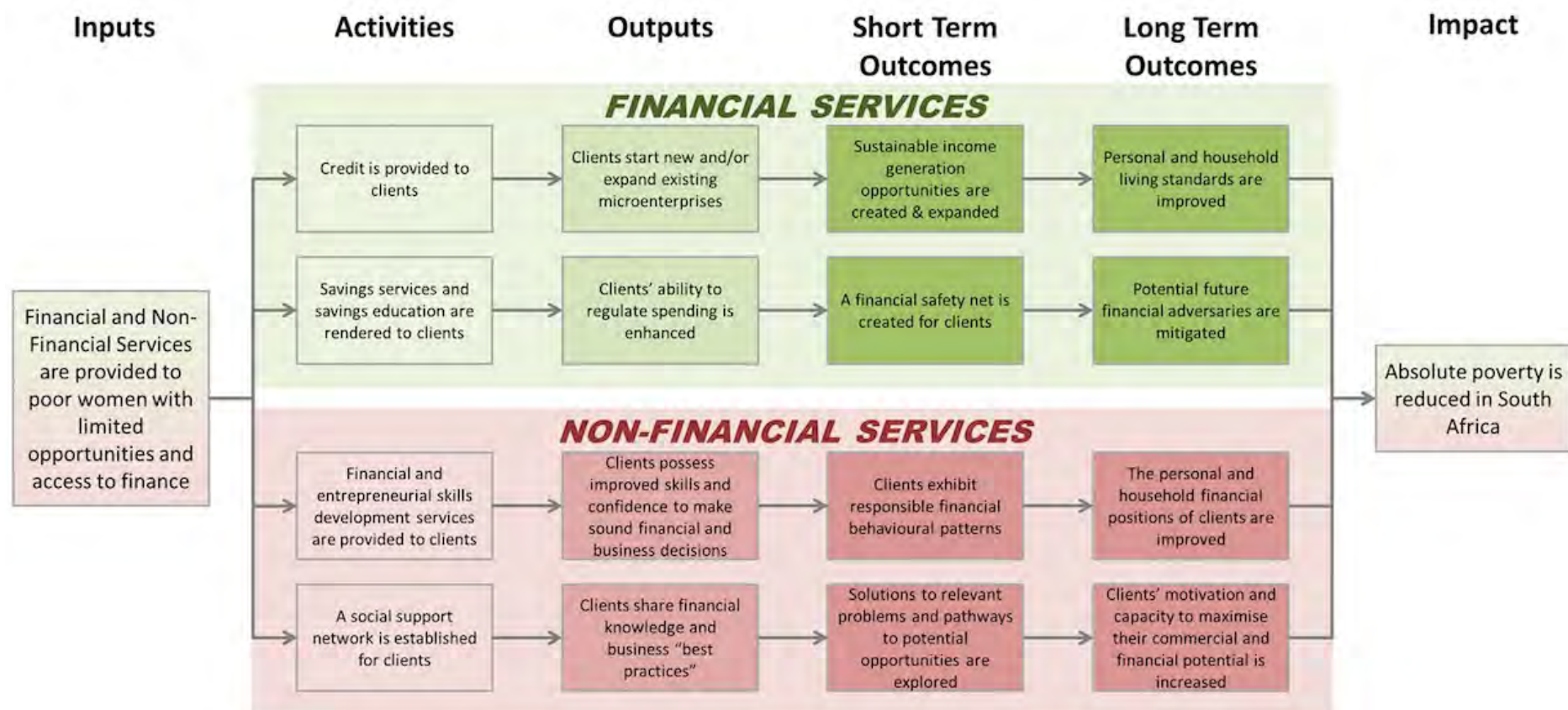
RISK FACTORS	RISK LEVEL FORESEEN	PROPOSED MITIGATION STRATEGY IN PREPARATION AND INCEPTION PHASES	RISK LEVEL OBSERVED IN DESK AND FIELD PHASES	MEASURES ADOPTED DURING THE DESK AND FIELD PHASES
CONTEXTUAL FACTORS				
Covid-19 related restrictions on domestic & international travels	Likelihood: Medium-High Impact: High	<p>Option 1: All assigned team members can travel to Limpopo and carry out field work as originally planned</p> <p>Option 2: Only SA-based team members can travel to Limpopo and carry out field work, in close liaison with EU-based team</p> <p>Option 3: Shift activities online as far as possible, in close liaison with Limpopo-based consultant and SEF team</p>	<ul style="list-style-type: none"> For several months even SA-based team could hardly travel to Limpopo due to strict lockdown measures. International travels were severely restricted with long quarantines imposed to travellers (air traffic totally stopped again 1 week after the evaluation team field mission) 	<ul style="list-style-type: none"> Close follow-up of the covid-19 statistics and of vaccination rates as well as national and international covid restrictions. Conducting remotely some activities that were foreseen to be field-based, i.e. pre-analysis of SEF datasets, interviews of SEF resource persons, extended documentary review, virtual theory of change workshop with SEF. Postponing field activities. The sharp decrease of covid cases end of September 2021 gave the green light for the evaluation team to prepare their field mission and conduct it early November 2021
Direct health risk to Reciprocity & SEF team members and interlocutors during field research	Likelihood: High Impact: High	<p>Strict application of regulations and recommended measures, including:</p> <ul style="list-style-type: none"> Limitation of meeting sizes to 10 participants Meetings held in ventilated venues / outside Systematic use of PPE equipment and sanitizer for all participants Social distancing 	<ul style="list-style-type: none"> Successive waves of covid-19 in the first and 3rd quarter of 2021 imposed measures incompatible with field survey and interviews. Mid-October 2021, about 50% of the population of age was vaccinated and the covid statistics were the lowest observed since the beginning of the covid-19 outbreak. 	<ul style="list-style-type: none"> Close follow-up of the national covid-19 restriction measures by the SA government Regular follow up with SEF to evaluate periodically the feasibility of launching data collection on the field Imposing to each evaluation team member to be fully vaccinated before going to the field Postponing field activities by 10 months. Implementation of the bulk of field activities during the lowest covid prevalence period (mid-September to mid-December 2021)

RISK FACTORS	RISK LEVEL FORESEEN	PROPOSED MITIGATION STRATEGY IN PREPARATION AND INCEPTION PHASES	RISK LEVEL OBSERVED IN DESK AND FIELD PHASES	MEASURES ADOPTED DURING THE DESK AND FIELD PHASES
				<ul style="list-style-type: none"> Conducting most interviews and FGD in the open air and with social distancing practices
Political unrest	Likelihood: Low Impact: Medium	Monitor situation with local team and adjust action points accordingly	<ul style="list-style-type: none"> In July 2021, violent protests and socio-political unrest were observed The situation was back to normal by the time covid prevalence allowed to be on the field. 	-
ASSIGNMENT-RELATED FACTORS				
SEF is not willing to openly share their datasets on demographics, PPI, and loan finances and details	Likelihood: Low Impact: High	Design mini quantitative surveys to reach out to a sample of beneficiaries via USSD data collection	<ul style="list-style-type: none"> Not observed – Once formally approved by senior management, SEF shared openly their dataset 	-
SEF's MIS data structure and the dataset containing the PPI results do not have common keys to perform inner joins	Likelihood: Low Impact: High	Design mini quantitative surveys to collect additional information on loan amount, type of business activity, etc. from a statistically representative sample of beneficiaries via USSD data collection	<ul style="list-style-type: none"> Some data sets coming from prior ad hoc surveys could not be linked to the broader MIS data structure PPI results showed duplicates and issues with client ID key 	<ul style="list-style-type: none"> Some data set were kept out of the scope of the quantitative analysis done during the evaluation Additional work was required from the evaluation team to clean the datasets shared by SEF
Dataset containing PPI results is not structured in a way to facilitate analysis	Likelihood: Medium Impact: Medium	Coordinate with SEF & SIDI on the best ways to account for additional time spent on the cleaning and preparing data	<ul style="list-style-type: none"> The various versions of dataset shared by SEF were not having the same data structure Some abnormal values were observed for some PPI indicators, revealing an 	<ul style="list-style-type: none"> Additional work was required from the evaluation team to re-write several time the necessary code to perform the same analysis each time a different versions of the dataset was sent by SEF Additional work was required from the evaluation team to clean the PPI datasets shared by SEF

RISK FACTORS	RISK LEVEL FORESEEN	PROPOSED MITIGATION STRATEGY IN PREPARATION AND INCEPTION PHASES	RISK LEVEL OBSERVED IN DESK AND FIELD PHASES	MEASURES ADOPTED DURING THE DESK AND FIELD PHASES
			issue in data entry by field officer	<ul style="list-style-type: none"> Given the nature of some PPI indicators (oblivious of the household composition), their value were not interpretable by the analysis conducted during the evaluation
SEF does not follow the instructions given by the data analyst for the additional data collection to achieve statistical significance across all analysis categories	Likelihood: Low Impact: Medium	Report results of analysis citing the probability of higher error and lower confidence levels for the analysis categories with less than optimal sample sizes	<ul style="list-style-type: none"> Conflict of resources took place for the survey implementation by SEF. The Development facilitators from the Operation Department had to follow the workplan and priorities of their Department. 	<ul style="list-style-type: none"> The evaluation team adapted to the consequences (i.e. the specific impact survey was relatively on schedule, while the PPI survey was way behind), using only some preliminary impact survey data analysis to shape the QUAL field work. The PPI data analysis could only be completed end of January 2022 following the final dataset sent mid-January 2022 by SEF
Delays in delivering output due to covid-19 restrictions and / or availability of stakeholders	Likelihood: Low Impact: Medium	Closely monitor project plan, timelines and deliverables	<ul style="list-style-type: none"> All covid restrictions materialised so strongly that field work was nearly impossible Since the kick off and throughout the evaluation process, SIDI and SEF reiterated their preference for administrating face to face the PPI and the specific impact survey 	<ul style="list-style-type: none"> Postponing field activities by 10 months. Implementation of the bulk of field activities (and most importantly the PPI and impact survey) during the lowest covid prevalence period (Q4 2021) Imposing to each evaluation team member to be fully vaccinated before going to the field Conducting most interviews and FGD in the open air and with social distancing practices

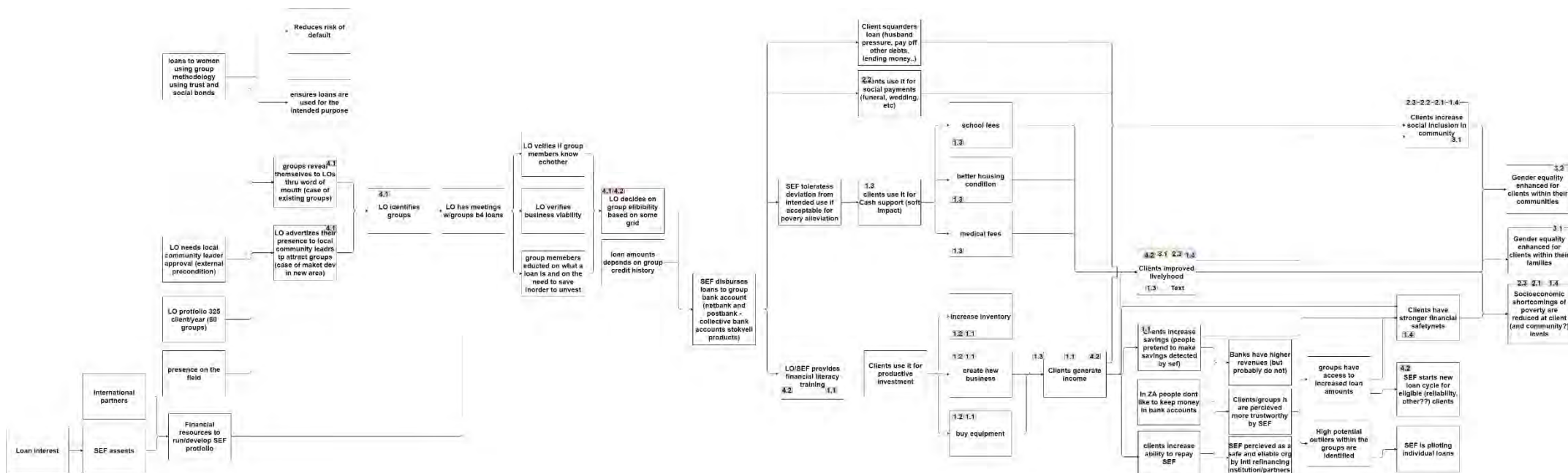
6.9 THEORY OF CHANGE OF THE EVALUATED INTERVENTION

6.9.1 2018 ToC as shared by SEF



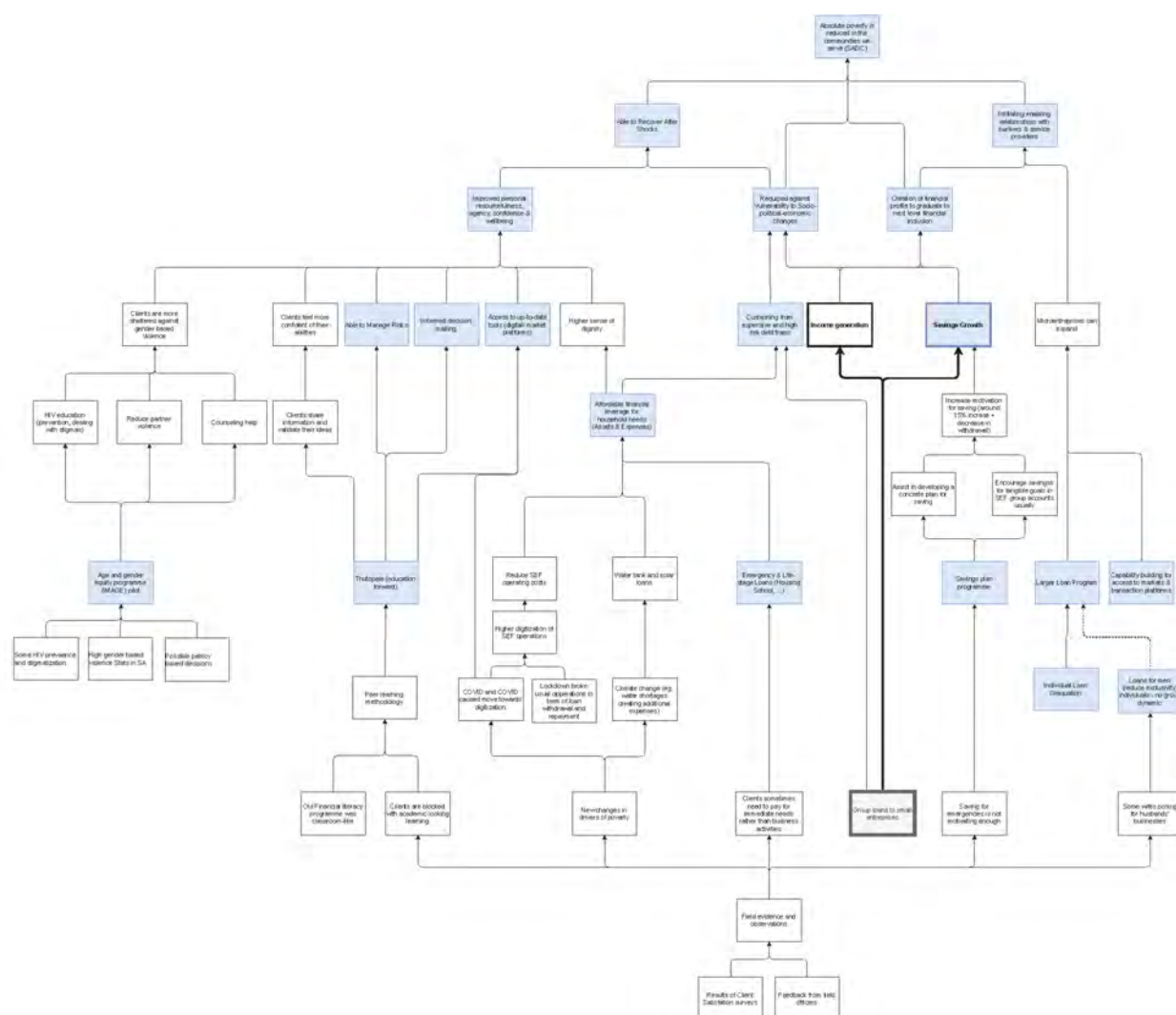
6.9.2 ToC restructured remotely by evaluation team

The ToC below was restructured by the evaluation team following the desk review and remote interviews with SEF staff. It is tagged by the evaluation questions found relevant at the time



6.9.3 Output of ToC workshop with SEF

The below ToC was developed in an online workshop with the R&D department to reflect the 2025 vision of SEF. Blue elements represent elements from the 2018 ToC, white elements are new elaborations.



6.10 SEF ORGCHART



6.11 SUMMARY OF QUANTITATIVE DATA

6.11.1 Aggregate survey results

CHARACTERISTIC		N = 4,551	
loans easy to get		Change in relationship - community	
Completely wrong	125 (2.7%)	Much worse	38 (0.8%)
Wrong	379 (8.3%)	Worse	142 (3.1%)
Neutral	304 (6.7%)	No change	985 (22%)
True	2,299 (51%)	Better	2,311 (51%)
Very True	1,444 (32%)	Much better	1,075 (24%)
loans only ones available		lots of effort to manage loan	
Completely wrong	663 (15%)	Completely wrong	108 (2.4%)
Wrong	1,349 (30%)	Wrong	441 (9.7%)
Neutral	306 (6.7%)	Neutral	279 (6.1%)
True	1,597 (35%)	True	2,309 (51%)
Very True	636 (14%)	Very True	1,414 (31%)
first SEF loan leads to more loans		saving money is	
Completely wrong	151 (3.3%)	Much more difficult	70 (1.5%)
Wrong	492 (11%)	More difficult	407 (8.9%)
Neutral	247 (5.4%)	The same	316 (6.9%)
True	2,079 (46%)	Easier	2,317 (51%)
Very True	1,582 (35%)	Much easier	1,441 (32%)
Optimistic about business activity		Repaying is	
Much less	79 (1.7%)	Much more difficult	90 (2.0%)
Less	238 (5.2%)	More difficult	358 (7.9%)
No change	358 (7.9%)	The same	402 (8.8%)
More	2,584 (57%)	Easier	2,484 (55%)
Much more	1,292 (28%)	Much easier	1,217 (27%)
strong / self-confident		Change in relationship - household	
Much less	34 (0.7%)	Much worse	17 (0.4%)
Less	86 (1.9%)	Worse	47 (1.0%)
No change	189 (4.2%)	No change	499 (11%)
More	2,484 (55%)	Better	2,214 (49%)
Much more	1,758 (39%)	Much better	1,774 (39%)
cope with future		region	
Much less	58 (1.3%)	ECP	1,326 (29%)
Less	160 (3.5%)	KZNN	1,007 (22%)
No change	198 (4.4%)	LIM	1,003 (22%)
More	2,751 (60%)	NWR	1,215 (27%)
Much more	1,384 (30%)	Changes in daily life	
loan uses		Pay for more things in the house	1,853 (41%)
Improve Business Premises	309 (6.8%)	Provide family / children with more things	2,594 (57%)
Buying Stock	3,221 (71%)	More respected as a woman	396 (8.7%)
Improving House (Building..)	1,007 (22%)	None	90 (2.0%)
Buying Equipment House	690 (15%)	More optimistic	141 (3.1%)
School Fees	563 (12%)	More independent	886 (19%)
Buying Equipment Business	359 (7.9%)	better look after my health	312 (6.9%)
Health Care	137 (3.0%)	Less afraid of the future	168 (3.7%)
Other	202 (4.4%)	Changes in business	
Business Services	77 (1.7%)	More services and products	506 (11%)
Paying Salaries	20 (0.4%)	Higher revenue	1,055 (23%)
		Able to save more	914 (20%)
		none	164 (3.6%)
		Bigger stock	1,214 (27%)
		Serve clients better	703 (15%)
		Earn a bigger salary	168 (3.7%)

6.11.2 Aggregate PPI results

The Chi-square test of independence is a statistical hypothesis test used to determine whether two categorical or variables are likely to be related or not. In this case, when the p-value is less than 0.05 we reject the null hypothesis. That is to say, the answers to a particular PPI question in the survey conducted for this evaluation and the previous PPI surveys are statistically different. This implies that there has been a change in the situation related to the question at hand.

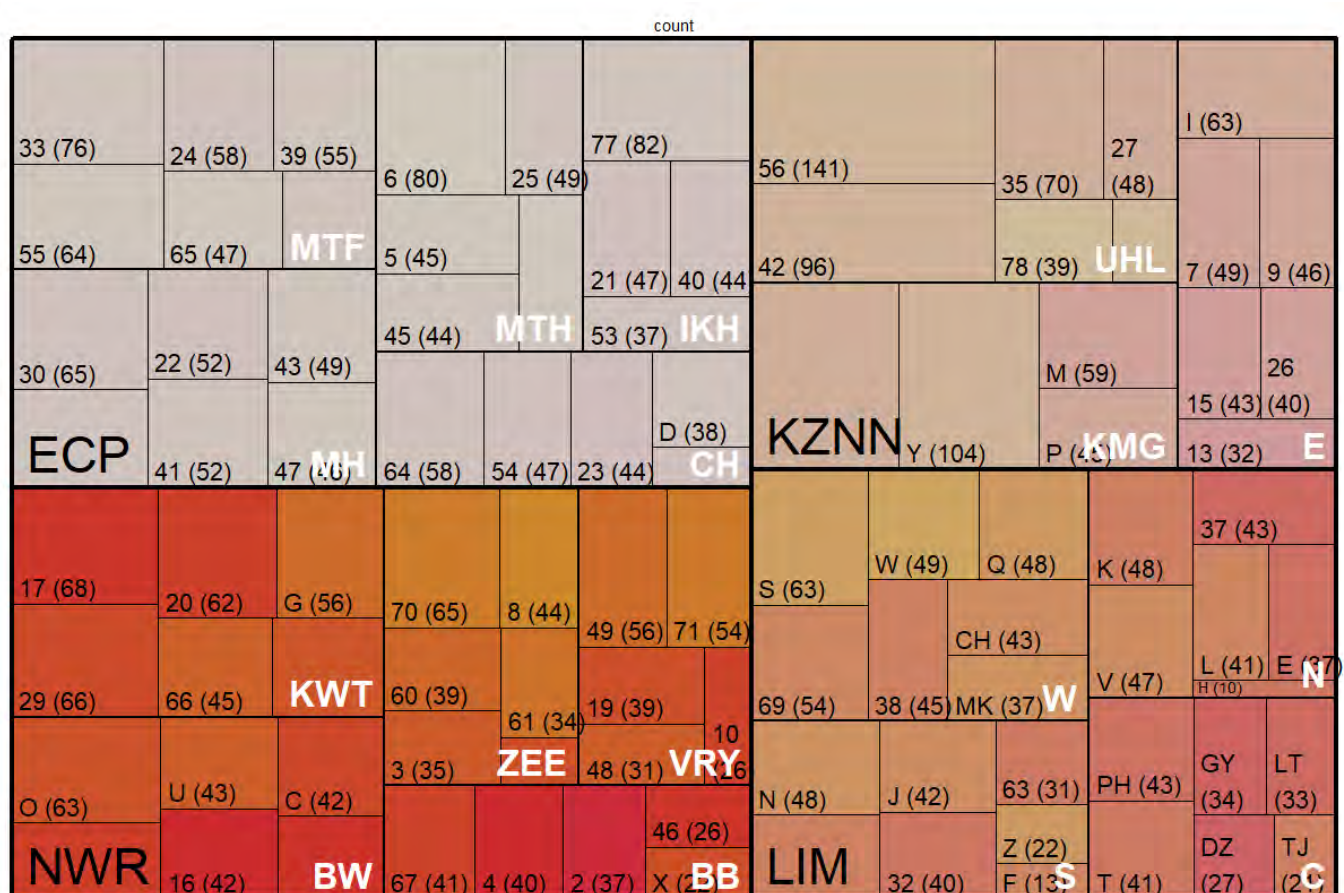
VARIABLE	CATEGORIES	PREVIOUS PPI	SURVEY	CHI SQUARED	P VALUE	
last_month_income	no	1190	1065	21.9	2.93E-06	***
last_month_income	yes	2110	2407			
female_head_literacy	fair_to_no	525	554	2.2	3.40E-01	
female_head_literacy	not_applicable	419	386			
female_head_literacy	very_well	2518	2532			
growing_food	no	1162	1038	21.6	3.44E-06	***
growing_food	yes	2138	2434			
floor_material	carpet	374	449	23.1	3.83E-05	***
floor_material	concrete	1403	1482			
floor_material	mud	463	362			
floor_material	tile	1064	1179			
rooms	>2	2814	3060	9.2	2.38E-03	***
rooms	0-2	473	412			
flush_toilet	no	2674	2805	0.2	6.50E-01	
flush_toilet	yes	617	667			
energy_source	burning	1026	1022	2.1	1.45E-01	
energy_source	electricity	2274	2450			
asset_tv	no	643	618	3.1	8.02E-02	
asset_tv	yes	2657	2854			
asset_dvd	no	1274	1155	20.7	5.50E-06	***
asset_dvd	yes	2027	2317			
asset_fridge	no	620	486	28.0	1.21E-07	***
asset_fridge	yes	2681	2986			
asset_washing_machine	no	2407	2416	9.0	2.70E-03	***
asset_washing_machine	yes	894	1056			
asset_computer	no	2853	2932	5.2	2.29E-02	***
asset_computer	yes	448	540			
asset_vehicle	no	2717	2786	4.6	3.18E-02	***
asset_vehicle	yes	584	686			
asset_sofa	no	1367	1255	19.6	9.79E-06	***
asset_sofa	yes	1934	2217			
asset_cell_phone	no	130	96	6.9	8.80E-03	***
asset_cell_phone	yes	3171	3376			
3_daily_meals_frequency	daily	1846	1954	2.2	3.25E-01	
3_daily_meals_frequency	<=3	1021	1026			
3_daily_meals_frequency	3-6	436	492			
meat_eating_frequency	daily	673	693	10.9	1.25E-02	***

meat_eating_frequency	0-1	459	400			
meat_eating_frequency	2-4	1859	2064			
meat_eating_frequency	>4	312	315			
vegetable_frequency	0-1	922	928	11.0	4.13E-03	***
vegetable_frequency	1-2	1671	1887			
vegetable_frequency	>3	710	657			

6.11.3 Overview of SEF client age and loan portfolio

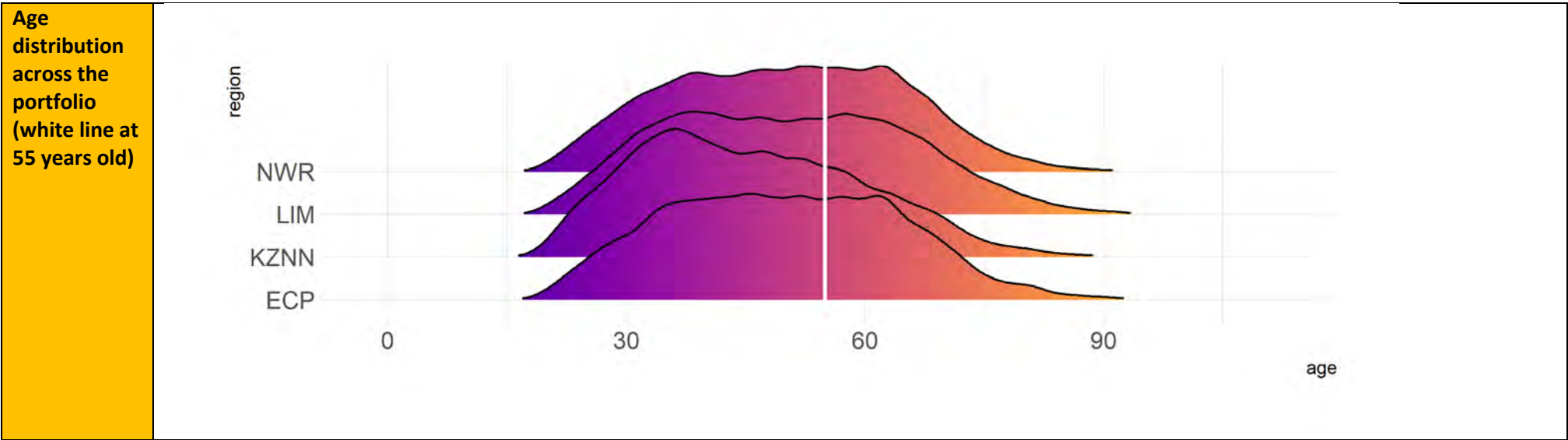
age bracket	percentage	Loan amount (ZAR)		Loan amount (USD)	
		mean	sd	mean	sd
<30	14.04	2543.38	1409.77	167.86	93.04
(30,55]	57.66	3202.51	2113.82	211.37	139.51
>55	28.16	3408.93	2117.92	224.99	139.78
NA	0.13	3034.09	1725.10	200.25	113.86

6.11.4 Number of surveys conducted per branch

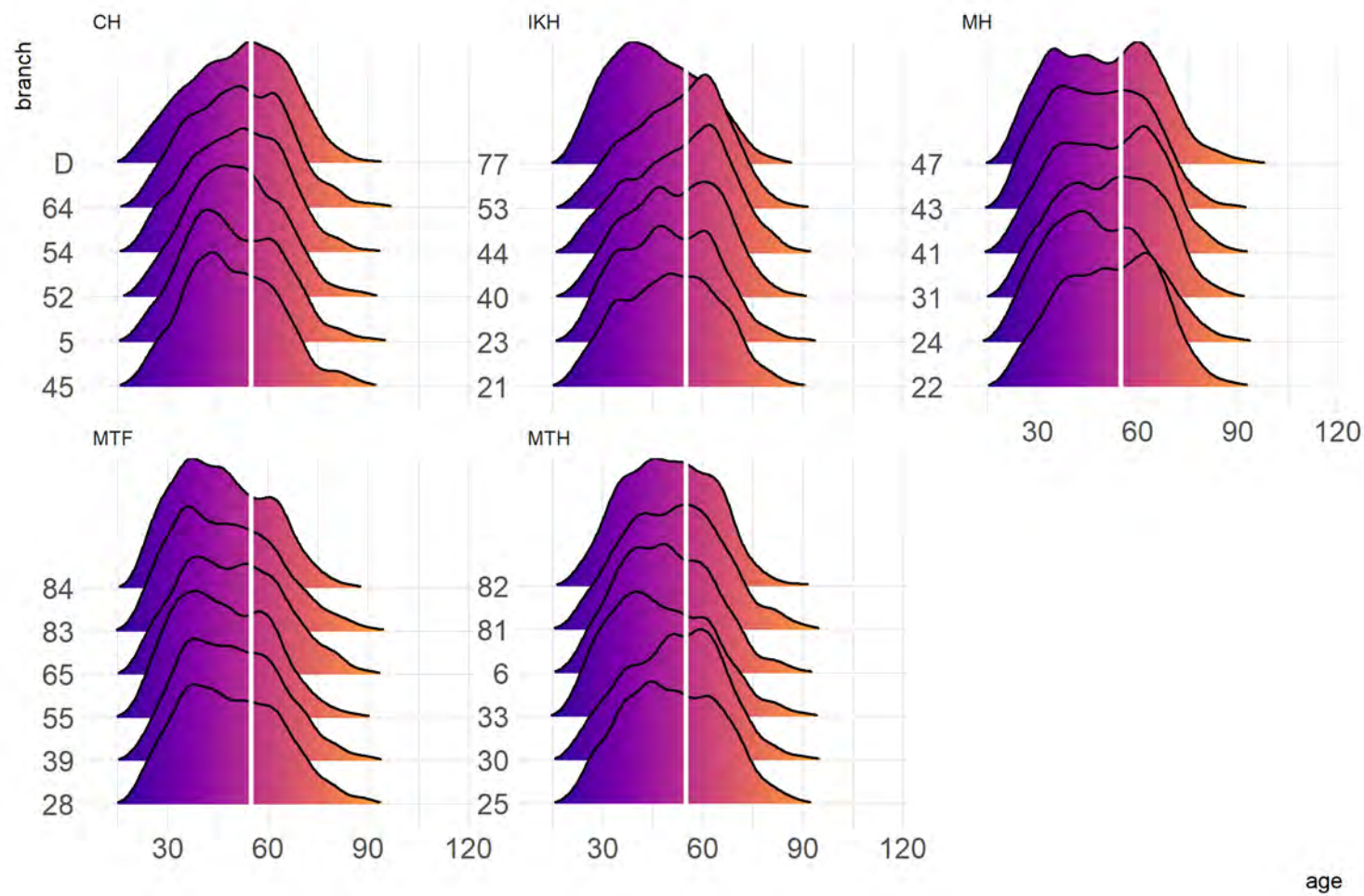


6.11.5 Data visualizations

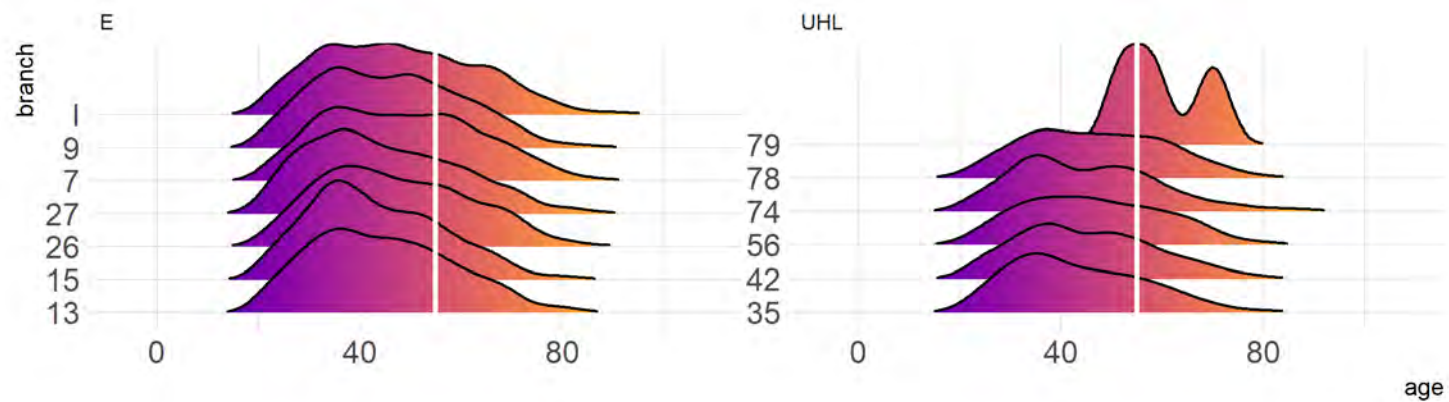
Note: high resolution versions of the below figures available for download [here](#)



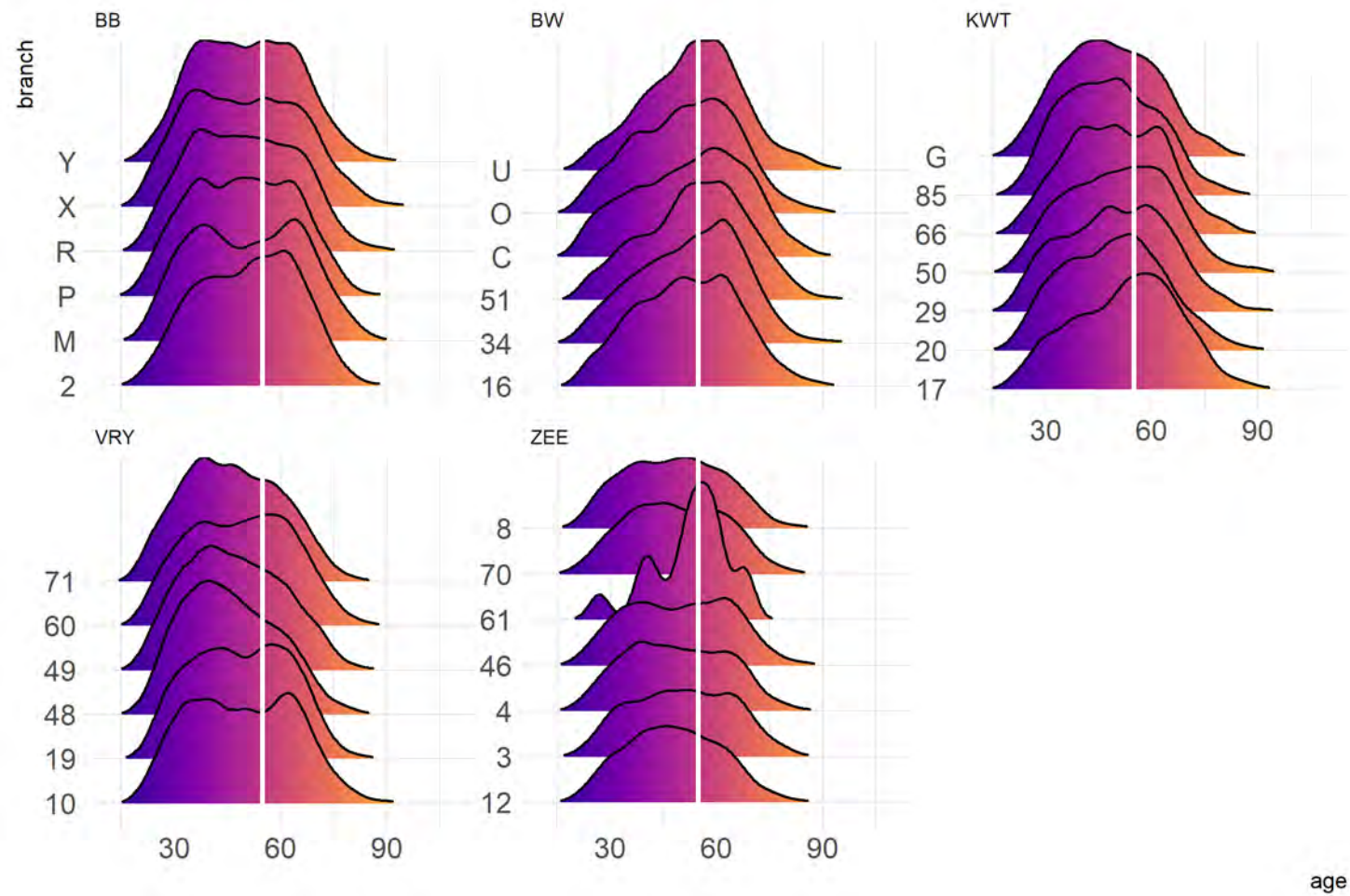
Age
distribution
ECP
(white line at
55 years old)



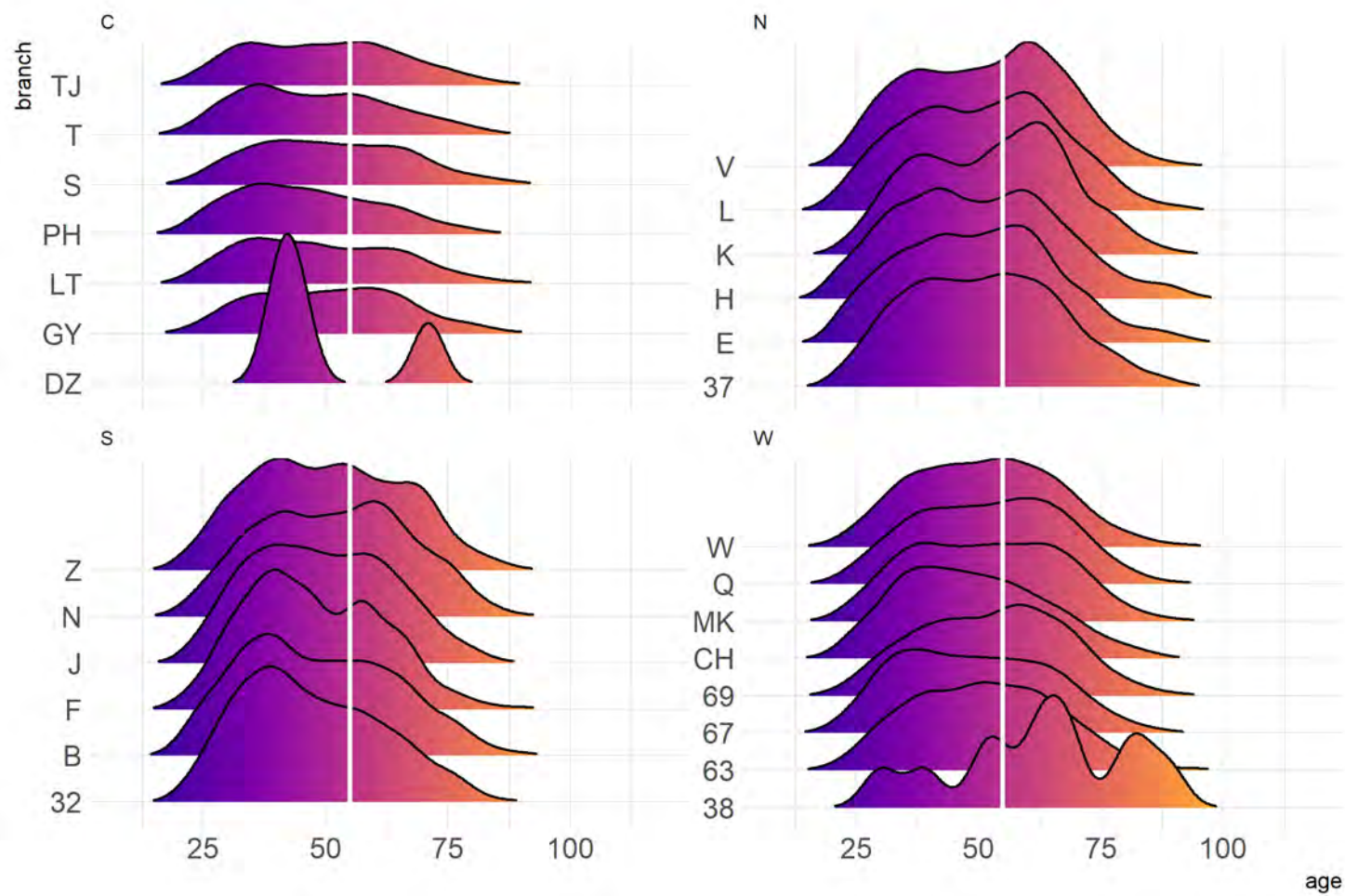
Age
distribution
KZN
(white line at
55 years old)



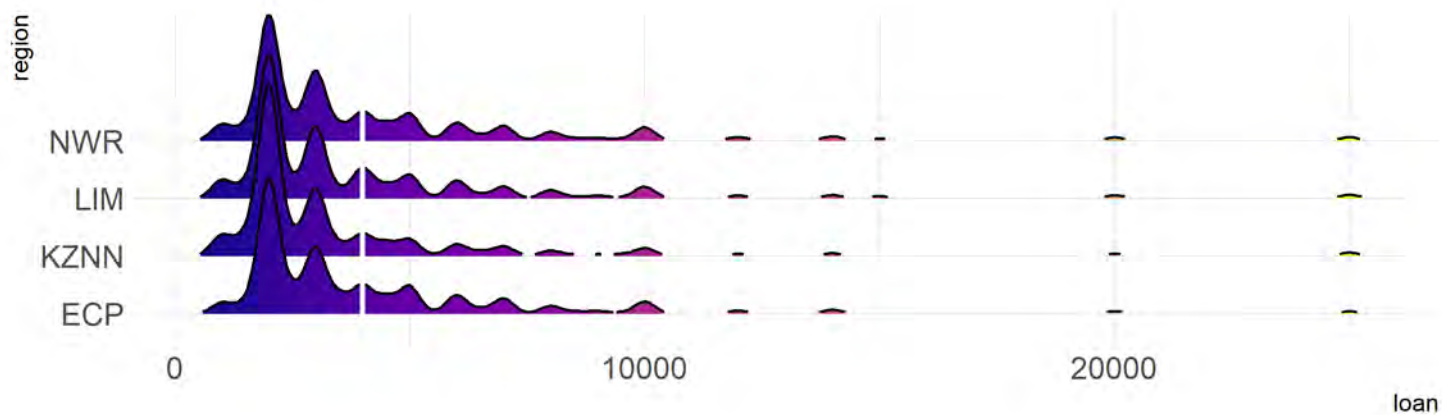
Age
distribution
NWR
(white line at
55 years old)



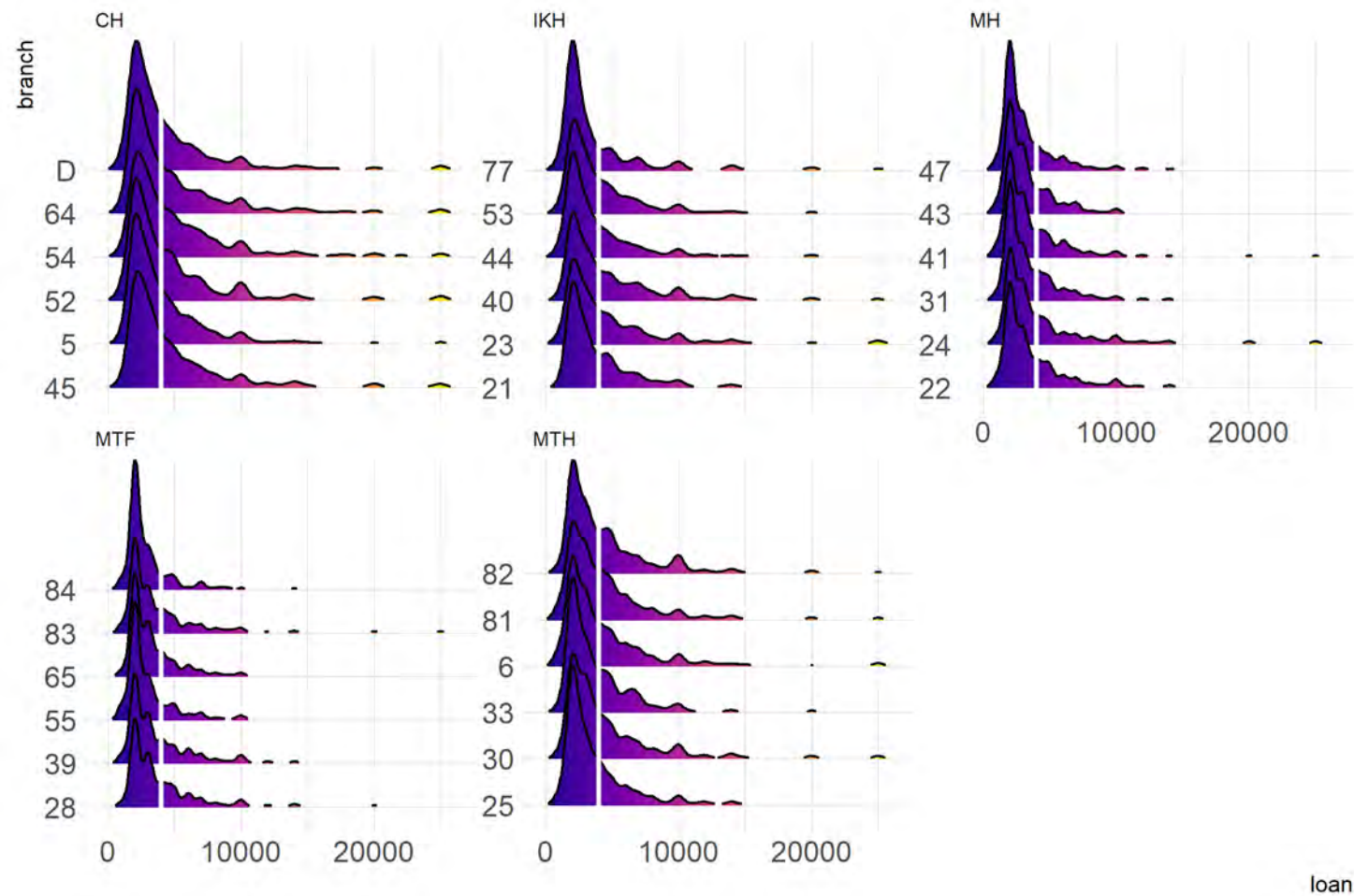
Age
distribution
LIM
(white line at
55 years old)



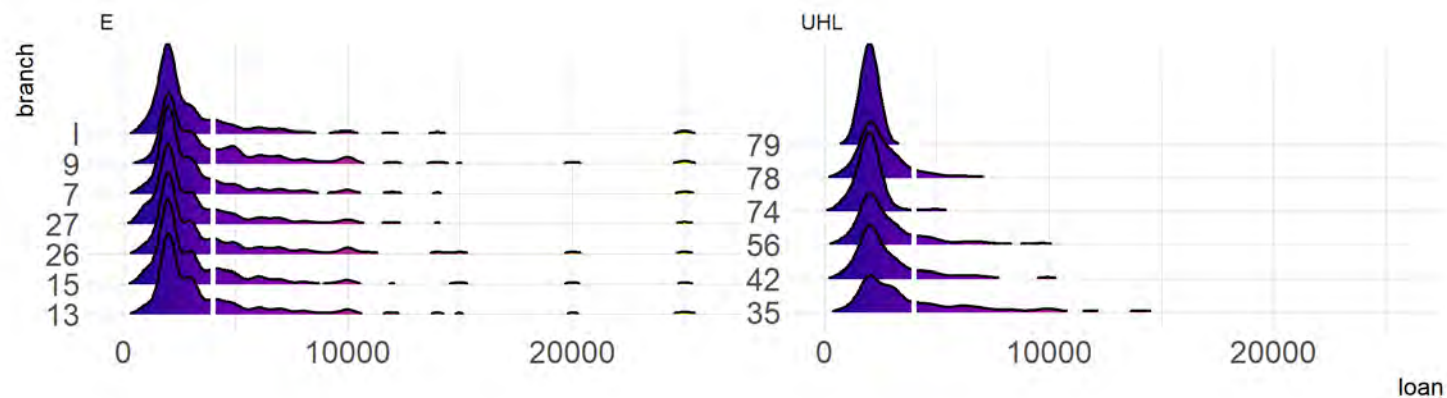
**Loan
distribution
across the
portfolio
(white line at
3K ZAR)**



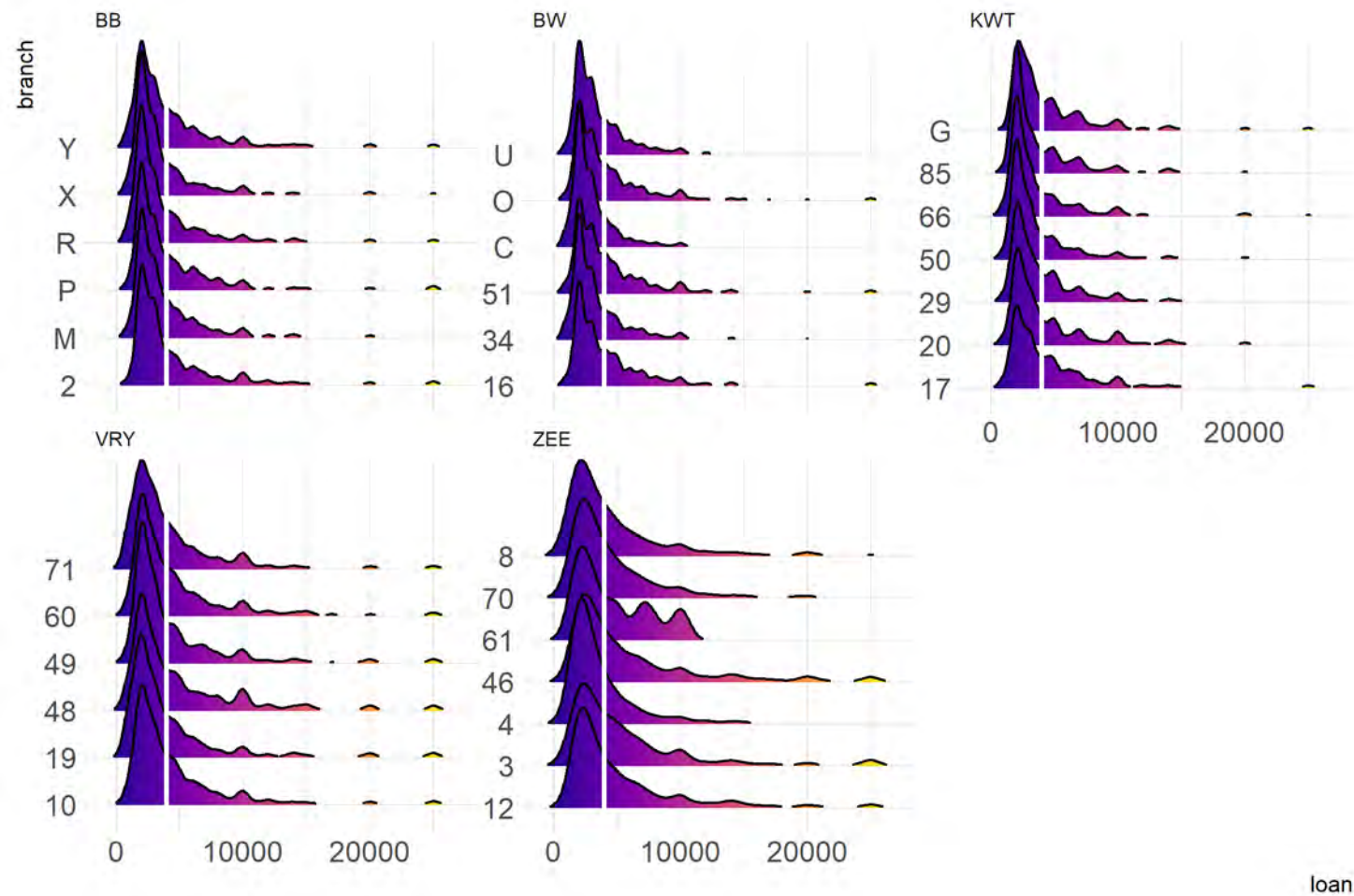
Loan
distribution
ECP
(white line at
3K ZAR)



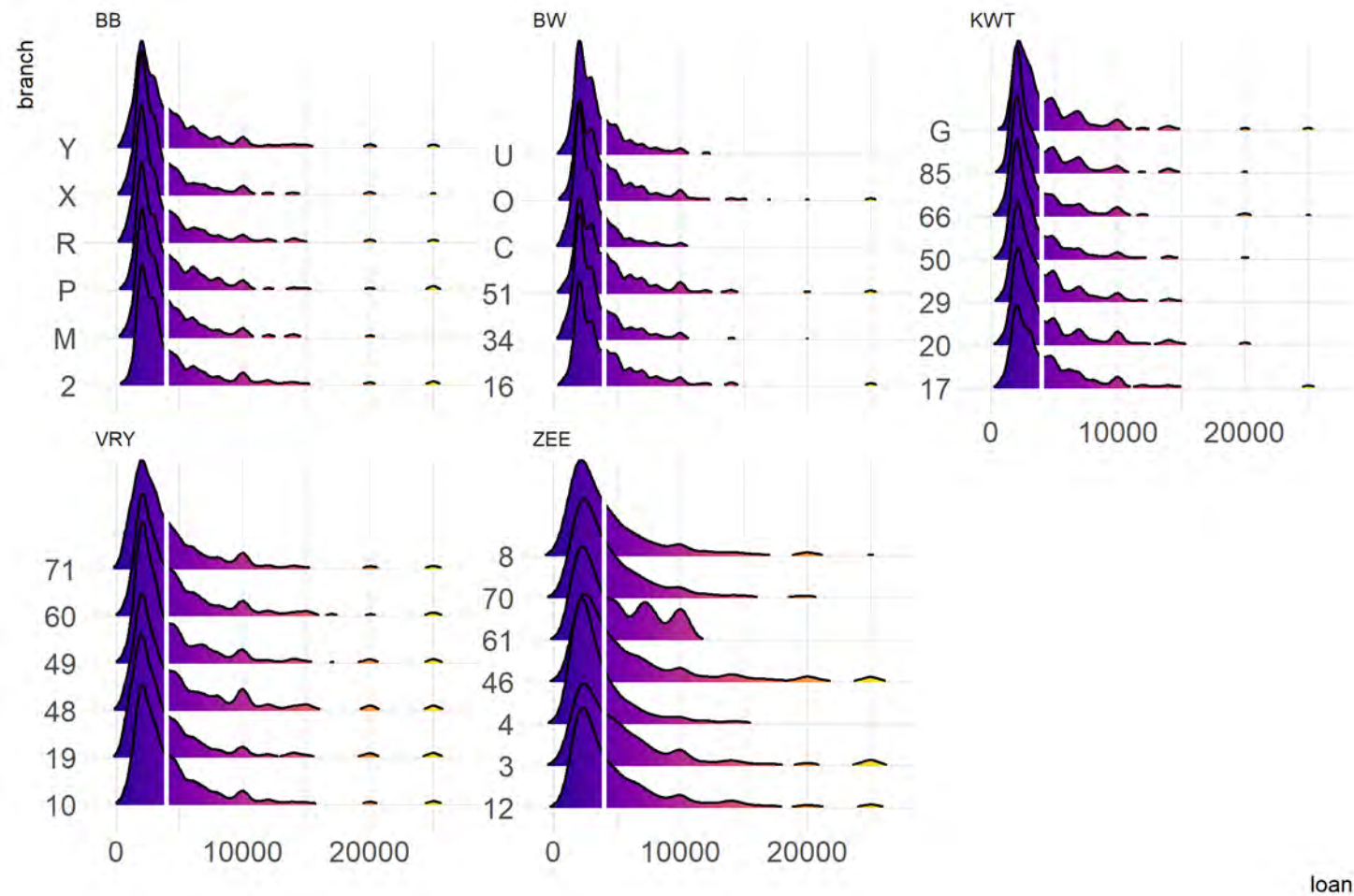
Loan
distribution
KZN
(white line at
3K ZAR)

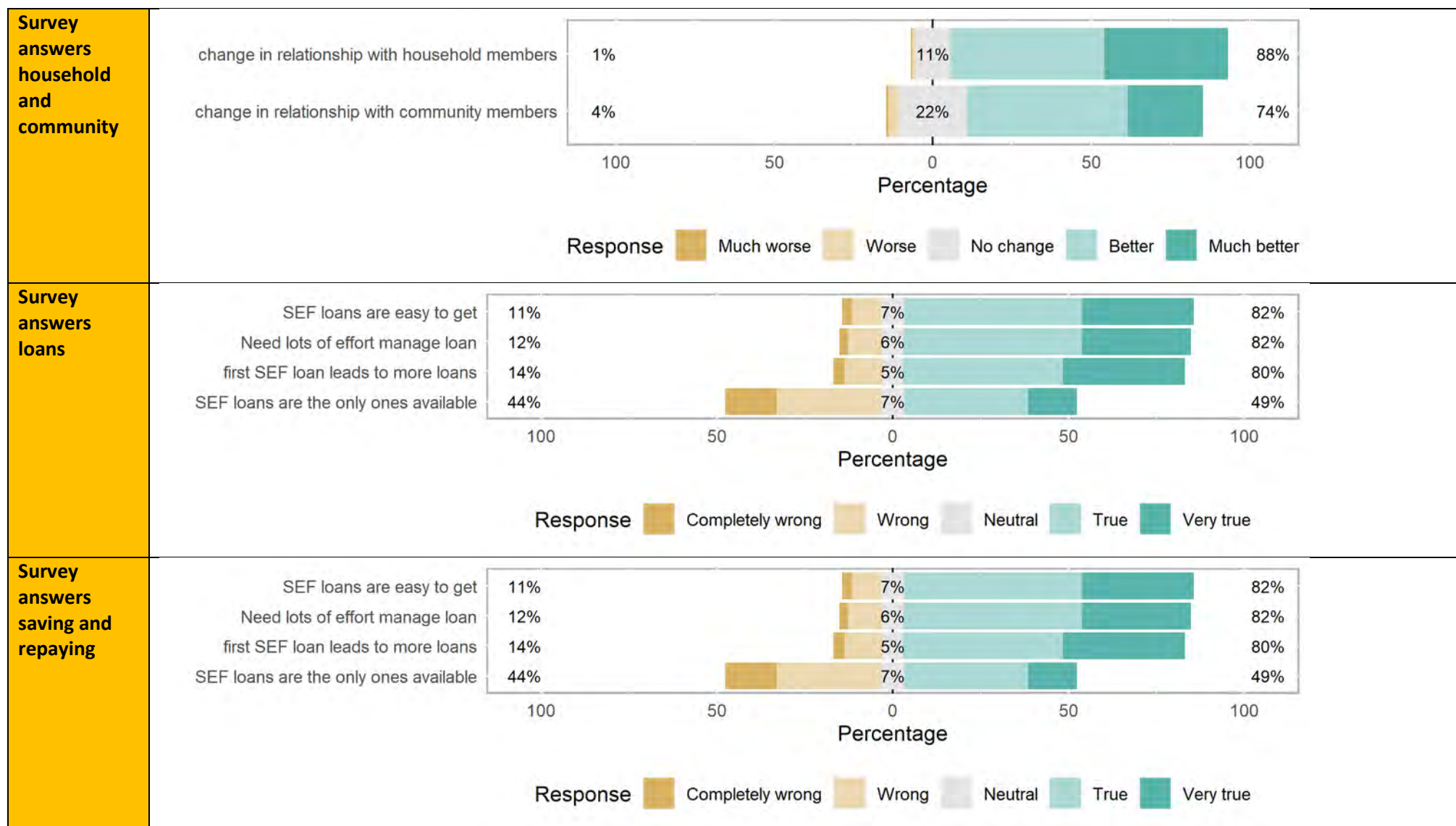


Loan
distribution
NWR
(white line at
3K ZAR)

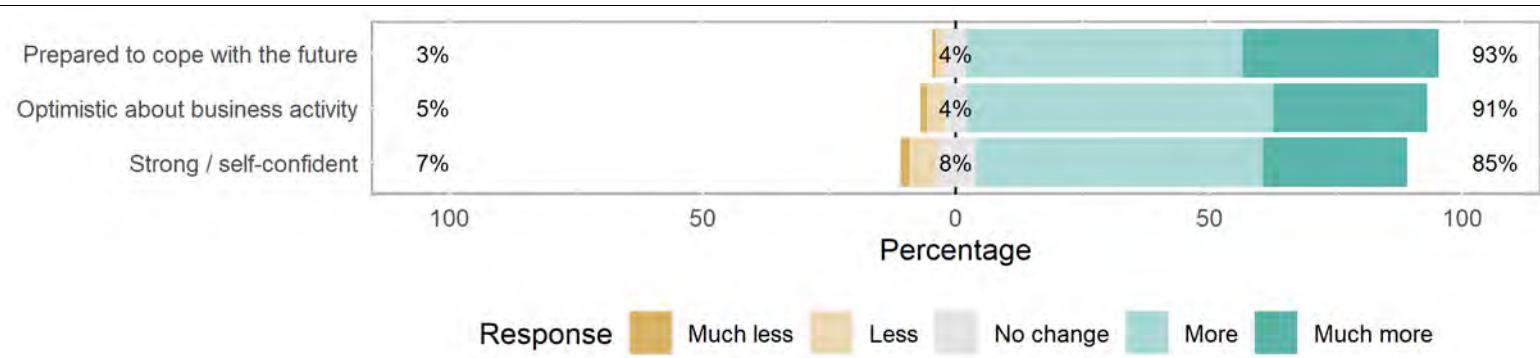


Loan distribution LIM (white line at 3K ZAR)

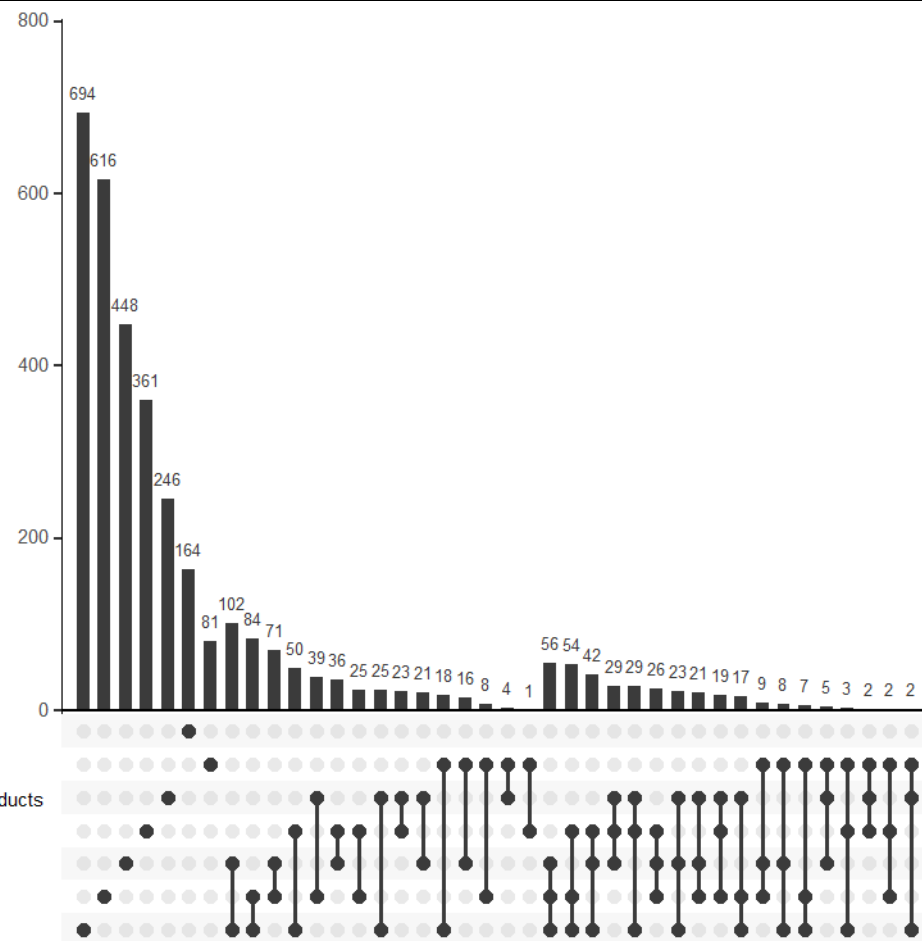
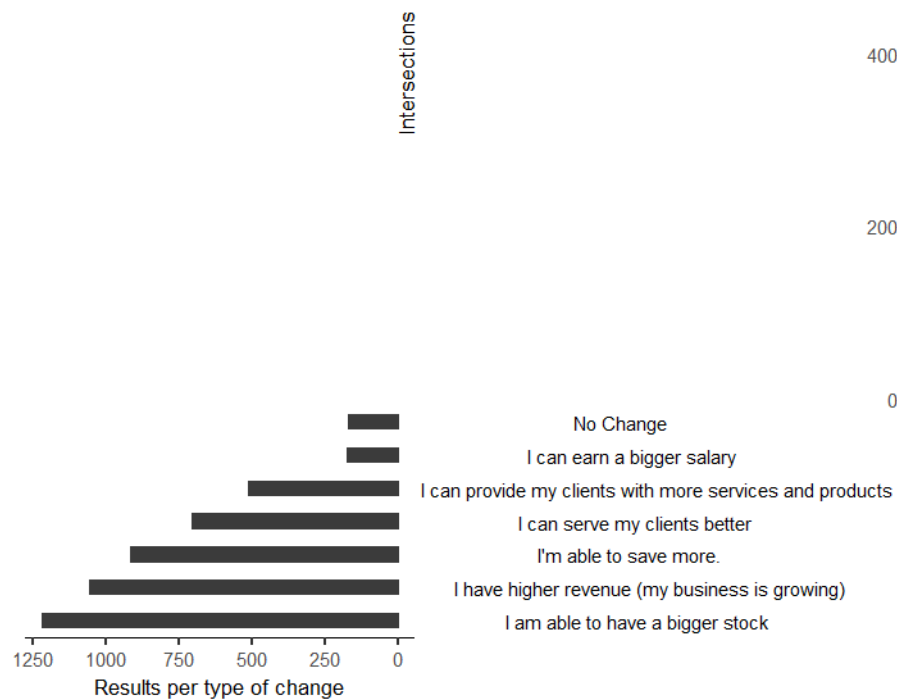




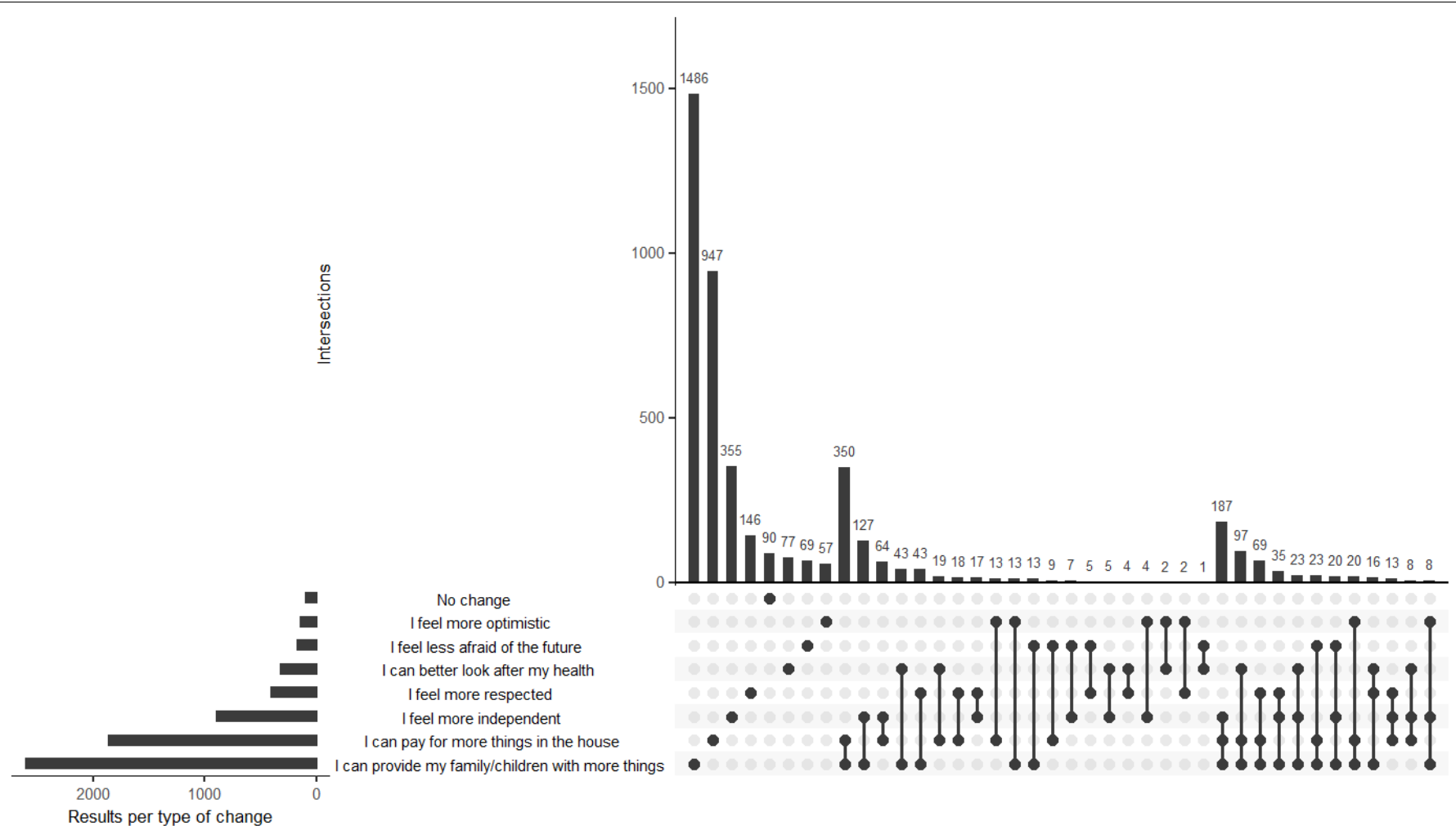
Survey answers self-image



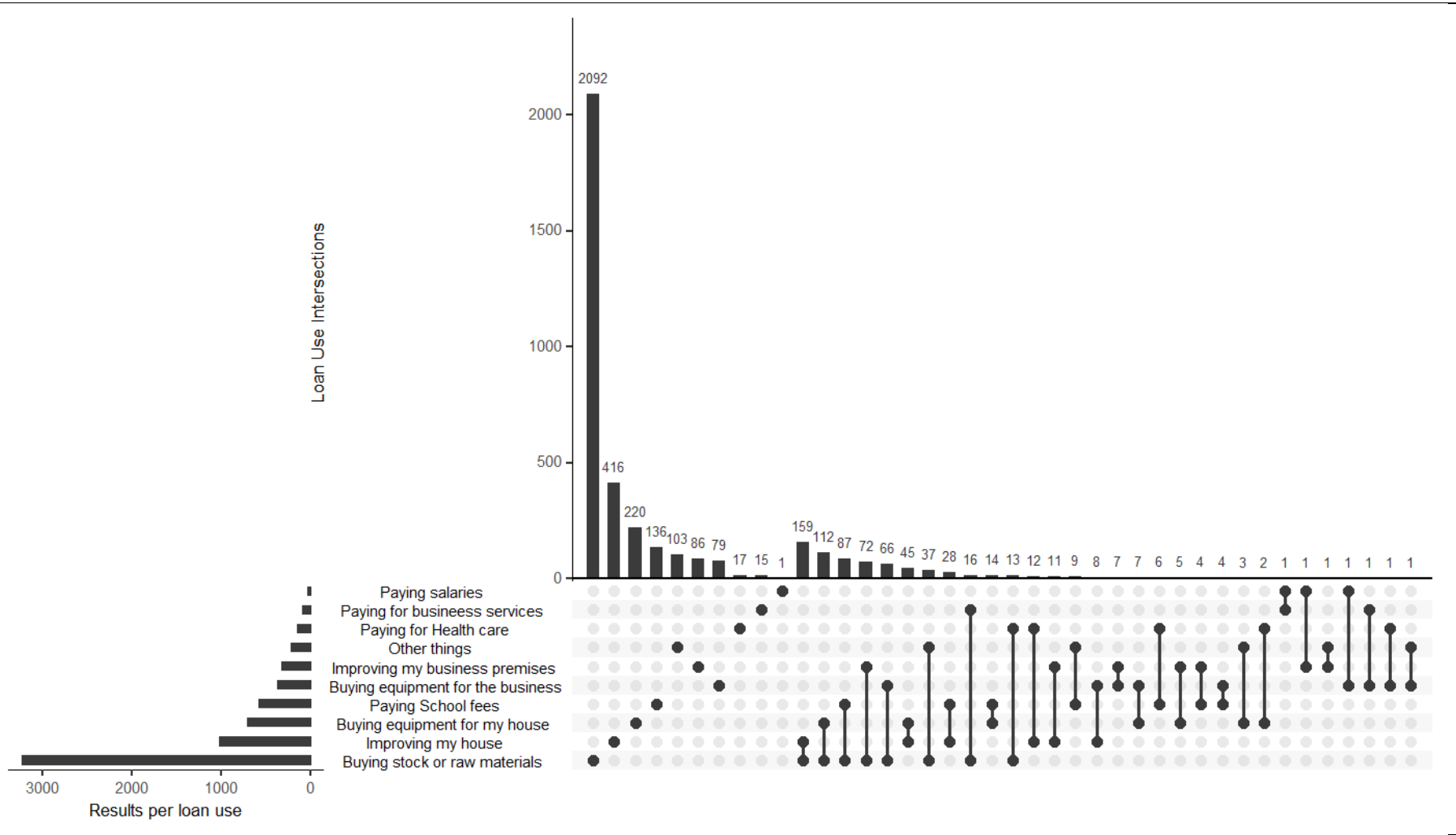
Answer interactions for business changes



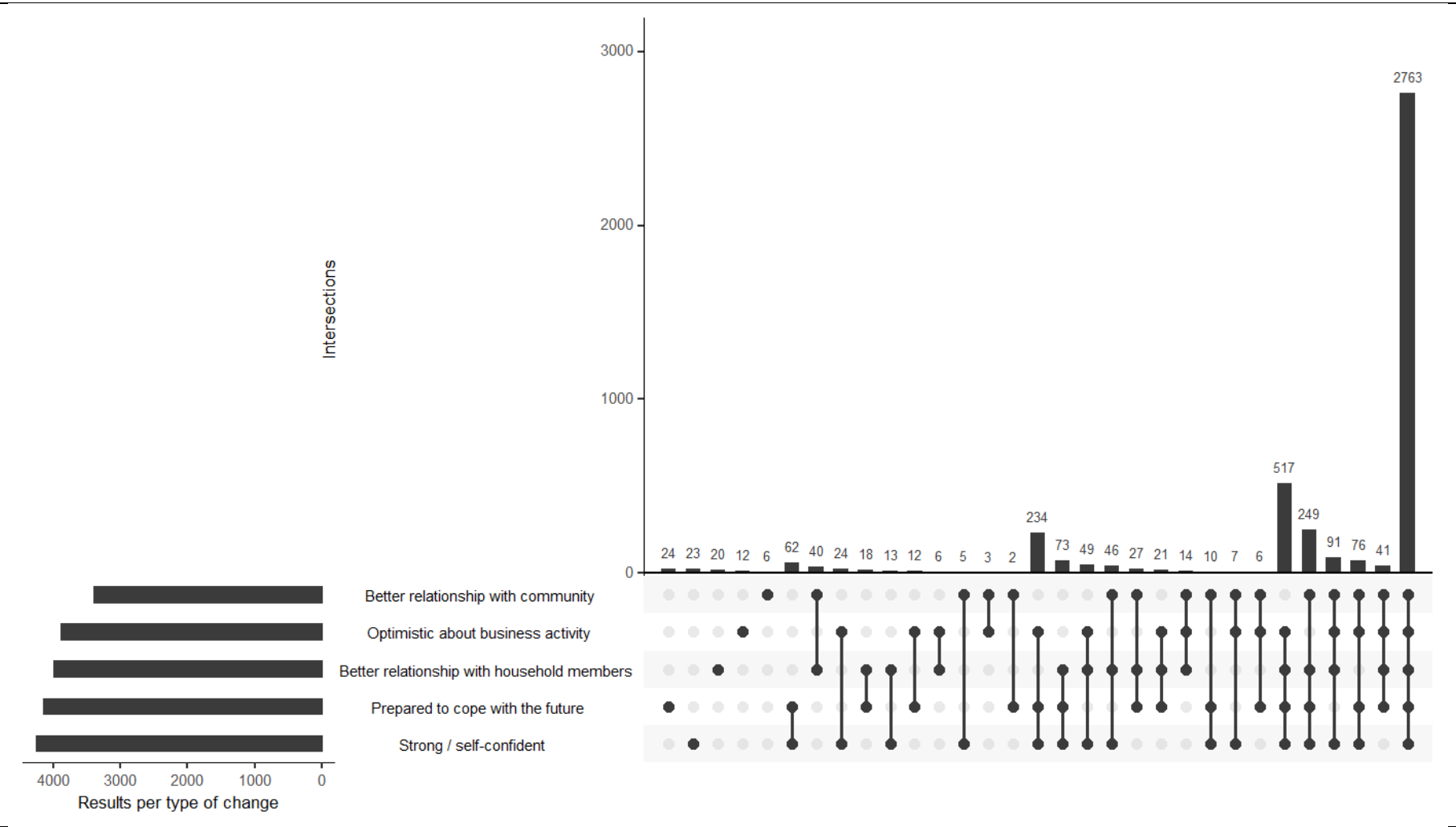
Answer interactions for changes in daily life



Answer interactions for loan uses



Answer interactions for change dimensions



(Interactive
115 HTML
version for
display on
the web
available for
download
[here](#))



¹¹⁵ The interactive HTML version provided can be directly embedded on a website. The added functionalities are that the layout updates dynamically at each refresh and that the frequency of each word is displayed on hover

6.11.6 Interest rates used by SEF for GP and IL

Loan Amount	4 months loan term	6 months loan term	10 months loan term
1000	18.00%	26.00%	45.00%
1500	17.87%	26.00%	44.67%
2000	18.00%	26.00%	45.00%
2500	17.92%	26.00%	44.80%
3000	18.00%	26.00%	45.00%
3500	17.94%	26.00%	44.86%
4000	18.00%	26.00%	45.00%
4500	17.96%	26.00%	44.67%
5000	18.00%	26.00%	43.00%
6000	18.00%	26.00%	40.50%
7000	18.00%	26.00%	38.71%
8000	18.00%	26.00%	37.38%
9000	18.00%	26.00%	36.33%
10000	18.00%	26.00%	35.40%
11000	18.00%	26.00%	34.73%
12000	18.00%	26.00%	34.17%
13000	18.00%	25.72%	33.69%
14000	18.00%	25.44%	33.29%
15000	18.00%	25.20%	32.93%
16000	18.00%	24.99%	32.56%
17000	18.00%	24.76%	32.29%
18000	18.00%	24.60%	32.06%
19000	18.00%	24.45%	31.84%
20000	18.00%	24.32%	31.65%
21000	18.00%	24.20%	31.48%
22000	18.00%	24.06%	31.27%
23000	18.00%	23.97%	31.13%
24000	18.00%	23.63%	30.75%
25000	18.00%	23.05%	30.12%

** Note: For the 4-month loan term the interest rate is slightly adjusted from 18% for certain amounts (R 1500, R 2500 etc) in order to ensure that reimbursement instalments are a round figure

6.12 RAW QUALI DATA FROM THE FIELD PHASE

Location	Nkuzana
Date & time/duration	11 November 2021,
SEF branches/centers covered	Tiyani
Key findings	
<ol style="list-style-type: none"> 1/9 participants did not have an income generating activity that she considered as business. She was doing part time hair dressing Businesses included, chicken rearing, small items trading(vegetables, fruits, snacks),traditional beer, Mopani worms 5/9 is selling traditional beer as it has low input costs. 3/9 had small businesses before taking SEF loan What they like most about SEF is the self-selecting of group members as they are able to select people they trust, Interest is reasonable, with support from the branch manager they are able to book group disbursement in advance ,no collateral compared to the bank and other loan providers that will require payslip, meetings are very short and manageable, do not look at one's background for the approval of the loan and the time for repayment is 30days compared to loan sharks that charges +40% with quick repayment period ranging from 7-30 days. Clients do hear about SEF from other clients in the villages Changes they have seen in business over time includes; <ul style="list-style-type: none"> - Household assets(TV, fridge, wardrobe, stand - Growth in customers and their stock Example from 1x 20kg bag of Mopani worms to 3 x 20kg bags in a month. - Able to provide for the family - Building and extending house - Business diversification Through SEF loan, cross boarder trading is promoted(buying and selling of Mopani worms) Changes they have seen in family and lives over time includes; <ul style="list-style-type: none"> - More meals and diversified food(meat, tea with milk, bread - Educational support (uniforms and annual fee that is once off paid at the school) - Building additional room to accommodate an bigger family that used to live on one room - Paying hospital bills - More cash flow available for the household - Children get weekly pocket money (range R25-R50) The clients indicated that the principles/best practice with SEF loan is as following; <ul style="list-style-type: none"> - Take loan for starting a business, target making some income each month - Do not take loan for none productive activities (buying food, alcohol). Only should invest in some business that can provide income 	

11. Non business clients , when taking a loan should have a goal, have financial discipline(savings and repaying of the loan) , participating in other stokvel/ societies.

Location	LEBOWAKGOMO	
Date & time/duration	12 November 2021; 11H20-14h26	
SEF branches/centers covered	ZEBEDIELA	
Topics covered	DF PROCESS AND PERFORMANCE SCORING	
Key findings		
DF PROCESS		
<div><div>1.</div><div>DFs guide and support first time loan clients with no business to establish one. They recommend small items trading income generating activities</div></div> <div><div>2.</div><div>DFs are problem solvers/ conflict managers and during center meetings they support with resolving conflicts</div></div> <div><div>3.</div><div>SEF has competition (Philani), who does the opposite of SEF. This includes only holding one monthly meeting for repayments, no compulsory savings. The downside of the competition is higher interest rates. About 2% of clients dropped out from SEF to join the competitor but some are coming back as they are not able to bear the interest rates. “SEF is still the to go for microfinance service provider” said one of the DFs.</div></div> <div><div>4.</div><div>First time loan applicant approval is in 3 tier, at centre level, DF and branch manager</div></div> <div><div>5.</div><div>Some SEF clients are suing SEF loan to pay loan sharks</div></div> <div><div>6.</div><div>DFs spend most of their time following up on clients with arrears, drop-outs, loan utilization checklist, BE ad PDI</div></div> <div><div>7.</div><div>There are 3 categories of performance incentive bonus</div></div> <div><div></div><div>Category 1=4,720, this is given to DFs that over achieve the target</div></div> <div><div></div><div>Category 2= R3,199, This is for the moderate with less the 15% -0 in arrears</div></div> <div><div></div><div>Category 3= R1,600, This is for those just on target</div></div>		
Below is a table to gives details on how incentive bonus is determined.		
Indicator/ Measure	Target	Comments
Budget	Reached given target	The incentive is on an average performance of 3 months
Arrears	15% or less	
Drop- out(Retention)	82%	
Thutopelo	100%	

INDIVIDUAL LIABILITY SYSTEM

12. DF felt that IL has too much paperwork, reduces solidarity and group cohesion. Clients are not consistent in attending meetings and are hard to monitor on compliance with disbursements procedure
13. DFs felt IL reduces conflict among members, reduces bank charges and boost the centre performance.
14. Clients like IL as there is no imposed patching, loan term is flexible, client have access to savings without DF approval and no conflict
15. Clients that are also and illiterate are not happy as they are challenged by technology, including use of ATM in banks. This results in others dropping out
16. Groups with mixed age groups are mostly dependent on young one for their transactions
17. Once a client is graduated to IL. one cannot be readmitted into the main program(SEF joint liability group methodology)
18. Older clients prefer using the post bank which is more paper based than other banks
19. Graduation to IL is not good for the DFs as this results in increased LOE towards loan application process with lower production

OTHER NOTES

- GP inclusive of illiterates
 - Some clients can enter into informal business partnerships with associates, including foreigners (IL interview - Zebediela) -
 - Key success factor is to use loans for productive purposes (unanimous from FGD in Tiyani)
 - Loan interest rates **range between 18% for loans repaid over 4 months and 45% for small loans** repaid over longer periods (DATA ANALYSIS >>> Ref Annexure)
 - SEF loans accessible to people who cannot apply elsewhere in the formal financial services sector: >> Very much adapted to informal business owners and anyone who cannot produce a payslip to apply for a loan (Interviews with IL clients, Zebediela).
 - Some BMs may have direct arrangements with local post office branch to ease cash disbursements of loans (interview with Francina Sepogwane, BM, Tyani, and FGD Tiyani).
 - Post office waiting lines and fees are a huge pain point for clients ((interview with Francina Sepogwane, BM, DFs, and SEF office in Joburg). Suggestion by Siphos is for SEF to absorb cost and charge back to clients in the form of interest / admin fees
 - IL clients must open their own bank accounts, and loans are disbursed through EFTs. However IL clients still need to manually withdraw cash and deposit savings and installments at the bank branch > Process remains very manual. (Interviews with IL clients in Zebediela).
-
- DFs are the 'institutional memory' of SEF - Dropouts have a 'way' in the DFs, only the DFs have full oversight on who is a dropout Covid-effect means some clients could no longer carry out certain activities (interview with Mutodzi Sarah Tshisimbey, Location Mpheni)

- **Centres** have power : Two credit scores (SEF's 'official' score, and the Centre's score, where clients would be accepted or rejected). (interview with Mutodzi Sarah Tshisimbey, Location Mpheni)
- DFs used to run savings competitions but no longer as the same people kept winning (interview with Mutodzi Sarah Tshisimbey, Location Mpheni)
- DFs are "rotated" sometimes to give them a new challenge. 2-4 month's notice (interview with Francina Sepogwane, BM, Tyani).
- SEF recruitment is also word of mouth (Client + Staff) (interview with Francina Sepogwane, BM, Tyani).
- Mobility between departments is available as career options for SEF staff (interview with Francina Sepogwane, BM, Tyani).
- Bonus policy / quarterly assessment 7-8000 rands base salary for DFs can be significantly boosted through a bonus of up to ZAR 4700 if they outperform their targets (interview with Francina Sepogwane, BM, Tyani).
- Thutupele programme (Financial literacy) is not well understood by DFs (interview with Francina Sepogwane, BM, Tyani).
- Age typology of clients: Either small loans over many cycles (usually old people, 55+). Younger clients tend to take fewer but larger loans but also seem to struggle more (interview with Francina Sepogwane, BM, Tyani). >> Differentiated risk-taking profile ?
- East-West typology in Tyani: East is more traditional (umqombothi beer) vs Western part in which people tended to be more diversified (risk taking)
- Branch is assessed annually (interview with Francina Sepogwane, BM, Tyani).
- **Client - DF Meeting patterns:** 2 types of meetings per month: "Saving week" meeting and "Repayment week" meeting.
- **Saving Week:** 5 members / group, meeting for about 5 min per group / 1 hour in total to cover all the groups (plus 15-20 min Thutupele meeting (which usually covers superficial topics) (interview with Francina Sepogwane, BM, Tyani). For remainder of the day, they identify new groups (3x30 minutes - 1 group per week) OR they can do business evaluations (only for first and second loan) OR they follow up on arrears and prepare paperwork for new loans (which they call "progress" from one cycle to the next).
- **Repayment week:** ca 5 min / per group. checking bank slips. Follow up on groups that are in trouble (interview with Francina Sepogwane, BM, Tyani).
- DFs meet 15 groups / day (?)

Analysis produced by SEF Development facilitators during a workshop in Zebedelia (12/11/2021)

Analysing the IL programme from the client perspective	
Pro's	Con's
<ul style="list-style-type: none"> ● Early disbursement (i.e. before the center meeting, without the need of SEF pre-authorisation) ** ● No forced patching *** ● Different loan terms of their choice 	<ul style="list-style-type: none"> ● Poor attendance ● No group solidarity (if one defaults, the other cannot increase their next cycle by more than 20% -instead of 40%)**

<ul style="list-style-type: none"> • Individual repayment • Individual savings • No conflict in the group due to bank charges (often left to the member going to the bank, other members refusing to reimburse their share of it) • Active bank account (and sense of pride going with it) • Clients can increase their loan even if the other clients have arrears 	<ul style="list-style-type: none"> • Clients are so illiterate that they suffer to withdraw that the atm (particularly sensitive for elderly)***
Analysing the IL programme from the DF perspective	
Pro's	Con's
<ul style="list-style-type: none"> • Reduces conflicts in the group since they are doing some things individually (i.e. they do not depend on others for loan terms, anticipated repayment, saving withdrawal, ...)*** • Reduces lot of the money booking at the postbank because they get their money in their personal bank account (disbursing loan and withdrawing from saving account had to be done with group account in the general programme) • Client are always happy because they get early disbursement before the center meeting (together with less conflict, it makes DF working environment easier and reduces the workload in intra-group mediation)*** • Clients are technically advanced (i.e. in what a bank is, how to use bank services etc.) • Boost confidence of the clients (i.e. since they are proud they have autonomy and a real individual bank account in a commercial bank) • Boost center performance because all the groups want the IL system (i.e. assumption is that it reduces the drop out) 	<ul style="list-style-type: none"> • Lot of paper work (i.e. all the DF checking process is paper based and the number of bank slips multiplied compared to the GP case)*** • It has more arrears because clients are not forced to patch each other • Reduce group solidarity • It's hard to follow the disbursement procedure because client will withdraw from their personal bank account so attendance is poor (i.e. DF have to do close individual follow up and client visit since the group is no longer sufficiently incentivised to have collective discipline)** • It is hard to follow the loan proposal policy because client can choose different loan terms • It is the DF responsibility to follow up on arrears (i.e. before in GP it was the group that was left to deal internally to compensate arrears)

*** and ** are the factors judged of most critical importance

Ref FGD

Location	MATOKS
Date & time/duration	15 November 2021; 3 hours
SEF branches/centers covered	MATOKS
Pax number & profile (attendance sheet Y/N)	
Topics covered	Most Significant Change
Key findings	
<ol style="list-style-type: none"> Most Significant Change from the SEF clients that participated in the FGD included, <ol style="list-style-type: none"> Action- ABLE and AFFORD Things- CHILDREN and BUSSINESS Perceptions – GROWTH and INDEPENDENT <p>Elizabeth “When you are poor, people undermine you. After I accessed SEF loan, my life changed completely and people are now sending their orders for dress making and able to give some of my clothes to the extended family. Not depending on anyone, having improved health, I am bright and glowing and successfully running my business”</p> <ol style="list-style-type: none"> The youth’s (3) most desire is to study and further their career. Majority of the participants dream growing their business, creating employment in their community, have own business premises and expanding the operations (serving more people, bigger land to farm) Marketing of the business will help with growing the business through flyers and social media(youth business) Failure in some SEF clients results from; <ol style="list-style-type: none"> Not using the loan for the intended purpose. The loan should be taken as a seed that you plant and have a harvest Afraid of being associated with being a foreigner if you work very hard Youth are lazy and do not want to work hard <p>As a SEF client if I share my story(changes), this will change the perception in many that are failing with the SEF loan</p> <ol style="list-style-type: none"> What can SEF do to improve meeting your needs? <ol style="list-style-type: none"> Introducing long term loan that can support with studying Include men in their target groups as they are also interested in taking their household out of poverty A SEF client is someone who is mature, has a goal to achieve and understand planning. 	

Ref FGD	
Location	Namakgale
Date & time/duration	16 November 2021; 3 hours

SEF branches/centers covered	Namakgale
Topics covered	GENDER EQUALITY
Key findings	
<p>8. How Community view the SEF clients</p> <ul style="list-style-type: none"> a) Community do look down/ pity them as they think that by taking SEF loan your house is used as collateral and can be taken at any time. b) Community however know that having access to SEF loan is useful as they see progress in their households and are asking for information on how they can join. c) Some community members are proud of their achievements and view them <u>as role model</u> and want to join SEF. <p>9. Relationship of SEF client and Community</p> <ul style="list-style-type: none"> a) Community is jealousy and despising them. They are questioning why are you taking a loan while you are not working <p>10. Clients Reaction to the community view</p> <ul style="list-style-type: none"> a) They are working hard to ensure that they achieve their goals and not fulfil what the community say (being in arrears). Community should witness the successful business b) They are providing information on SEF service and how it works to the community members that enquire c) All agreed that pleasing the community is difficult. <p>11. Community knowing what you have achieved through SEF loan, are you treated differently</p> <ul style="list-style-type: none"> a) Some do question how you have achieved b) They want motivation and informed on how SEF loan work <p>12. Changes in SEF clients</p> <ul style="list-style-type: none"> a) They clients are enjoying being with SEF as they have access to capital, able to save and also provide for their families b) "SEF taught me saving which I was no able to do before" said one client c) Proud that they managed to acquire furniture, able to build houses and business premises <p>13. Origin of Conflict and its Management</p> <p>Origin</p> <ul style="list-style-type: none"> a) Conflict is mainly from group members that are immature, not using their money productively b) This results in late payments, being in arrears and needing some members to patch for such clients c) Only comes from clients that are in arrears and mostly will have some form of attitude towards the group leader. d) Members in another group will not know conflict that exists in another group. However, people in the community will only know from the member who is in arrears and will talk ill of the other group members and SEF name <p><u>Principle: Knowing each other is key to group solidarity. Have people from the same area, family, trusting each other and people with same objectives</u></p> <p>Management/ Resolution</p>	

- a) Replace the defaulting member
- b) The relationships with this member continue outside SEF. However some defaulting member is still talking ill about the group leadership and SEF. This is affecting her personal life and her surrounding (bitter)

PART 11 FGD

1. Family perception on you having SEF loan

- a) They appreciate me accessing loan and this is supporting the family
- b) The family support the business (teamwork)
- c) I do provide for my family and feel there is a man in the household.
- d) Youth do support their parents in the businesses

PART 3 FGD- Only women

1. How does accessing loan and making changes to support the family makes you viewed by your husbands and partners in the family?
 - a) Happy with her putting food on the table. **One woman said “I took a loan from SEF to repair the family car that had breakdown. The husband is now using the car for piece jobs (transporting) and working in parallel we are able to pay back the SEF loan, save and support the family”**
 - b) **“My husband appreciate as through my catering business, i was able to pay school fees for the children when my husband was working not working due to COVID 19”**
2. Women manage their finance jointly and independently too depending on relationship position
3. Disclosure of SEF loan/ debt to husbands and partners is a challenge. Why
 - a) Women do not share their plans and work as one unit (agree on how much to loan and coming up with a payment plan)
 - b) Women fear that if they disclose, the husband can take the money for irresponsible spending (drinking, girlfriends)
 - c) Husbands felt they are undermined of the role (household headman ship)
 - d) Lack of trust on the relationship
4. **Does success threaten men?**

No, they love spending money, more income into the household

Other Issue

Postbank is not user friendly the charges and ques. **One lady said “we are poor and want to make the most out of the loan received from SEF. SEF should do something:”**

1. SEF clients are using income from the business and SASSA grants to repay the SEF loan

Risk to be looked at as they enhance Improve the SEF products

1. Group formation with your family and using them for accessing more money. This makes you accountable for the loan repayment and creates challenges where you are not able to pay back and with husbands if they then have to support with repayments.
2. Wide range of loan amount among group members especially if there is need for patching (4 members with under R5,000 and 1 with R25000).
3. Conflict management is one of the biggest challenge , clients defaulting an needing some patching

Suggestion from SEF client. Can SEF support by going with the group members to follow up the person in arrears

6.13 RAW QUANTITATIVE DATA FROM THE DESK AND FIELD PHASE

Raw Survey and PPI data conducted for this evaluation as shared on 10/01/2022	link
Active client list (05/11/2021)	link
Loan data (original dataset shared in February 2021)	Link
Historical PPI data (shared in February 2021)	Link
Miscellaneous datasets shared in February 2021 (client satisfaction and exist surveys ...etc)	Link
Outstanding loans in February 2022	Link

6.14 ALIGNMENT WITH “OUTCOMES MANAGEMENT FOR FINANCIAL SERVICE PROVIDERS”

In March 2022, the “Outcomes Management for Financial Service Providers: A Proposed Standard Framework Aligned With the Sustainable Development Goals”¹¹⁶ report was published. The report aims to contribute to building a framework of actionable indicators based on the SDG targets that can answer the need for a simple, credible methodology to monitor outcomes: one that is built on a well-defined social strategy and theory of change, and that is assessed regularly through internal data management systems.

The below table includes an overview of the indicators identified in the aforementioned report, along with the data that was produced by this evaluation that may contribute to some of these indicators.

It is important to note that this evaluation was not designed to tackle these indicators and that the methodological framework chosen for this evaluation had different goals than aligning the outcomes of microfinance to the SDGs. As such, data is not available for all the indicators, and when data is available, it serves only as a proxy for some rather than a direct answer to the identified indicators.

8.3 Promote development-oriented policies that support productive activities, decent job creation (...) through access to financial services	
Increased employment in financed business (legal working-age/adult family members, wage workers) (integrate notions of “decent work” and “formal jobs”), on average, for all productive loans	Not available
Changes in business practices, towards business professionalism (with list of positive changes towards new products, changes in business decisions, new processes)	Reported changes in business activities <ul style="list-style-type: none"> • More services and products 506 (11%) • Higher revenue 1,055 (23%) • Able to save more 914 (20%) • none 164 (3.6%) • Bigger stock 1,214 (27%) • Serve clients better 703 (15%) • Earn a bigger salary 168 (3.7%)
8.3 Promote development-oriented policies that support productive activities, decent job creation (...) encourage the formalization and growth of micro-, small- and medium- sized enterprises...	

¹¹⁶ <https://www.findevgateway.org/paper/2022/03/outcomes-management-financial-service-providers-proposed-standard-framework-aligned>

Number of SMEs formalized (tracking changes)	Not available
Changes in business assets (% invested in tools/equipment/productive assets; changes in total business assets)	359 clients (7.9%) report buying equipment for their business
Target 8.3 globally: Perception of change by the entrepreneurs' business attitude:	
Confident in ability to be successful	Not available But 3.7% report being less afraid of the future, 3.1% report being more optimistic
Satisfaction with business earnings	85% of clients report being more optimistic about their business activity
Optimistic about the future	90% of clients report being more able to cope with the future
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable,	
Change in number and quality of meals	Statistically significant improvement in number and quality of meals, percentages not computed
Income (number of sources, change, stability)	Not available
Financial tools: change in savings balance	Not available 83% of clients report that saving is easier after SEF loans
% clients that can better manage their budget/expenses/finances	Not available
Ability to face major expense	90% of clients report being more able to cope with the future But 3.7% report being less afraid of the future, 3.1% report being more optimistic
Perception of change in quality of life (and reasons) After years 3 and 5: % of households above the	Data available using clients with 2 or more PPI surveys, exact number not computed

selected poverty line, who were below the line at entry											
5.1 End all forms of discrimination against all women and girls everywhere											
Capacity to use the loan for her own economic activity	<p>19% of clients report being more independent</p> <p>Reported uses of loans for economic activities</p> <table> <tr> <td>Improve Business Premises</td><td>6.8%</td></tr> <tr> <td>Buying Stock</td><td>71%</td></tr> <tr> <td>Buying Equipment Business</td><td>7.9%</td></tr> <tr> <td>Business Services</td><td>1.7%)</td></tr> <tr> <td>Paying Salaries 20</td><td>0.4%</td></tr> </table>	Improve Business Premises	6.8%	Buying Stock	71%	Buying Equipment Business	7.9%	Business Services	1.7%)	Paying Salaries 20	0.4%
Improve Business Premises	6.8%										
Buying Stock	71%										
Buying Equipment Business	7.9%										
Business Services	1.7%)										
Paying Salaries 20	0.4%										
Capacity to contribute financially to the household needs	<p>1,853 (41%) report being paying for more things in the house</p> <p>2,594 (57%) report providing their family / children with more things</p>										
Capacity to make decisions regarding the use of the household resources	19% of clients report being more independent										
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in (...) economic (...) life											
% of women who report that they are more comfortable voicing their opinions (at workplace, in household, in community, depending scale of intervention of the organization)	<p>Not available</p> <p>8.7% of clients report being "more respected as a woman"</p> <p>88% of clients report better relationship with household members</p> <p>75% of clients report better relationship with community members</p>										
% of women who report a perception of decreased discrimination/ easier access to work	<p>Not available</p> <p>8.7% of clients report being "more respected as a woman"</p> <p>12.4% of clients report no change and negative changes in relationship with household members</p> <p>25.9% of clients report no change and negative changes in relationship with community members</p>										
5.2 Eliminate all forms of violence against women and girls											
Domestic violence: % of women who report that the use of financial product created unintended harm/	Not available										

has resulted in a list of negative coping mechanisms (child labor, gender-based violence, etc.)	
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