



# Private Service Provider (PSP)

## A REVIEW OF STUDIES INVESTIGATING PSP NETWORKS AND APPRENTICES PERFORMED BY EXPANDING FINANCIAL INCLUSION (EFI) IN AFRICA

### EFI PROJECT BACKGROUND

In 2013, Catholic Relief Services (CRS) – with support from the MasterCard Foundation – launched the Expanding Financial Inclusion in Africa (EFI) program in Burkina Faso, Senegal, Uganda, and Zambia. The goal of EFI is to expand financial service access to vulnerable households to improve their resilience, and does so by creating Savings and Internal Lending Communities (SILCs) using the Private Service Provider (PSP) methodology. To date, EFI has surpassed its original targets, forming more than 20,000 groups and reaching more than 543,000 members.

### PSP PRICING AND SHARE-OUT STUDIES

As a result of a recommendation from a team of consultants who evaluated the EFI project in 2015, the project decided to develop two studies in order to better understand actual member payments to PSPs. The first, a share-out study, was highly granular, and compared SILC member investments and returns to the amounts paid to the PSP. The second, a pricing study, complemented the share-out study by asking SILC members for their perspectives on PSP payments.

### RESEARCH QUESTIONS

The Share-Out study answered the following questions:

- 1) What is the ratio of PSP payments to SILC member savings? What is the ratio of PSP payments to SILC member profits?
- 2) What are the level and variation of member savings within each group?

How often do SILC members subtract their final loan repayment from their savings? The PSP Pricing Study was developed alongside the share-out study, but was designed to

### QUICKFACTS

Project Type	<b>Savings-led microfinance</b>
Partner	<b>Mastercard Foundation</b>
Project location	<b>Africa</b>
Countries	<b>Burkina Faso, Senegal, Uganda, and Zambia</b>
# of people served	<b>543,000</b>
Timeframe	<b>2013-2017</b>

answer different questions by interviewing SILC groups and SILC group members:

- 1) How do PSPs price their services in the field? Are PSPs following the payment structure and price recommended during their training?
- 2) How frequently do PSPs visit SILC groups?
- 3) What value do the SILC group members place on the PSP service?
- 4) Can SILC groups pay the PSP more?

Data from both studies is being used to answer this overarching question: Do any changes need to be made to CRS' approach now, or in future projects, in regards to PSP payments?

Apprentice responsibility	Transferrable experience	Training needed
Monitoring group meetings	Regularly participates in own SILC meetings	Effective ways to correct groups
Data collection	Secretaries help PSPs with DCFs	How to deal with unusual cases; common mistakes
Community sensitization	Can explain the benefits of SILC	Tips from experienced PSPs on organizing and managing promotion sessions
Training SILC groups	Own group was trained	Training techniques; how to use the FA SILC guide

## RESEARCH METHODOLOGY

The purpose of this study is to examine how the apprentice process is evolving and to learn how closely the PSPs are following the protocols developed. This study also aims to bring in the apprentice perspective to learn about the benefits and challenges of working as an apprentice and what they think their future might be: will they continue to work as uncertified apprentices, helping the PSP or will they eventually be certified?

The researchers developed mixed-methods surveys for PSPs, apprentices, and PSP network leaders. These surveys included multiple choice and short answer questions, as well as a participatory ranking exercise in the Network and Apprentice surveys. For a majority of the multiple choice and the participatory ranking exercise questions, explanations were recorded, while the enumerators wrote down respondents' answers to the other questions. Then two types of analysis were performed: a quantitative analysis for the multiple choice and participatory ranking exercise; and a qualitative analysis of short answers, which were coded by theme, summarized and/or counted.

In Senegal and Burkina Faso, the researchers randomly sampled PSPs from the Networked partners for the Network survey, and then sampled one apprentice associated with each sampled PSP for the apprenticeship interviews. Due to sampling frame errors, some PSPs selected were, in fact, not Network members, so the sample size for this survey 70. In Uganda and Zambia, EFI staff purposefully sampled apprentices to be interviewed,

because many apprentices in these countries had only recently enrolled, and so were not entered in the database used for sampling.

The interviewers included EFI Regional staff and project implementing organization staff members. In total, five different staff members that administered interviews in Uganda, and three staff members administered interviews in Burkina Faso, Senegal, and Zambia. To ensure quality control, one of the lead researchers administered the first survey with each partner and the other staff members were present. The lead researchers then observed one of the other staff members administer an interview before they continued to interview PSPs independently.

## MAIN FINDINGS

### PSP NETWORKS

- 100% of the PSPs said that the selection of the SILC management committee was fair
- 91% of the PSPs interviewed said that all of the PSPs participate in the network decision making process
- 44% of the PSPs interviewed said that the Network has helped them in promoting SILC
- 78% of the PSPs said they turn to the Network for SILC group problem solving assistance
- The greatest benefit reported by PSPs from participating in the Network is that their fellow PSPs provide them support to do their work better

### APPRENTICES

- 60% of the Apprentices were SILC members at the time of recruitment while 25% were volunteers with another development initiative
- Apprentices work an average of 13 hours per week and visit an average of 7 groups
- Apprentices' primary motivation for joining the program was to help the community
- 76% of the Apprentices have interacted with a project supervisor, but only 31% of them have met another PSP
- 63% of the Apprentices are receiving payment for their work (either from the PSP or directly from SILC groups)
- 85% percent of the Apprentices said that they plan to continue SILC work