

Internal Evaluation Report Extended Executive Summary

DIAL 1.0 Endline Evaluation

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Authors & Acknowledgements

Limestone Analytics LLC

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Executive summary

The Digital Impact Alliance (DIAL) was established in 2016 by three founding donors (the Bill and Melinda Gates Foundation, Sida and USAID) to advance digital inclusion by fostering a more efficient and effective digital ecosystem. This endline evaluation of DIAL's 1.0 Strategy was conducted by a team of external consultants from Limestone Analytics between September 2020 and February 2021, based on desk review of 237 documents and the insights of 70 key informant interviews (KIIs) and focus group participants. The evaluation also assesses DIAL's work against the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) [evaluation criteria](#) of relevance, coherence, impact, effectiveness, efficiency, and sustainability. The summary findings of the evaluation in response to these questions are laid out below, with more detail provided in the main document. The purpose of the evaluation is to understand the impact and effectiveness of DIAL throughout the course of its first several years of implementation and provide recommendations for the new [Digital Beacons](#) strategy.

EQ 1: What changes have occurred in the digital ecosystem since October 2016 and since the start of the 2020 COVID-19 pandemic?

There are two components to the digital ecosystem. First, the wider **digital marketplace** where commercial competition, especially between mobile operators, has driven mobile access, usage, and services such as digital financial services. The second realm is the **digital for development ecosystem** that has sought to encourage effective use of mobile channels and data to deliver services or support policy and planning by development actors such as NGOs. These two realms overlap but have different forces driving their evolution.

Evolution of the Digital Ecosystem

DIAL entered an evolving and dynamic digital ecosystems. In the digital for development ecosystem, there was an increasing realization, influenced by the 2016 World Development Report on Digital Dividends and exemplars such as Aadhar in India, of the possibilities of mobile technology for development services. There was significant growth in digital for development actors, including private companies and donor-funded initiatives that supported different digital economy components, including infrastructure, identification, financial services, data empowerment and protection, platforms, and skills.

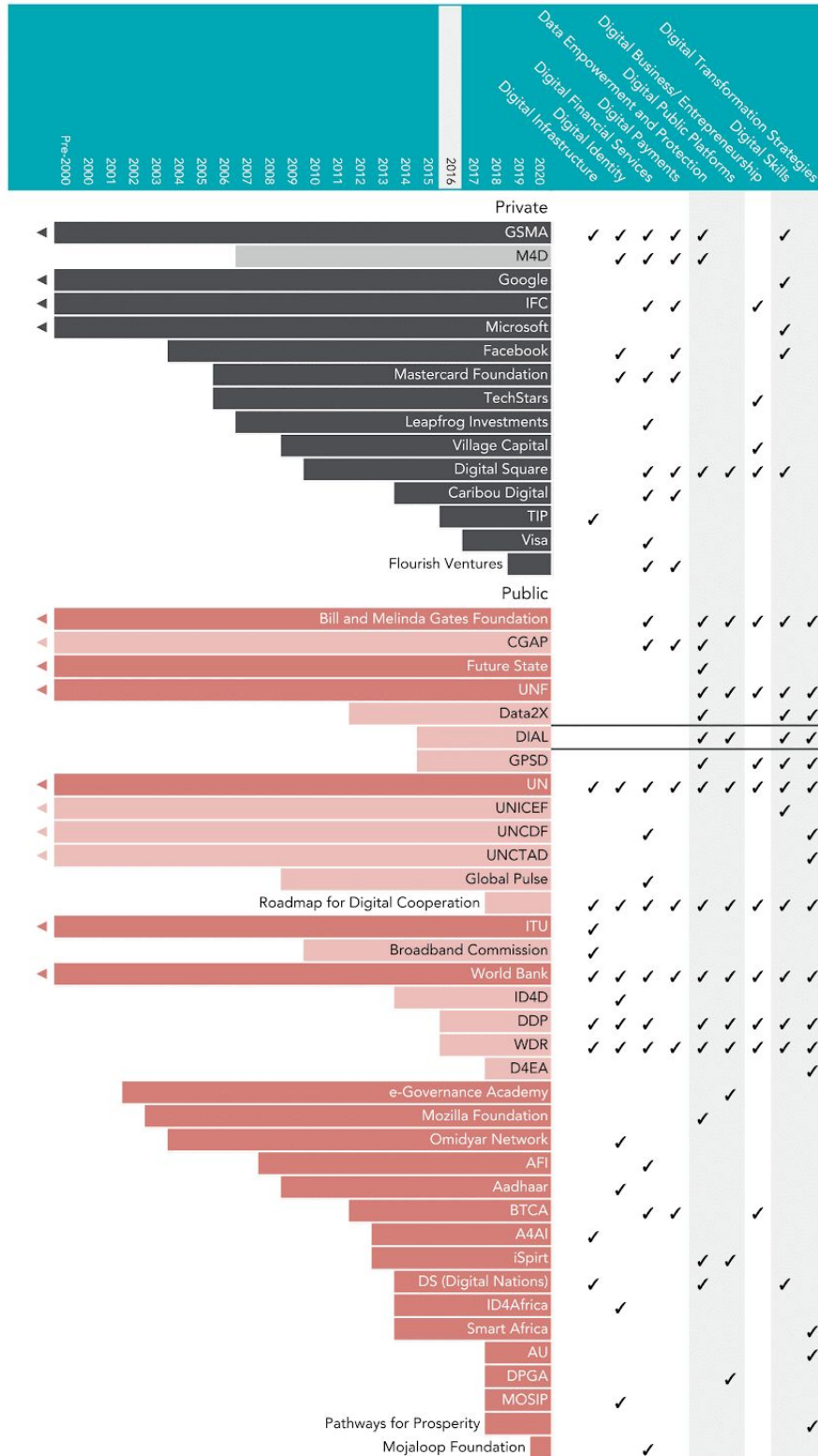


Figure 2.2: Major players working on different pillars of the Digital Economy over time

The digital marketplace saw global mobile broadband users grow from 33% of the world's population in 2016 to 51% in 2019 (ITU, 2020). Over a similar period, there has been a significant increase in the use of mobile phones and the internet to conduct financial transactions. Between 2014 and 2017, this has contributed to a rise in the share of financial account owners sending or receiving payments digitally from 57 percent to 70 percent in developing economies (World Bank, 2017).

The 2020 COVID-19 pandemic demonstrated value for digital tools, channels, and stimulated demand for digitization support from governments and the private sector particularly related to the transfer of support payments. While the digital ecosystem has evolved significantly over time, several underlying challenges have been worsened by the COVID-19 pandemic, including the continued exclusion of women and marginalized groups and data security and privacy considerations.

EQ 2 Which of these changes are as a direct or indirect result of DIAL's work?

Summary Finding: DIAL's programs were coherent, relevant, and impactful for its partners in the digital for development ecosystem but had little impact on the wider digital marketplace.

Based on the key informant interviews, the evaluation team found that DIAL's work was highly valued and beneficial for its partners and for some in the donor community.

However, non-partner digital thought leaders were unaware of DIAL's work or mandate and did not believe that DIAL had a significant influence in the digital marketplace. Through our review of DIAL program documents, the team found that DIAL did not engage significantly with the wider digital marketplace or with mobile money, which was becoming an important driver of digital inclusion, particularly in Africa. In places where DIAL did engage with the private sector, there did not appear to be a programmatic framework, such as a market systems development approach, to guide programmatic choices.

EQ3: Which of DIAL's interventions have been most effective in creating these changes?

Summary Finding: DIAL's stewardship of the Principles for Digital Development, the country focused work on innovative uses of network data, the SDG investment framework, and donor engagement through the Digital Donors Anonymous were all

cited as effective partnerships that responded to the needs of the digital for development ecosystem.

Proven software and technology portfolio: The SDG investment framework and Principles for Digital Development were cited by many informants as important contributions to the digital for development ecosystem. The work of the Open Source Centre was valued by its partners, but many informants questioned the long-term financial viability of open source products.

Mobile distribution channels portfolio: This area of DIAL's work garnered the least positive response from informants. MNO informants noted the significant privacy and liability concerns that limit engagement with digital for development initiatives. Some informants also noted the limited market size of digital for development initiatives, particularly those implemented by NGOs.

Responsible use of network data portfolio: This portfolio was also highly praised by informants. DIAL advanced the use of mobile data for planning purposes through its work in Malawi and Mozambique, but challenges remain, particularly for MNOs. Partners in-country felt that the work was coherent and responsive to their needs and spoke highly of DIAL's staff and their collaborative approach to partnerships. MNO respondents highlighted the continued challenges of data partnerships. Responsible use of network data was also the content that generated the greatest amount of traffic to DIAL's website, but it was not amongst the most frequent publication categories and has received fewer resources.

EQ 4: What can DIAL learn or adopt from these experiences as it moves into a new strategy?

Summary Finding: DIAL has already made significant shifts in its approach as it moves to its new Digital Beacons Strategy such as greater focus on fewer stakeholders and greater clarity of messaging, but there are additional lessons that should inform its work going forward.

Other lessons from the 1.0 strategy that should be incorporated include building upon an effective in-country partnership approach, and expanding work with donors to provide a greater platform for exchange and coordination. Areas for consideration in the new strategy include a revamped theory of change with sharper and more meaningful targets. DIAL should also examine its operating model to support effective work in-country and incorporating elements of market systems programming into their programming approach.

DIAL should also consider ways to increase its engagement with the digital marketplace, particularly those in the digital finance and digital ID sectors.

Recommendations

The new strategy places countries and their digital transformation at the center of DIAL's work. These shifts received overwhelming support from our key informants. As DIAL shifts to its new strategy, the evaluation has surfaced a number of issues that DIAL should consider as it moves forward.

Strategy and operations

Remain sector-neutral but incorporate market perspectives and enhance relationships with organizations that are extending the basic building blocks of digital inclusion, including digital financial services and digital ID. As DIAL shifts to its Digital Beacons strategy, it should continue to advocate for a sector-neutral, building-block approach to its work. This will be particularly important as it advances a whole of government approach to digitization. Those players would likely benefit from a deeper understanding of the [Principles for Digital Development](#) (the Principles) and DIAL's other programs.

Take a more explicit market facilitation approach to programming. Understanding the drivers of change for expanding access to digital services and developing interventions to shift those drivers will be critical as DIAL moves to implement its new strategy.

Strengthen Theories of Change and results framework. The new theories of change and results frameworks should be examined through the [Financial Sector Deepening Africa \(FSDA\) framework](#) to assess for evaluability. As DIAL moves to country-specific programming, it will be easier to define specific digital inclusion and digital transformation targets for inclusion in the framework.

Continue to address the challenges in the digital ecosystem that have been exacerbated by the COVID-19 pandemic, including the digital divide and data security and privacy.

Stakeholder engagement

Continue to engage donors and offer a platform for greater exchange beyond the Digital Donors Anonymous (DDA). Donors appreciate the role that DIAL plays in helping them to think through opportunities for enhanced digital development. DIAL should consider expanding this role through a greater engagement beyond the regular calls, including facilitating learning events.

Further clarify DIAL's role and unique selling proposition (USP) in the ecosystem globally and in-country, particularly as it relates to the digital marketplace. Given DIAL's size and scale and that of others in the sector, DIAL could benefit from specifying its role in an increasingly crowded digital ecosystem. This could include building capacity of governments to develop digital strategies and roadmaps, advancing user centric approaches or advocating for responsible data usage. It should also clarify what it will not do and how it will partner with others in the ecosystem.

Develop an influencing strategy to target messaging and communications to specific audiences. For DIAL's advocacy and demonstration work, DIAL should do a deeper analysis of the ecosystem, including the digital marketplace to ensure that communications products speak directly to the needs of the target audience. It should also continue to publish on the theme of responsible data use as it drives traffic to DIAL's website. DIAL has indicated that they wish to continue their approach of supporting from behind through a white-labeled approach. DIAL and its funders should be aware that such an approach may make a future evaluation of DIAL's influence challenging.

Examine DIAL's operating model for in-country work: For DIAL to truly be effective in advancing whole of government digital solutions, it will need to think about how best to deliver this support. Respondents in Malawi noted the benefit of having strong, neutral, technical staff based in-country with effective working relationships with key stakeholders. This requires time, on the ground presence, and trust, which is hard to build remotely.

Advance donor coordination in-country. Informants noted the need for greater coordination and coherence in-country as the number of players in the digital ecosystem continues to grow, including technology firms that are setting up their own charitable programs. DIAL's deep technical expertise and trusted relationships can play a critical role in helping countries make effective choices as they embark on their digital transformations.

Thought leadership

Consider an effective balance between demonstration projects and research. Many informants highlighted the importance of practical, on the ground examples of projects that can help to drive advocacy and policy dialogue.