Assessing and managing social performance in microfinance
Assessing and managing social performance in microfinance
This document has been developed by IFAD, with significant input and support from Anton Simanowitz. It draws heavily on the work of Improving the Impact of Microfinance on Poverty (Imp-Act), a three-year action-research programme working with 30 rural finance institutions (RFIs) in 20 countries. Some sections of this document have been reproduced, with permission, from Imp-Act materials. In addition, Cécile Lapenu of the Committee for Exchanges, Reflection and Information on Savings and Credit Systems (Comité d’Echanges, de Réflexion et d’Information sur les Systèmes d’Epargne-crédit) has also made significant contributions in the presentation and analysis of the tools and methods for the assessment of social performance.

Printed at IFAD in 2006 with the support of Finnish Supplementary Funds.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acronyms</td>
<td>6</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>8</td>
</tr>
<tr>
<td>NEW APPROACHES TO SOCIAL PERFORMANCE</td>
<td>10</td>
</tr>
<tr>
<td>ASSESSMENT AND MANAGEMENT IN MICROFINANCE</td>
<td>11</td>
</tr>
<tr>
<td>Conceptualizing social performance</td>
<td></td>
</tr>
<tr>
<td>Goals for SPM</td>
<td>11</td>
</tr>
<tr>
<td>Assessing social performance</td>
<td>12</td>
</tr>
<tr>
<td>Developing SPM systems</td>
<td>13</td>
</tr>
<tr>
<td>SELECTING TOOLS AND METHODS</td>
<td>20</td>
</tr>
<tr>
<td>Research methods</td>
<td>20</td>
</tr>
<tr>
<td>Which tools and approaches should be implemented in response to which questions?</td>
<td>21</td>
</tr>
<tr>
<td>Question 1: Does the MFI have the available means to attain its social objectives?</td>
<td>21</td>
</tr>
<tr>
<td>Question 2: Who are the MFI's clients?</td>
<td>22</td>
</tr>
<tr>
<td>Question 3: How are the products and services offered by an MFI used by clients?</td>
<td>25</td>
</tr>
<tr>
<td>Question 4: Are the clients satisfied with the services?</td>
<td>26</td>
</tr>
<tr>
<td>Question 5: What relationship do clients have with the MFI and the products and services it offers?</td>
<td>27</td>
</tr>
<tr>
<td>Question 6: How does the socio-economic situation of clients and their families evolve?</td>
<td>28</td>
</tr>
<tr>
<td>Question 7: How do an MFI's financial services fit into a local economy?</td>
<td>30</td>
</tr>
<tr>
<td>GOOD PRACTICE IN SOCIAL PERFORMANCE AND MANAGEMENT</td>
<td>32</td>
</tr>
<tr>
<td>Small Enterprise Foundation, South Africa</td>
<td>32</td>
</tr>
<tr>
<td>Prizma, Bosnia and Herzegovina</td>
<td>35</td>
</tr>
<tr>
<td>The Covelo network, Honduras</td>
<td>36</td>
</tr>
<tr>
<td>Finrural, Bolivia</td>
<td>38</td>
</tr>
<tr>
<td>PRADAN, India</td>
<td>40</td>
</tr>
<tr>
<td>Vola Mahasoa, Madagascar: SPI usage</td>
<td>42</td>
</tr>
</tbody>
</table>
RECOMMENDATIONS FOR IFAD SUPPORT
FOR SPM IN RURAL FINANCE

- Step 1. Select rural finance partners
- Step 2. Align information needs
- Step 3. Support rural institutions in developing SPM capacity
- Step 4. Conduct in-depth research

ANNEXES

I Description of practitioner-oriented social performance assessment tools and approaches
II Social performance management tools
III Social performance assessment versus impact assessment
V CGAP social performance of financial institutions
V Quantitative and qualitative methods
VI References

TABLES

1 Operational changes by Covelo partners linked to SPM work
2 Impact Assessment Objectives and the ILS
3 Classification of existing tools by type of social performance question and type of information produced

FIGURES

1 Impact pathways, MikroPlus, Croatia
2 Tracking progress by employing a monitoring system
3 The feedback loop
4 The four dimensions of the Vola Mahasoa SPI tool
5 Key messages of the Imp-Act programme
Acronyms

AIMS  Assessing the Impact of Microenterprise Services (project)
CGAP  Consultative Group to Assist the Poor
Imp-Act Improving the Impact of Microfinance on Poverty: Action Research Programme
MFI  microfinance institution
MIS  management information system
IKM  impact-knowledge-market (programme)
ILS  internal learning system
PAT  poverty assessment tool
PLA  participatory learning and action
PRA  participatory rapid appraisal
PRADAN Professional Assistance for Development Action (India)
PWR  participatory wealth ranking
QUIP qualitative in-depth individual impact assessment protocol
RFI  rural finance institution
SEEP  Small Enterprise Education and Promotion (network)
SEF  Small Enterprise Foundation (South Africa)
SPI  social performance indicator
SPM  social performance management
USAID United States Agency for International Development
Social performance is the effective translation of an institution’s social mission into practice. The social value of microfinance relates to the way financial services improve the lives of poor and excluded clients and their families and widen the range of opportunities for communities. To create this value, the social objectives of a microfinance institution (MFI) may include objectives that:

- serve increasing numbers of poor and excluded people in an ongoing, sustainable way both by broadening and by deepening outreach;
- improve the quality and appropriateness of the financial services available to target clients through the systematic assessment of their specific needs;
- create benefits for microfinance clients, their families and communities that are related to social capital and social links, assets, reduced vulnerability, income, access to services and the fulfilment of basic needs; and
- improve the social responsibility of the MFI towards its employees, clients and the community it serves.

Social performance is not just about measuring these objectives and outcomes but also about the actions and corrective measures taken by an MFI to generate those outcomes. It does not focus only on final impact. The aim is to determine whether the MFI gives itself the means to reach its social goals, by monitoring progress towards those goals and understanding how to use the information it gathers to make improvements in its operations.

**IFAD’s role and interest**

IFAD’s Strategic Framework emphasizes the importance of monitoring the effectiveness of its intervention both at the field level and in relation to IFAD’s policy dialogue and advocacy role. This applies equally to microfinance, where the prime objective of IFAD programmes is to improve the lives of the rural poor by facilitating sustainable access to a variety of financial services.
(e.g., credit, savings, insurance, remittances). In such a context, assessing the efficacy of its rural finance programmes is an important priority for IFAD. Social performance assessment measures the changes among households and communities due to the action of IFAD programmes. This document recommends a broader approach that involves understanding, on a regular basis, whether the programmes have the means to reach their social objectives and how to improve their actions in terms of households and communities. IFAD can adopt this social performance paradigm to monitor its programmes more closely and to follow their impact over time.

**Goal of this document**

This document offers a framework for IFAD to develop internal systems that monitor progress towards its social objectives in rural finance. This information could then be incorporated into operational practice and provide the basis for social performance management (SPM) among rural finance institutions (RFIs). By supporting such internal systems, IFAD could shift the focus from individual one-off assessments of impact towards continuous monitoring and learning about MFI social performance, a transition that would improve project management implementation and ultimately strengthen the impact of its rural finance programmes.
New approaches to social performance assessment and management in microfinance

Conceptualizing social performance

Most MFIs have a social mission. They may be working, for example, to broaden access to financial services, reduce poverty, empower women, build community solidarity, or promote economic development and regeneration. **Social performance** refers to the extent of their success in meeting these goals.

*The concept of social performance focuses not only on the final impact, but also provides a framework to understand the process by which social objectives are achieved,* as summarized in the flow diagram below.

- **INTENT and DESIGN:** What does the MFI seek to achieve (its mission and social performance objectives)? How are services and performance objectives designed to this end?

- **ACTIVITIES:** How are services to target clients through specific organizational structures created to reach the organization’s objectives?

- **OUTPUT:** What services are delivered? How good are they? To whom are they delivered? What is the breadth and depth of the outreach? Are the services sustainable?

- **OUTCOME:** What changes result from the use of the services provided? Do businesses expand? Incomes increase? Skills develop?  

- **IMPACT:** What are the longer term, sustainable changes as a result of the outcomes, such as poverty reduction? What are the unintended consequences?

This flow chart helps conceptualize the aspects of the performance of an MFI that contribute to the institution’s long-term social objectives. Clarity on this allows for a better understanding of the assessment needs at each stage of the process, the type of information that may be analysed and the way to use it. The assessment of performance at each level allows the feedback of
information so that practice can be improved. Rather than simply assessing performance during the final stage, adjustments may be made that improve an MFI’s ability to achieve its mission.

This section outlines how information from the assessment of social performance can be used to inform decisions that affect both the social and the financial performance of MFIs.

**Goals for SPM**

Many investors in microfinance are interested in contributing to objectives such as reducing poverty and reaching the Millennium Development Goals. To date, progress towards these goals has been assessed primarily through one-off impact assessment studies led by external stakeholders. These studies are often of little use to MFIs themselves as they tend to be too complex, time-consuming and costly. In addition, these studies often do not generate information that is sufficiently timely, regular, reliable and cost effective to aid the MFIs’ own SPM.

A SPM approach seeks to balance the needs of various stakeholders, including the external need to demonstrate impact and an MFI’s internal need to improve practices. Financial portfolio data alone are not sufficient to allow managers to make operational and strategic decisions or to permit donors to assess the social value of investment choices. SPM can be simple and cost effective, helping MFIs to serve their clients more effectively, improve overall operational performance and report to external stakeholders. SPM focuses on gathering information that allows MFIs to understand their clients more closely and to improve the appropriateness and effectiveness of the financial services.

SPM fits well in the shift in emphasis from ‘supply-led’ to ‘demand-led’ microfinance. As competition has increased and more organizations have experienced high rates of exit or lack of growth, there has been a growing awareness that microfinance needs to be more responsive to clients, identify the types of clients reached and understand how MFIs respond to needs and constraints. SPM builds on this client-focused approach, providing MFIs with tools for responding to the developmental needs of clients by clearly defining the social goals and managing the progress towards these goals. This is beneficial in two ways.

(i) Greater transparency about their success in reaching and serving target markets will allow donors and investors to make good use of resources for development programmes.

(ii) Social performance information helps MFIs understand client needs and develop more appropriate and effective services. The development of simple, routine and self-directed methods of assessing social performance by MFIs themselves offers a way forward.
By investing in SPM, IFAD can ensure that the social return of microfinance improves and that the broader development community is aware of this return.

It is important to note that internal assessment systems at an MFI will not meet all the information needs of IFAD. MFIs are good at collecting and using information related to the direct outputs and outcomes of their work. Normally, information about impact beyond individuals and households is unlikely to be collected as part of routine SPM work, though impacting the quality of life for individuals and households may be included in the mission of the MFI. Given the complexity of impact pathways and the numerous factors beyond the intervention of an MFI, impact assessment in this area requires specialist research and is often best conducted at the sectoral or national level. Internal systems can provide good base-line information, while an external stakeholder is interested in conducting more in-depth research in relation to a particular aspect of the MFI’s work.

Assessing social performance

Assessments of the social performance of an MFI can be conducted in different ways and at different levels. The methods and tools depend on the overall objectives of the SPM process, which is influenced by the various stakeholders of the MFI (see Annexes I and II for more details on methods and tools). The assessment of each stage of social performance is associated with particular challenges.

- Assessing ‘How?’: To assess whether an MFI has appropriate design and systems to enable it to achieve the desired social outcomes, the focus is on the social objectives of the MFI, their clarity, the MFI’s systems, and its services and delivery mechanisms. Institutional audits or assessments provide this type of information.

- Assessing ‘What?’: Assessment at the output level involves defining indicators that reflect the breadth and depth of outreach and the quality and appropriateness of the services. Client assessment and market research tools provide information about the quality and appropriateness of the services delivered, while poverty assessment and client monitoring supply information about the clients reached.

- Assessing ‘What effect?’: Assessment of client level outcomes and impacts looks at changes at the level of the client in broad social indicators such as changes in the client’s status, the client’s business, the client’s household and community-wide impacts. Monitoring systems, surveys, focus group discussions and other qualitative research methods provide information about outcomes in terms of the changes experienced by clients. Impact assessments offer more rigorous information about the long-term benefits to both clients and the wider community.
While emphasizing the different priorities of an MFI’s stakeholders, it is important to note that there is usually some overlap among priorities. Significantly, many research methods will provide information that can be rigorous in answering questions about outcomes and impact, as well as useful in its application. Skillfully designed SPM therefore combines methods to create an appropriate degree of rigor, achieve results and maximize the possibilities for using a simple range of information sources for these different purposes.

Developing SPM systems

SPM systems can examine the intent, design, activities, outputs, outcomes and impacts in order to evaluate the social performance of an MFI. This section considers how MFIs can assess and manage their social performance. The vision for SPM is a system integrated into the day-to-day work of an MFI and tailored to its specific context and social objectives. The system generates data at all levels by monitoring client outreach and shifts in status, understanding the reasons for these changes and then translating these data into management decisions and action designed to improve practice.

The Improving the Impact of Microfinance on Poverty: Action Research Programme (Imp-Act) has developed a five-step framework to manage social performance:

(a) clarify the MFI’s mission, objectives and activities;
(b) plan the SPM system;
(c) develop a routine monitoring component;
(d) develop ad-hoc assessment components; and
(e) use and institutionalize the social performance information.

This framework emphasizes the development of internal information systems within MFIs and promotes the use of this information to meet external needs. No one system suits every situation. So, to be useful and appropriate, MFIs need to design and adapt systems that fit their organizational mission, culture and resources.

(a) Clarify the MFI’s mission, objectives and activities
The first step in developing SPM is to clarify the social performance objectives of the organization, the activities that will be undertaken and the pathways by which these activities will lead to the desired outputs, outcomes and impacts. While most MFIs have a social mission, it is important for them to consider how the activities they undertake will operationalize that mission. MFIs need to review their objectives as a part of strategic and annual planning and budgeting. These objectives will then guide strategic decision-making and resource allocation.

---

3 This section draws heavily on Imp-Act (2005a) and the Imp-Act Practice Notes, available at www.Imp-Act.org.
A clear understanding of the impact pathways by which an MFI’s social objectives are likely to be achieved guides the design of activities and helps in the formulation of hypotheses, which are expectations about the effect that providing services will have on an MFI’s clients. An MFI, for example, might expect that “participation in a microfinance programme leads to increases in enterprise fixed assets”. In this case, a survey would test this hypothesis by including questions about the fixed assets acquired for the enterprise over the past year and the sources of the funds used. Most MFI mission statements have key hypotheses embedded in them, but these sometimes need to be made more explicit. Figure 1 shows an example of some of the impact pathways of MikroPlus, an Imp-Act partner in Croatia.

Impact pathways highlight the main steps in the social performance process and therefore help identify what needs to be assessed in order to know whether the organization’s objectives are being achieved. It is impossible to monitor every aspect of social performance, so it is important to choose a small number of easy-to-measure indicators that will produce the most important information needed. Indicators act as markers to help show if and how changes

---

**Figure 1**
Impact pathways, MikroPlus, Croatia

- **Cause:** Unemployment
- **Social performance objectives:**
  - Increase household economic security
  - Increase household income
- **Activities:**
  - Enterprise loans
  - Group guarantee and advice
- **Client problem:** Unstable family incomes resulting in lack of household security
- **Use of services by clients:**
  - Households use money to start new businesses/extend existing businesses
  - Individuals interact and exchange business ideas (presentation of business plans)
- **Coping mechanism:**
  - Borrowing from family/friends to smooth household consumption
  - Borrowing from MikroPlus to develop business
- **Expected outcomes:**
  - Higher and more stable household incomes
  - Greater household employment
  - Risk diversification opportunities
  - Better business skills and reduced risk of failure

**Source:** Microfinance Centre for Central and Eastern Europe and the New Independent States (MFC)
are happening over a period of time and allow for the establishment of
benchmarks against which to judge whether objectives are being met.

For many MFIs, indicators are associated primarily with the assessment
of outcomes and impact; it is nonetheless important to realize that indicators
are needed not only at the outcome and impact assessment levels. Indeed,
many MFIs typically already use output with reference to the client profile or
services delivered. It is therefore important to be clear about what an MFI
wants to measure before attempting to develop specific indicators.

As a simple example, an MFI may specify that their mission is to
alleviate poverty among rural women through the provision of microfinance.
One of their objectives might be to make appropriate savings and credit
services available to all poor and vulnerable women within a specific area. A
hypothesis they may wish to investigate is that access to savings and credit
services leads to increases in household welfare. An indicator to test this
hypothesis might be the changes in household expenditure on food.

In developing hypotheses and selecting indicators, it is important to
consider which level of impact to examine. One may distinguish among the
individual level, the household or family level and the enterprise or farm
level, depending on the MFI’s mission. When the mission, for instance, is to
improve people’s businesses, the impact analysis should focus on changes
among enterprises. Beyond the household, impact could be measured in
communities, financial institutions and the financial sector.1

Microfinance can affect several dimensions of the lives of clients. A
multidimensional understanding of poverty has become the basis for donor
interventions and is reflected in the Millennium Development Goals. Impact
analysis approaches have therefore tended to reflect this multidimensional
aspect of poverty and distinguish among the economic, social and political
dimensions of poverty. Each dimension contains several domains; the
economic dimension of poverty, for example, can be assessed through levels
of expenditure, income, assets, or consumption.

(b) Plan the SPM system
In the next stage, an MFI should clarify what it wants to know about its social
performance and how this information will be used by the MFI and other
stakeholders. This process answers some fundamental questions, including:

• Who uses and who is excluded from using the services? Does the MFI
  reach its target market?
• What are the characteristics of clients? Why do some leave or fail to
  make full use of the services, while others remain active clients over
  many years?
• Which products and services are useful and effective for clients?
• What changes are happening in clients lives?
• How can the MFI improve its social performance?

4 The assessment of impact in the financial sector and at the
national level is examined in various publications issued through
the Imp-Act programme; see www.Imp-Act.org.
MFIs need to determine exactly what information will be collected, how often, by whom, how it will be communicated and how it will be used. This entails developing systems for data collection, for data processing and analysis, for reporting on information and for the use of this information by management. Each organization needs to tailor a system to its specific information and management needs and be careful not to be too ambitious given the relevant human and financial resource constraints. According to the questions identified and the information needed, a range of tools and approaches can be adopted (see Annex II).

(c) Develop a routine monitoring component

A routine monitoring component provides an MFI with regular, systematic information on the status of its clients. This timely information allows the staff and clients of an organization to make decisions to improve the quality of their work. Monitoring provides signals of change that can be used to alert the organization to issues that need to be better understood or may be used to monitor and report on performance targets. Monitoring by itself does not produce information about why changes are occurring, but, when complemented with follow-up research, can be an important part of assessing and understanding change.

Monitoring systems need to be designed to provide information about the profile and changing status of clients routinely and in a representative way. Commonly, this is achieved by integrating a small number of questions about key indicators into the routine work of field staff and capturing these data in the MFI’s management information system (MIS). Data may be collected from all clients where detailed segmentation of the data is required (e.g., credit scoring) or from a sample. The client monitoring system developed at the Workers Bank of Jamaica, for example, provides information about the changes that have taken place among client enterprises and households. Indicators include:

- enterprise level: profits, value and type of fixed assets, employment;
- household members: gender, age, level of education;
- household: income and assets, expenditure on food, expenditure for education;
- sources of income and sources of credit; and
- housing condition.

Linking monitoring and the MIS assists in processing data, thereby allowing regular reporting so as to track patterns and trends in client progress. It permits social and financial performance information to be managed side by side, which helps ensure that the information is used to strengthen overall organizational performance (see Figure 2). Monitoring can also be achieved in other ways (e.g., regular client interviews, reporting at staff meetings).
NEW APPROACHES TO SOCIAL PERFORMANCE ASSESSMENT AND MANAGEMENT IN MICROFINANCE

Figure 2
Tracking progress by employing a monitoring system

The Small Enterprise Foundation (SEF, South Africa) tracks a number of social performance indicators through its MIS. It monitors the progress of all clients in its poverty-focused programme. Data are collected on each loan cycle. They are discussed by clients and field staff and provide management and the board with graphical information about progress. Three examples below show how SEF monitors its performance.

Average Food Score

1. Tracking progress of social indicators

Graph 1 shows MIS data tracking client perception about food quality. Figures are for all clients on each loan cycle. They show that, on average, clients on later loan cycles report a higher quality of food.

Average Poverty Score

2. Tracking mission drift

Graph 2 is used to monitor whether the clients who were poor on entry have remained in the programme over time. The figures are for all clients on each loan cycle, with a higher score representing poorer clients. Consistency in average poverty score between loan cycles would show that, on average, the profile of clients remains constant in terms of their poverty level on entry.

TCP dropout rates, 1998-2003

3. Early warning system

MIS data are used to monitor exit rates both for the organization overall and for individual branches and staff. Rates are reported at monthly meetings, and any increase above the minimum target rate of 18% results in action to understand the reasons for the increase and action in response to the increase. The graph shows one example of a major drop-out problem and how this fell in response to management action.
(d) Develop ad-hoc assessment components

While monitoring allows for the identification of patterns and trends in client performance, it alone does not provide information about the reasons for the changes observed, which may relate to the clients, MFI operations, or external factors. As a result, MFIs undertake research to understand specific questions related to marketing, client satisfaction, or the impacts of service provision. Such research supplies a general understanding of a situation and can be focused on answering very specific questions on pressing issues. Understanding the reasons behind the changes observed through an MFI’s monitoring systems helps an MFI respond to its situation and improve the effectiveness of its services.

An understanding of the changes observed can be achieved in a number of ways. The staff of the MFI may reflect on their own experience and make conclusions about the likely causes of a change, use information from other sources, such as government studies, conduct follow-up research based on market research or participatory, survey, or in-depth interview methods, contract an outside researcher, or work with a national or international network or donor to conduct in-depth research. The type of follow-up undertaken will depend very much on the need to achieve a proper balance between the information requirements of the MFI and its stakeholders with the amount of money and the number of people that can be committed to the work.

(e) Utilize and institutionalize social performance information

Data from an SPM system provide information about the MFI’s performance in view of its objectives. When combined with other institutional data (e.g., financial data, staff performance data, growth statistics), the MFI can create a more comprehensive picture of organizational performance. This information can be fed into ongoing operations and strategic planning activities. Consideration must also be given to how the information will be communicated to relevant staff, how recommendations for action will be developed, and how these will be translated into practice. Information is, too often, not properly analysed or not used in a way conducive to action. A feedback loop helps translate the information collected, analysed and reported into decision-making and the implementation of changes in response to the lessons learned (Figure 3). Even well-designed SPM systems are only useful when they are incorporated into organizational structures and everyday work. SPM needs to be aligned with other processes, such as human resources, marketing, financial management, budgeting, strategic planning, incentives and communications.

7 For more discussion, see “Selecting Tools: Matching Tools to Needs” in Imp-Act (2005c). Detailed discussion can also be found in Barnes and Sebstad (2000).
Figure 3
The feedback loop
A wide range of methods and tools can be used to monitor and assess social performance. Less cumbersome and less expensive methods are now available that can be mastered by MFI practitioners who can conduct the assessments themselves or be closely involved with local experts in the implementation. This section offers guidance on the process of selecting appropriate tools and methods and is followed by an overview of common methods that might be used by IFAD-supported MFIs (see also Annexes I and II).

At the outset, MFIs may be overambitious when conducting research on their clients and products. As with all types of practice, it is best to start small, fit the work into existing management systems and methodically build a culture of questioning and investigation that will enable the MFI to become a more effective organization. It is therefore critical to start by planning realistically within the limits of the available resources. Many research exercises fail because too many data are collected, and there is insufficient expertise and time to analyse them. As a result, findings are not produced in a straightforward manner that allows managers to make operational changes to improve the performance of the MFI.

Research methods

In addition to the monitoring systems outlined above, a range of research methods are able to generate different types of information and can be used to answer social performance questions. These methods are categorized into three broad types.

1. **Quantitative information on individual clients** is usually collected through a survey tool. This generates data points that are analysed using statistical methods to make representative statements about the outreach and impact performance of the programme.

2. **Qualitative information on individual clients** is usually collected through in-depth interviews or case studies. These methods generate information in the form of words and narratives that offer detailed insights into the way clients use the services and how different dimensions of impact may be occurring.
Qualitative information collected among groups through techniques such as participatory rapid appraisal (PRA) or participatory learning and action (PLA).

- PRA techniques involve participants in the exercise of generating information, but do not involve them in a systematic or ongoing way in the analysis and use of the information.
- PLA techniques focus on group participation in data collection, analysis, reporting and planning as a key feature of programme design. PLA tools are specifically intended to expand skills and ownership among programme participants and increase the capacity of participants to plan, implement, monitor and evaluate their own initiatives.

While PRA and PLA techniques also produce information in the form of words, the findings are derived from a group. The information thus cannot be treated in the same way in terms of the attribution of the origin of change as when it is derived directly from individuals.

Which tools and approaches should be implemented in response to which questions?

The monitoring of impact and social performance can be characterized by the variety of questions, objectives, requirements and parties concerned and the methodological concerns of the work. In this light, the following review of tools focuses on possible questions that may be asked (see Annex II for more detail on the conditions of implementation, the uses and the limits of each tool).

QUESTION 1:
Does the MFI have the available means to attain its social objectives?
Approaches and tools exist or are currently being implemented to help MFIs in the ongoing monitoring of their actions. The objective of this exercise is to evaluate whether the implemented means and ongoing actions are appropriate for the institution’s social mission. These piloting tools evaluate the “upstream” processes in an MFI’s chain of activities and are based on the hypothesis that proportionality of means to objectives can provide better client impact at the end of the chain.

Institution’s chain of activity
Intent and Design → Activities → Output → Outcome → Impact
The CGAP poverty audit tool
The poverty audit of the Consultative Group to Assist the Poor (CGAP) is designed to assist in the evaluation of the extent to which an MFI is oriented towards addressing issues of poverty and serving the perceived needs of poor clients. It seeks to separate mere public pronouncements from a concrete and sustained commitment to a poverty focus. For this tool to function properly, it is necessary to identify how institutional practice and action, via the adopted methodology, products and services, actualize the vision of poverty reduction (see Tool N° 1, Annex II). While this tool is extensive and thorough, it is also costly and more likely to be employed by an MFI when funded by a donor.

The CERISE social performance indicator tool
The CERISE social performance indicator (SPI) tool assists in evaluating the intentions, actions and corrective measures implemented by an MFI, with a view to determining whether the MFI has the means available to attain its social objectives. It can be used internally as a basis for reflection on the MFI’s social mission and the means of pursuing this mission or, externally, as a basis for dialogue with the MFI concerning the social objectives of the MFI. Future versions of the tool will incorporate a social rating function.

The SPI tool gathers information available within the MFI, including through staff (e.g., management and departments such as training and human resources) and the MIS. These quantitative and qualitative data can be categorized into four dimensions:

1. targeting the poor and the excluded;
2. adapting services and products to the target clientele;
3. improving clients’ social and political capital; and
4. maximizing the MFI’s social responsibility (see Tool N° 2, Annex II).

QUESTION 2:
Who are the MFI’s clients?
Three kinds of tools are used to evaluate the standard of living of clients.

1. Monitoring tools capture basic information about who an MFI serves by gathering data on a regular basis from a sample of all clients. These tools might include a few straightforward indicators that offer some basic information about the clients served by the MFI. Prizma in Bosnia and Herzegovina, for example, has developed a poverty scorecard that measures and assigns weights to seven simple, inexpensive-to-collect indicators strongly correlated with poverty. The scorecard ranks clients by both their relative and their absolute level of poverty, allowing the MFI to monitor trends in client status. 11

11 See the case study of Prizma on page 35 for more information.
(2) Selection tools can help an MFI choose certain categories of clients. This is particularly relevant for the selection of poor clients if the principal objective of the MFI is to fight against poverty by targeting the most deprived.

(3) Evaluation tools can also be used to understand who is actually participating in the programme (and who is excluded from it). This allows the MFI to determine if the targeting objectives are being attained. Such information can then be used to adapt products and services to the real needs of clients. Determining the standard of living of clients is useful in any subsequent evaluation of the programme’s impact and generally constitutes part of the first phase of impact evaluation.

Institution’s chain of activity
Intent and Design ➔ Activities ➔ Output ➔ Outcome ➔ Impact

Upstream selection tools
These tools are used to select clients on the basis of pre-established criteria. Applicants who fulfil these criteria will be allowed access to a loan, and those who do not will be turned down. These criteria are determined on the basis of the MFI’s objectives, which may be to select poor and excluded populations or, alternatively, clients thought to be safe, as in a bank’s scoring system. They must allow a credit agent or selection committee to decide quickly and simply whether a potential client falls into a certain category. In some cases, clients may be incorrectly classified; additional enquiries addressed to the client can then provide the in-depth information necessary to verify his or her eligibility.

Upstream tool 1: Classification by participatory wealth ranking
Participatory wealth ranking (PWR) classifies families on the basis of their level of poverty as determined by the community’s own criteria. This tool is based on the idea that poverty depends on locally determined characteristics and that a single indicator imposed from outside may be biased. While, for example, ownership of a house might indicate the poverty level of a household, it is not necessarily a good indicator in an area where the population benefits from government housing programmes. PWR helps to identify the target population of the “poor” and distinguish between the “poor” and other groupings (e.g., “very poor,” “moderately poor”) (see Tool N° 3, Annex II).

Upstream tool 2: The Cashpor housing index
The Cashpor housing index identifies the target population of the “poor” and distinguishes among the other wealth groupings on the simple basis of the quality of housing (see Tool N° 3, Annex II).
Downstream evaluation tools

These tools are used to verify the standard of living of clients who have access to an MFI’s financial services. While they do not measure impact as such (i.e., “What is the effect of the services?”), they determine the extent of the MFI’s outreach (i.e., “Who has access to the services?”). Evaluation criteria are determined on the basis of the characteristics of the clients to be analysed, including:

- indicators of standard of living and of poverty within the MFI’s area of intervention; and
- type of activity (farming, small businesses, etc.) if the MFI targets specific profiles.

These tools generally necessitate client surveys and national or local data as a point of comparison.

Downstream tool 1: The poverty assessment tool of CGAP and the International Food Policy Research Institute

The poverty assessment tool (PAT) aims to answer two simple questions: Who are the MFI’s clients and what is their standard of living relative to non-clients? The PAT is based on a five-page questionnaire about family structure, education, principal occupations of adults, food security, housing quality, other goods and access to services. The questionnaire, which takes into account different dimensions of poverty and which is targeted at local households, must be adapted to local conditions (e.g., specific poverty indicators, choice of assets, staple local foods). The PAT results in a relative poverty index that assigns a poverty score to each household and thus permits analysis of the level of poverty of clients compared to that of non-clients (grouped in quintiles, for example) (see Tool N° 4, Annex II).

Downstream tool 2: The ACCION approach to client poverty evaluation

ACCION International evaluates the absolute level of poverty of clients in relation to the rest of the population by using information collected by the MFI from its clients. The ACCION evaluation tool is thus based on existing data. The first phase of the project involves the analysis of the data existing in the MIS of several partner MFIs and a comparison of the results with data drawn from national surveys of households (essentially, the World Bank’s Living Standard Measurement Studies) (see Tool N° 5, Annex II).

Downstream tools: Other client evaluation tools

Other downstream tools are used on an ad-hoc basis to evaluate and monitor the profile of an MFI’s clients, particularly through the use of monitoring forms (e.g., client forms, family forms, institutional scorecards). In addition, a research programme is working on the definition of client poverty evaluation tools supported by the United States Agency for International Development...
(USAID) programmes.12 Since the Microenterprise for Self-Reliance Act of 2000, the US Government has required that 50% of the resources allocated to microenterprises through USAID target very poor enterprises. In June 2002, a renewal of the act required that USAID, in consultation with MFIs and other stakeholders, develop at least two tools to measure the absolute level of poverty of clients of USAID-supported MFIs.

**QUESTION 3:**
How are the products and services offered by an MFI used by clients?
Questions relating to how clients use the products and services of an MFI are of greater relevance to marketing and the analysis of client satisfaction. The responses can be used as a basis not only to understand client needs, but also to measure the impact of the services offered. These are evaluation tools to analyse the links between implemented actions and the results at the client level (in terms of outreach, usage and satisfaction) in an MFI’s chain of activities. These tools and approaches belong to the category of measures taken by MFIs in the context of service improvement rather than impact demonstration (i.e., improve, not prove).

**Institution’s chain of activity**

<table>
<thead>
<tr>
<th>Intent and Design</th>
<th>Activities</th>
<th>Output</th>
<th>Outcome</th>
<th>Impact</th>
</tr>
</thead>
</table>

**Portfolio segmentation using the MIS**
Portfolio segmentation provides valuable information about the characteristics of clients who perform well in terms of both financial and social performance objectives. MFIs, for example, can identify the characteristics of the clients who contribute most to profitability and those that demand the most resources to be served adequately. Segmented analyses can be conducted relatively simply; the performance of poorer clients can be compared to the overall portfolio, for example. A computerized MIS will generate richer information by “filtering” for certain client characteristics (e.g., gender, region, age, ethnic group, education level, financial product, business) and detailing the performance of each group.

**AIMS/SEEP tool 3: Study of credit usage strategies, earnings and savings over time**
The goal of the Assessing the Impact of Microenterprise Services project/Small Enterprise Education and Promotion network (AIMS/SEEP) tool is to understand how the usage and allocation of credit, earnings and savings change over time, examine the enterprise’s development, analyse the role of clients in decision-making with regard to service use, identify the tangible effects of such decisions in relation to resource allocation and explore the links between the client’s household and his or her enterprise. (see Tool N° 6, Annex II).

---

12 See [www.povertytools.org](http://www.povertytools.org)/.
Evaluation of household budgets
This method of monitoring budgets helps achieve an understanding of family economies and their development by examining and quantifying the role of financial flows in the family’s production system and determining how a savings and loans strategy might play a role in these flows. The information relates to monetary flows and the analysis of money management, as well as to non-monetary flows, including incoming flows (e.g., harvests) and outgoing flows (e.g., family consumption and reinvestment). Flow analysis is of use in learning about the management of expenses and income, stocktaking, margins and revenue, as well as seasonal factors affecting flows (see Tool N° 7, Annex II).

QUESTION 4:
Are the clients satisfied with the services?
The creation of new products can follow client satisfaction analysis either through a complementary market study, or simply by analysing the reasons for satisfaction and dissatisfaction.

AIMS/SEEP tool 5: Client satisfaction
The goal of this tool is to improve understanding of the opinions and suggestions of clients regarding the programme. The client satisfaction tool is based on group discussions on specific themes. This should help practitioners determine the extent to which the clients are satisfied with the programme and what specific modifications would enable a better response to client needs (see Tool N° 8, Annex II).

AIMS/SEEP tool 2: Study of client exit
The objective of this group of AIMS/SEEP tools is to identify when and why clients decide to leave the programme. They shed light on the programme’s strengths and weaknesses (see Tool N° 12, Annex II).

Qualitative in-depth individual impact assessment protocol, Imp-Act method
The qualitative in-depth individual impact assessment protocol (QUIP) is a method designed to help MFI managers gain a better understanding of their clients through market studies. The information relates to people who make use of the services and people who do not and their reasons for accepting or rejecting the services. Interviews give clients the opportunity to narrate their side of the story and to speak openly and in detail about the way in which the services they have received have affected them (see Tool N° 9, Annex II).

The MicroSave Africa tool: A market study for MFIs
The MicroSave tool studies clients and the market through participatory research techniques. Practitioners are given tools for taking stock of the complexity of the financial, economic and social environment of households in order to
understand their requirements and limitations and the perceptions of both users and non-users of the MFI. The qualitative method is based on two participatory techniques: focus groups and PRA approaches. Focus groups are group discussions directed through the utilization of an interview guide prepared in advance. PRA-type instruments are participatory diagnostic methods with which the participants themselves collect and analyse data concerning their lives and community (with the help of facilitators). These data are then organized around the central question concerning MFIs (i.e., how do target households manage their money?). The tool provides a discussion guide on approximately 20 domains related to the financial needs of households, including household and community economy (financial service requirements) and access to financial services (financial service requirements and position in relation to competitors, including informal competitors) (see Tool N° 10, Annex II).

The Impact-Knowledge-Market tool, PlaNetFinance
The IKM programme is an evaluation and training programme designed for MFIs and national and international organizations. Its goal is to provide information and make recommendations after a series of studies have been carried out, the principal focus of which is the development of knowledge about impacts, clients and potential clients and the market. IKM tools take their inspiration from AIMS and MicroSave tools. They use quantitative, qualitative and participatory methods and are designed to:

- provide in-depth information concerning clients and non-clients and their activities;
- study the impact of microfinance on clients vis-à-vis their households and enterprises;
- measure client satisfaction and identify causes of dissatisfaction;
- evaluate demand and requirements for credit; and
- evaluate causes of client dropout (see Tool N° 14, Annex II).

QUESTION 5:
What relationship do clients have with the MFI and the products and services it offers?

The socio-anthropological approach: Relations among clients and between clients and the MFI
A socio-anthropological approach facilitates a general examination of the MFI’s institutional organization and its social viability on three levels:

1. the impact of the types of credit guarantees (especially in group credit scenarios);
2. the organization of local credit offices; and
3. the integration of these offices in their environment.
In this case, the information derives from:

- participatory observations (observation of the interpersonal relationships of participants);
- open, informal interviews with participants within the MFI;
- semi-formal interviews; and
- focus groups in each office that bring together participants in similar groupings (e.g., employees, managers).

Through ad-hoc studies, the socio-anthropological approach contributes to an understanding of how the MFI relates to its environment. It can thereby improve client relationships and perceptions of the MFI. In sum, it facilitates cohesion between the local culture and the culture of the MFI (see Tool N° 11, Annex II).

**QUESTION 6:**

*How does the socio-economic situation of clients and their families evolve?*

The question of the evolution of the economic situation of clients and their families is at the heart of the issue of impact. One can aim to follow observed changes, take stock of the situations of clients and make use of the information in adapting services (the “improve” method). Alternatively, one can aim to establish a more direct link between the MFI’s activity and the observed changes in a method designed to “prove” the MFI’s impact. One can also monitor the financial strategy of households over time in order to understand this strategy and see how the activity of an MFI relates to it.

**Institution’s chain of activity**

Intent and Design ➔ Activities ➔ Output ➔ Outcome ➔ Impact

**CGAP-Ford tools**

CGAP seeks to develop indicators that monitor changes in the standard of living. These indicators are then used to evaluate the social performance of MFIs in line with the five principal dimensions of the Millennium Development Goals:

- proportion of clients below the poverty threshold;
- improvement of the economic conditions of clients;
- increase in children’s school attendance rates and reduction in illiteracy rates;
- improvement of access to health services; and
- progress in the empowerment of women.

CGAP therefore proposes that MFIs should communicate the level of poverty of their clients and the changes in their standard of living. It does not address impact, as one would quickly be confronted with questions regarding the attribution of effects and the precise delineation of context. How can greater
health-care access, better food security, or higher school attendance, for example, be attributed to the MFI alone? The question is all the more relevant since the impact on health and the impact on education are only indirect objectives for an MFI.

AIMS/SEEP tool 1: Impact study
The first AIMS/SEEP tool relates specifically to the question of impact. Its objective is to test hypotheses regarding the impact on the evolution of an enterprise’s revenues, changes in commercial practice, management of funds and assets, changes in the family’s well-being, the ability of the family to deal with emergencies, changes in savings, employment situation, etc. The surveys compare the situation of a group of clients of long standing with that of a control group of new clients (see Tool N° 13, Annex II).

Qualitative in-depth individual impact assessment protocol, Imp-Act method
QUIIP is a method designed to help MFI managers gain a better understanding of their clients through market studies. The information relates to those people who make use of the services and those who do not and their reasons for accepting or rejecting the services. Interviews give clients the opportunity to narrate their side of the story and to speak openly and in detail about the way in which the services they have received have affected them (see Tool N° 9, Annex II).

The household strategy approach: Household activities and the role of credit
Although impact per se (the notorious topic of “proof”) is an extremely complicated issue, studies aiming to analyse the strategies and the behaviour of clients are easier to implement. They are more reliable and extremely useful from an operational point of view. In the end, there must be a compromise between proof and improvement. Close analysis of strategies can highlight types of impact more realistically and more reliably than can impact studies based on control groups. At the same time, they also provide information on the use of financial services and any limitations these services may have relating to the MFI and its exterior environment.

Work conducted on household strategies (see Tool N° 7, Annex II) aims primarily to establish a typology of households in a given area (system of economic activity and level of wealth) and, subsequently, to understand the economic strategies of different types of households, their needs and financial constraints. A household’s budget can therefore be characterized by identifying various sources of financing and the use made of these by the household. Taken together, such analyses help to illustrate the impact of the MFI on different types of households.

Another qualitative approach, the internal learning system (ILS), provides information that enables debate and reflection to be generated among participants and field workers to review progress and make future plans for both individual and group activities (see Tool N° 16, Annex II).
AIMS/SEEP tool 5: Empowerment of women
The objective of module 5 of the AIMS/SEEP tools is to:

• determine whether women clients have higher self-esteem and self-confidence after participating in the programme; and
• identify how these qualities translate into specific behavioural changes (at the individual, household, community and enterprise levels) that signify empowerment (see Tool N° 17, Annex II).

QUESTION 7:
How do an MFI's financial services fit into a local economy?
Links between MFI services and other sources of financial services (the banking sector, the informal sector)
Analysis of the economic impact of decentralized financial systems can be conducted along the lines of the various functions of these systems (savings and loans), observation of the ways in which the systems complement informal and banking systems (in terms of both consumers and activities) and the evaluation of institutional sustainability (economic and social). One such analysis has been carried out in West Africa based on a sample of such systems. It provides a comparative analysis of these systems and the country concerned (e.g., Benin, Burkina Faso, Guinea). The study, which combines microeconomic approaches with macroeconomic analysis, helps to establish an analytical framework for these systems in general and provides information relating to the place of the systems, their role in the financial sector and their economic impact. Themes of this study include:

• understanding recent developments in decentralized financial services;
• measuring the impact of the systems in terms of socio-economic development; and
• deriving lessons for operational action (see Tool N° 18, Annex II).
This section presents the experience of six organizations in assessing and managing their social performance in response to specific needs. Each example demonstrates how appropriate systems vary according to the context and priorities of the organization. These examples demonstrate that MFIs can develop their own approaches to SPM using a variety of tools best suited to their needs and the specific contexts in which the MFIs operate. The examples reflect a concern to understand what is happening at the client level and improve operations and services. In addition, in some instances, these case studies also demonstrate the importance of external stakeholders and the need to link internal and external information needs.

The case studies also illustrate the importance of the simple monitoring of the profile of clients and how this changes over time or among those clients who quit the MFI. The presence of an efficient monitoring system supplies a strong foundation on which to base more in-depth assessment. Imp-Act research shows that the development of such systems can improve the overall effectiveness of the MFI in terms of both social objectives and increased financial efficiency. SPM systems therefore need not be a financial burden for the organization and make sense as part of good business practice. SPM can also provide external stakeholders with reliable and regular information about the MFI’s social performance.

**Small Enterprise Foundation, South Africa**

**Goals.** SEF is a non-profit organization based in the Northern Province of South Africa, one of the poorest provinces in the country. Its goal is to alleviate poverty by creating a supportive environment for microenterprises, facilitating savings services and providing group-based credit services. Loans are disbursed to individuals organized in five-person groups (providing a group guarantee), and a SEF centre is responsible for ten groups. The savings are deposited at the post office. A strong poverty mission encouraged SEF to develop an explicitly poverty targeted programme (known as the Tshomisano Credit Programme), in addition to its more orthodox microfinance service (known as the Microcredit Programme). Through SPM, SEF seeks to monitor its effectiveness in reaching and serving poor and very poor clients and to feed...
this information directly into operational and strategic decisions among clients, field officers, branch management, senior management and the board.

Assessment. SEF uses a participatory poverty targeting tool both to select potential clients and to establish the poverty status of all new clients. A monitoring system that is part of the loan application process then tracks the progress of all clients on a regular basis, collecting information about the profile of the clients and their use of financial services and progress in terms of a small number of social indicators. In-depth research implemented during the design phase of the monitoring system helped SEF to understand the nature of poverty among its target clients and the dynamics of the use by the clients of the services that SEF provides. The monitoring system allows SEF to see patterns and trends in client performance and to relate this to both the inputs of the MFI and social indicators among the clients. Where the monitoring highlights significant changes in the indicators, periodic focus groups and other research are used to understand the observed changes.

In the SPM system, the focus is on the internal learning process, which involves both clients and staff in order to improve operations. SEF links quantitative and qualitative approaches by combining the following three categories of tools:

(i) Livelihood case studies: In-depth, longitudinal case studies allow a detailed understanding of the livelihoods of members and the factors that lead to improvements. This information was gathered through detailed qualitative interviews with 60 clients.

(ii) Client monitoring: This provides a profile of all clients on entry to the programme and tracks objective indicators, as well as client perception about change. Indicators are tracked using the MIS, which allows for filtering by a range of client, portfolio and product variables:

• existing MIS data: savings regularity, repayment regularity, portfolio at risk, client retention rates, meeting attendance, business value, loan size;
• additional information gathering during loan application: quantitative data are collected according to the following indicators: relative income/expenditure, improvements to food and housing, expenditure on education, expenditure on savings/burial societies, improvements in children’s education, and business diversification; the monitoring form is kept with the customer and supports the customer in assessing his own improvements;
• other data collected: discussions at group meetings are used to collect data about the members’ problem-solving abilities, participation in leadership positions in community structures and satisfaction with SEF services and products.
(iii) Market research tools

• The drop-out monitoring tool helps in understanding the reasons for exit. Individual interviews and focus group discussions explore four areas of interaction between the customer’s life and the programme: satisfaction with programme services, group relationships, business success and personal issues.

• The business profiles survey explores the dynamics of particular business types, including markets, sales pattern, profitability, marketing strategy and the strengths and weaknesses of the business type.

Usage. The SPM system allows SEF to understand and respond to the needs of its clients, as well as to financial indicators. Client exit monitoring, for example, has given SEF a better understanding of the reasons for business failure, livelihood stress and group conflict. This has enabled SEF to respond by improving staff support, strengthening business appraisal prior to loan approval, improving the facilitation of groups and centre meetings and seeking ways to respond to client emergencies. The routine monitoring of poverty status, as well as financial performance, enables SEF to make clear decisions about how to weigh the social benefits and costs of investing resources in the two programmes.

Validation. Internal consistency in the quality of poverty assessment and monitoring is ensured through systematic training and the careful documentation of procedures, while the internal audit department conducts spot checks into the operation of these systems. By far the most important validation of the system, however, is provided by the trust that management places in the information generated for decision-making and the performance improvements that have resulted from decisions taken on the basis of this information.

Cost effectiveness. The use of the SPM system goes far beyond the strategic level. Poverty status and exit rates feed into staff incentive systems and branch reporting, ensuring that social and financial performance is also routinely weighed at the field level. By requiring swift action in response to the mere threat of a rise in drop-out rates, the programme ensures that interest income per client rises more rapidly than would be the case with a higher rate of client turnover. Between May and November 2002, for example, the Tshomisano Credit Programme annualized drop-out rates fell from around 26% to 18%. The effect of this (relative to no change in the rate) to the end of December 2003 was increased revenue of USD 360 000. This reflects not only the impact of having more clients, but also the fact that clients who are successfully retained go on to take larger loans, whereas new clients would start small (as well as being costly to recruit). This revenue effect has dwarfed the estimated annual cost of USD 21 353 of running the SPM system that has permitted swift analysis and response to the drop-out problem.
Prizma, Bosnia and Herzegovina

Goals. Since its creation, Prizma has embraced social performance and financial sustainability as core values. Prizma’s SPM system has been tailored to achieve the internal goals of more in-depth outreach, improved service quality, greater client impact, and financial self-sufficiency. Consistent with its commitment to social performance, Prizma has strategically positioned itself at the low end of the highly competitive post-war Bosnian microfinance market. Whereas most Bosnian MFIs tend to serve clientele near or above the poverty line, Prizma explicitly targets poor microentrepreneurs (particularly women). Consistent with its commitment to financial sustainability, Prizma achieved full financial self-sufficiency in 2001 and today it generates an annual surplus in excess of USD 100 000.

Assessment. Prizma’s social performance assessment has three core components:

(i) Focus group discussions are used to provide information on reaching, serving and impacting the target market, as well as to follow up on issues highlighted by Prizma’s monitoring systems. These centre on the following questions.
- Who is poor in the Bosnian context?
- Which groups are targeted by Prizma? Which groups are excluded?
- How can these issues be monitored and be incorporated in day-to-day management?
- What kind of products and services should be developed to reach and serve Prizma’s target clientele?

(ii) Poverty status monitoring is conducted for all clients on entry and at the beginning of each loan cycle using a poverty scorecard developed by Prizma specifically for this purpose.17

(iii) Exit monitoring employs a nine-question semi-structured interview conducted by field staff twice per year.

Usage. The combination of monitoring and focus group discussions allows Prizma to explain the reasons for patterns and trends in client status. Data collection and reporting are integrated in normal operations that provide information about poverty outreach and impact disaggregated by branch, product, dropouts, gender and portfolio quality. This allows Prizma actively to manage social performance.

Information from the scorecard assists in ensuring the correct design of products and services for the target clientele and is used both to ensure poverty focus and to complement the range of the institution’s ongoing market research activities. Meanwhile, the exit monitoring system provides timely answers to questions such as:

17 This monitors six indicators shown to be strongly correlated to poverty. Several (e.g., education level of woman partner or household head, residence, employment status, family size) were already captured in existing portfolio data. Additional indicators (the frequency of the consumption of luxury foods (sweets and meat) and the ownership of a television, stereo and motor vehicle) were added to the loan application process.
• Who leaves and in what numbers?
• What are the characteristics of dropouts?
• Which homogenous groups leave the most?
• Why do they leave?

In addition to improving retention rates, poverty and exit monitoring data are used for market segmentation or to identify those clients most likely to drop out or exhibit poor performance. If these clients are a strategically important group, then more work can be done to prevent exit and retain them. If they are not an important group, then Prizma can save time and resources on efforts to attract and retain these groups (for example, those who frequently “shop around” among financial institutions). This information also helps by informing many other activities, including segmented product development, promotion and marketing, monitoring competition, the design of staff incentive schemes, delinquency management, assessing the comparative performance of branches, and making realistic projections in the business plan.

Validation. The development of the poverty scorecard was supported by an externally conducted poverty assessment. This validated the reliability of the data produced by the scorecard and assisted in drawing conclusions about absolute levels of poverty. During day-to-day operations, quality control includes checks on the manipulation of answers by staff and clients. Effective training in data collection is particularly important. Prizma also uses its internal auditor to check client service and data collection.

Cost-effectiveness. To cover the cost of developing these tools, it has been estimated that Prizma would need to retain an extra 152 (2.2%) of its group enterprise loan clients for one additional loan cycle, as each additional client retained is worth USD 278. At the start of the implementation of monitoring, Prizma had a high exit rate (over 40%), and provisional data suggest that the rate has indeed been reduced by more than this.

The Covelo network, Honduras

Goals. The Covelo network set out to encourage core members – rural and urban MFIs – to be more responsive to clients’ needs and to improve impact. This was done by encouraging Covelo members to follow the lead of one member (the Organization for the Development of Women’s Businesses, Organización de Desarrollo Empresarial Femenino) in developing the in-house capacity to use the AIMS/SEEP tools developed by USAID. In addition, Covelo was able to produce and disseminate aggregate findings across the network in order to meet the demand by policy-makers for information on the performance of its members. The loan-use and empowerment studies, for example, provided Covelo with information with which to explain to
regulators and politicians the sharp contrast between their own clients and those of regulated banks. A subsidiary goal was to encourage organizations to remain committed to social performance goals at a time when many of them had to make major changes to their financial performance management systems in order to comply with a new regulatory framework.

Assessment. The mechanism for capacity-building was a series of five training workshops over three years. Each workshop was immediately followed by coordinated use of each tool by workshop participants. Covelo insisted that senior staff of each organization participate directly in interviews and focus group discussions during the testing stage. Although this raised the cost of the studies, it helped to ensure that the information was valued, understood and promptly acted upon. The cost (including the value of internal staff time) per MFI per study varied considerably around an average of USD 6 000.

Usage. Follow-up visits to four Covelo members revealed that the studies prompted a wide range of operational changes, benefiting both clients and organizational performance (see Table 1). These generated quantifiable savings that were more than sufficient to justify both training and the recurrent cost of the studies. Improved services for clients, for example, resulted in reduced exit rates, which in turn led to unit cost savings, more rapid growth in the average loan size and increased numbers of clients. At the network level, the data were disseminated through reports, national workshops and associated media attention. This helped to raise the profile of microfinance in the country and to explain the challenges the network faced in balancing financial sustainability, growth and social goals.

Validation. While the information was produced by the MFIs, principally for their own use, peer review within the network and extensively piloted assessment tools helped raise network visibility. Interviews were carried out by MFI staff outside their direct areas of operation, prompting discussions among staff that acted as a further check on interview bias. Perhaps the strongest evidence of the validity of the findings, however, is the influence they had on the organization's own decisions and the decision of all MFIs to incorporate the cost of further studies in their annual operating budgets. Some members of the network are also now investing in routine poverty monitoring among clients.

Cost-effectiveness. To cover the costs of these studies over two years, the four MFIs would have needed to raise income by 13%, 2%, 6% and 9%, respectively. Three of the organizations had no difficulty in quantifying savings that more than met this break-even requirement. While the fourth MFI only quantified savings from reduced paperwork and photocopying during the loan approval process, it also cited benefits that were similar to those of the other three MFIs. The first organization (Organización de Desarrollo Empresarial Femenino) also emphasized that a key benefit of staff-led studies arose from improved staff motivation and lower turnover. No attempt, however, was made to quantify the effect of the institutionalization of SPM on payroll costs or staff productivity.
Finrural, Bolivia

**Goals.** Finrural, a network formed in 1997, provides technical support designed to strengthen financial performance management and coordinate information sharing among members, most of which are unregulated financial institutions. The Bolivian market is highly competitive, particularly in urban areas, and has attracted public criticism for fostering over-indebtedness. In extending its services to cover social performance, Finrural hoped to help its members avoid mission drift, as well as to reveal the benefits of member services to external audiences.

**Assessment.** Finrural provides an external impact assessment service at cost to its members and to other organizations. This service fits into the broader SPM framework, complementing internal monitoring and assessment activities by MFIs by adding a rigorous research service to monitor highlighted issues in depth and provide an external audience with accurate information about impact.

---

Table 1
Operational changes by Covelo partners linked to SPM work

<table>
<thead>
<tr>
<th>Number (out of four) of MFIs mentioning each change without prompting</th>
</tr>
</thead>
<tbody>
<tr>
<td>New management practices</td>
</tr>
<tr>
<td>Training, supervision, or incentive structures of field staff</td>
</tr>
<tr>
<td>Relocation or improvement of branch premises</td>
</tr>
<tr>
<td>Simplification of approval procedures to reduce time lags</td>
</tr>
<tr>
<td>Decentralization of functions to branches, e.g., for disbursement</td>
</tr>
<tr>
<td>Increasing branch opening hours by appointing a full-time administrator</td>
</tr>
<tr>
<td>Budget to use at least two AIMS tools annually</td>
</tr>
<tr>
<td>Product changes</td>
</tr>
<tr>
<td>Changes in terms, loan ceilings and interest rates on existing products</td>
</tr>
<tr>
<td>New savings products or schemes linked to loan payments</td>
</tr>
<tr>
<td>Collateralizing household goods as an additional guarantee</td>
</tr>
<tr>
<td>Diversification into solidarity group and individual loans (from village banks)</td>
</tr>
<tr>
<td>Permitting new loans to some clients even in groups with some arrears</td>
</tr>
<tr>
<td>Introduction of loans specifically for agriculture</td>
</tr>
<tr>
<td>Introduction of loans to cover the cost of school fees and related expenses</td>
</tr>
<tr>
<td>Introduction of loans for improvement of business premises</td>
</tr>
<tr>
<td>Cost effectiveness over the first two years?</td>
</tr>
<tr>
<td>Increase in net income needed to cover cost of the studies (%)</td>
</tr>
<tr>
<td>Increase in net income actually quantified (%)</td>
</tr>
</tbody>
</table>

ODEF = Organización de Desarrollo Empresarial Femenino (Organization for the Development of Women's Businesses). FAMA = Fundación para el Apoyo a la Microempresa (Microenterprise Support Foundation). FINCA = FINCA International
through the use of survey-based social and economic impact assessment methods. An initial round of surveys using a standard methodology covered eight Finrural members: Promujer, Crecer, Fades, Diaconia, Fie and Ecofuturo and the cooperatives Trinidad and Comarapa. Coordinated follow-up studies were also carried out on specific issues, including client loyalty and exit, poverty dynamics and the macroeconomic impact of microfinance.

Usage. Data generated through the studies have been widely disseminated within Bolivia and beyond and have had significant influence on the sector. In particular, they have helped clarify the distinct market segments of MFIs that provide minimal financial services and of those providing a broader range of services in rural and urban areas. This has helped to refine debate over the social risks and returns to microfinance not only among donors and social investors, but also among government regulators and the wider public by way of the media. The impact of the studies has been enhanced by the ability of Finrural to provide a standard product for each MFI, but also to pool the data and present aggregate findings. The MFIs themselves have identified three main benefits:

(i) independent feedback on the quality of services, encouraging the MFIs to persist with a range of products to meet distinct client needs;
(ii) the identification of deficiencies in services and expected impacts, which has encouraged follow-up investigations; and
(iii) materials for publicity and to address the requirements for evidence of impact from external sponsors.

Validation. The credibility of findings before an external audience was critical and led Finrural to give particular emphasis to two factors. First, the collection and analysis of the data were completely independent of the MFIs. Second, Finrural adopted a relatively rigorous econometric approach to impact assessment. Quality was also enhanced by the scope for cross-checking findings between studies, the oversight of a technical committee and public scrutiny of the final outputs.

Cost-effectiveness. Finrural and its participating members did not anticipate that these studies would cover their costs in commercial terms, and the first round of studies was subsidized through Imp-Act. By conducting the studies together at the network level, however, Finrural was able both to raise quality and substantially to reduce the cost per study. Cost-effectiveness was also enhanced by national and international dissemination of the pooled findings. An important incentive for enhancing cost-effectiveness was Finrural’s goal from the outset, which was to develop a sustainable assessment service that members and non-members would be willing to pay for at cost in the future. More commercially oriented MFIs (including BancoSol and PRODEM) have, indeed, joined in planning for the second round of studies, which will not be subsidized.
PRADAN, India

Goals. Through the provision of professional technical services, Professional Assistance for Development Action (PRADAN) assists poor people in rural communities to strengthen their livelihood base. PRADAN supports the livelihoods of poor women through the development of self-help groups. Microfinance is considered as a means for the rural poor to make strategic investments in improving their livelihoods.

Assessment. PRADAN’s work under Imp-Act has included: (i) a cross-sectional quantitative survey; (ii) a CGAP poverty assessment survey for external poverty assessment; and (iii) the ILS. The ILS, a participatory monitoring system, is an integrated participatory impact assessment and planning system for community development programmes. The medium for the ILS is multi-year pictorial diaries suited to the illiteracy and poverty of participants and to longitudinal perspectives of the process of change in development. The pictorial diary contains pictures or scenes that represent impact indicators. The ILS “life and livelihood workbook” guides members to think critically about their total “availabilities” of assets/resources in order to strengthen their livelihood base.

All participants use the medium. In carrying out the same five ILS tasks in their diaries, they:

(i) collect data;
(ii) assess change;
(iii) analyse the causes of change and the need for troubleshooting;
(iv) conduct planning and training exercises; and
(v) document and reinforce programme values.

The process of keeping the diary generates self-analysis, discussion and learning. The use of the ILS, however, requires a clear commitment by the MFI to build or improve the understanding and problem-solving skills of clients, which goes beyond mere impact monitoring.

The major strength of the ILS is that it leads the women involved in PRADAN to a rapid internalization of the causes and effects of the changes they have experienced and shifts control to the women rather than to the PRADAN promoter. The responsibility of initiating action, where needed, also shifts to the woman. The circles and the tick marks made on the ILS pictorial books can be captured through systematic means across time, and thus the books also provide credible impact information.

Usage. The ILS has three levels. The first and most important level is the use of the learning diaries by PRADAN members who keep their own records of progress and, at group meetings, discuss the issues raised through the diaries. PRADAN field staff facilitate these discussions and are therefore able to learn about the situations of their clients. In turn, this helps the staff develop a
better overall understanding of the livelihoods of the women and target the support they provide. In line with the enabling approach of PRADAN, the financial records of the self-help groups are not maintained by the PRADAN office. The data sheets of the groups are sent to a computer service provider and entrepreneur that the groups pay to process their accounts and provide financial statements and the use of an MIS. Summary ILS data are captured in the MIS and allow performance at the organizational level to be tracked. Finally, the ILS supplies a very rich source of information for more in-depth analysis of impact and allows for more detailed statistical analysis of changes.

**Validation.** The key test of reliability for PRADAN is that the members are motivated to use the learning diaries and that the information stimulates useful analysis and discussion among the members and field staff. Monitoring reports on the field use of the ILS suggests that the data collected are highly reliable. It is important to note here, however, that the selection of relevant indicators is made by individual members and groups. The comparability of data may therefore be difficult, and quality is likely to suffer if the selection of indicators were to become more centralized. Quantitative data generated by the ILS have been used to produce statistically significant analysis of member progress and the wider impacts.
Cost-effectiveness. Although a detailed cost-effectiveness study has not been conducted with PRADAN, it is clear that the ILS requires significant investment in terms of adapting the system to the local context, training staff, adapting indicators with each group of clients who use the learning diaries, and facilitation of the training of clients to use the diaries and then discuss and analyse the diaries. The ILS fits well with the overall philosophy and approach of PRADAN, which invests most of its resources in the development of the capacity of the self-help groups and the empowerment of their members. For most MFIs, the system is likely to be too costly and time consuming. Some organizations have employed simplified approaches whereby loan cards are used by clients to keep a personal record of their progress. This information is then available to facilitate discussion among the clients and with the field staff.

PRADAN plans to integrate the ILS into day-to-day operations. Depending on the age profile of the groups at each location, the ILS books will be introduced. All the new groups will use the ILS as part of their ongoing systems at inception. All the self-help groups, old and new, will employ the group workbooks because the group books primarily serve as ongoing monitoring tools of group performance. All the staff members will use the staff books.

Vola Mahasoa, Madagascar: SPI usage

Goals. Vola Mahasoa operates in southwest Madagascar, a very poor area that nevertheless has considerable development potential. The population is largely illiterate, and economic activity consists essentially of agriculture, livestock and small businesses. Vola Mahasoa currently has "project" status, while awaiting the publication of the Malagasy law regulating microfinance. It will be established as a limited company and recognized as a financial institution.

Vola Mahasoa’s objective is to improve the quality of life of men and women of various social categories who earn low or middle incomes by offering them group microfinance services that are sustainable, local, competitive and of high quality. In 2005, Vola Mahasoa had 6 600 clients, who were divided into guarantee groups of five economically active people and associated in “inter-groups”. The inter-groups can be composed of villagers or professionals operating in a rural area. Inter-groups in an urban area are called "credit associations". The distinguishing feature of a credit association is that the group guarantee operates at the level of the association rather than at the level of the guarantee group so as to minimize the number of members who might default.

Vola Mahasoa offers production loans (for agriculture, livestock, crafts, processing and small businesses), educational loans, storage loans (a shared
barn for each village), the hire-purchase of equipment and microenterprise credit for “emerging” clients. Non-financial support involves the structuring of guarantee groups, the management of credit associations and inter-groups, project implementation, the building of self-confidence, the management of sales and poor sales and the management of funds (for microenterprise credit). Loans range from USD 25 to USD 100, or around USD 1 000 for microenterprise credit, with a monthly interest rate of 3.5% for a period of less than a year.

Assessment. Given its experience since entering the microfinance sector in 1993, Vola Mahasoa has noted that one way to improve its performance in general is to consider the social aspect. For this reason, it has played an active role in testing the SPI tool (see Tool N° 2, Annex II and CERISE, 2005). The SPI system is organized around four dimensions: poverty outreach, the quality of services, social capital and social responsibility. Vola Mahasoa’s outcomes are shown in Figure 4.

Usage. Vola Mahasoa spent three to four days collecting data, largely because this was the first time it had collected such information. Some MFIs with a good MIS can fill out the questionnaire in one day. The external review was conducted by means of a half-day of discussion with MFI management to verify the data.

**Figure 4**
The four dimensions of the Vola Mahasoa SPI tool

<table>
<thead>
<tr>
<th>Vola Mahasoa - Madagascar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty outreach</td>
</tr>
<tr>
<td>Social responsibility</td>
</tr>
<tr>
<td>Quality of services</td>
</tr>
<tr>
<td>Social capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Score</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty outreach</td>
<td>22</td>
<td>88%</td>
</tr>
<tr>
<td>Quality of services</td>
<td>16</td>
<td>64%</td>
</tr>
<tr>
<td>Social capital</td>
<td>15</td>
<td>60%</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>16</td>
<td>64%</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td></td>
</tr>
</tbody>
</table>

CERISE, 2005
Validation. Vola Mahasoa’s staff is convinced of the utility of the SPI tool, as the tool has allowed the staff to reflect on the organization’s positioning vis-à-vis Vola Mahasoa’s social mission. Some indicators represented positive feedback on the Vola Mahasoa strategy, while others raised questions about the action and direction that the institution should take.

**Dimension 1: Poverty outreach.** This section proved helpful in taking stock of the institution’s targeting. Vola Mahasoa was reassured that, despite the pressure of financial autonomy and the abandonment of the lowest stratum of the potential clients (non-bankable), the institution generally adheres to its original goal by targeting current guarantee groups, while directing an active stratum of the clientele towards microenterprise activities.

**Dimension 2: Quality of services.** Current Malagasy law does not permit Vola Mahasoa, as a non-mutual MFI, to collect savings. Nonetheless, by observing this indicator and comparing it to real issues (such as the pressure on clients to find a way to secure their savings through means other than buying zebus, which are often stolen), staff have realized the importance of voluntary savings. The current provisional solution is to set up a “savings guarantee” or “guarantee fund” to secure repayment. It has been confirmed that this helps to improve repayment rates (either because it is tapped to make up for the missing money, or because some clients make an effort to repay in order to avoid the loss of their savings that have been put up as guarantee).

Because Vola Mahasoa is a non-mutual MFI, power was concentrated in the hands of the employees. At one point, this created an outstanding payments crisis because the staff were not in the habit of taking client requirements into account. They had to be made to participate in the system to avert disaster. Given the workload, consultations had been carried out according to staff availability. The observations of the SPI on client involvement in service and product definition led staff to become aware that client consultation is important and must also be regular. This is one of the measures of Vola Mahasoa’s improving financial performance. It is also what the clients want. The main tool, called the “methodological loop”, has been modified and refined to take this involvement into account. It has now been shown that, in cases in which the tool is properly applied, the repayment rate is excellent (near 100% at payment date).

The client dropout rate gave Vola Mahasoa pause and pushed the organization to step up satisfaction studies and surveys (beyond the use of statistics) and include qualitative analysis and surveys among non-clients. The quantifiable outcomes of the application of the relevant tools are currently being integrated into the MIS.

Vola Mahasoa is convinced that non-financial services are necessary if the loan risk is to be contained, particularly given the types of clients targeted in southwestern Madagascar. Nonetheless, Vola Mahasoa has been obliged to admit its limitations, especially because of the high workload borne by loan...
agents. This convinced Vola Mahasoa that rather than abandoning non-financial services (which are vital to financial performance), the management should look for other on-site development partners who would be able to take charge of training clients in the principles of associations and who are involved in the provision of credit.

**Dimension 3: Improvement of social capital.** Client representation indicators have reinforced Vola Mahasoa’s conviction that clients should participate in the system. Likewise, the SPI tool highlights the opportunities offered by the “group” approach chosen by Vola Mahasoa. Beyond this, Vola Mahasoa has confirmed that certain clients are increasingly confident and are thus being empowered within their communities. Women are gaining respect in their households.

**Dimension 4: Social responsibility of the institution.** In terms of human resources, employee involvement in strategic decision consultations has defused the threat of strikes. Nonetheless, the rather low salary is still causing employees to depart. Management therefore needs to keep a close eye on this issue and to adjust salaries in line with market rates, while respecting Vola Mahasoa’s budget stability. Taken as a whole, these indicators are encouraging Vola Mahasoa to improve its human resources policy (career management, improvements in training, etc.).

The SPI tool has also encouraged Vola Mahasoa to improve its method of debt recovery (giving preference to the use of local authorities and local means over legal means of recovery). This has had positive impact on Vola Mahasoa’s image, but the impact on repayment levels has yet to be confirmed in a significant manner.

**Cost-effectiveness.** It takes days to gather the necessary information to put the tool to use and to determine the results through internal discussions. This tool does not, however, require a burdensome survey process and therefore can be considered a low-cost tool. In terms of follow-up, Vola Mahasoa proposes to integrate the indicators into its MIS and improve its methodology by taking better account of dimensions three (social capital) and four (social responsibility) of the SPI tool. In general, for developing the ownership of the social mission within an MFI and identifying indicators that generate useful internal discussion, no specific cost has been associated with the internal use of SPI questionnaires.
Recommendations for IFAD support for SPM in rural finance

The key lesson of this paper is that IFAD should begin viewing impact assessment as part of a broader social performance framework. This provides an opportunity for IFAD not only to document more effectively the outreach and impact of its rural finance programmes, but to improve understanding of good practice in SPM and support the development of practice that is more effective in reaching IFAD’s target populations and creating benefits for these people. The remainder of this section outlines the main steps that might form an appropriate IFAD strategy (Figure 5).

Step 1. Select rural finance partners

The SPM approach is based on the premise that the social outcomes of microfinance require a deliberate strategy if they are to be most effectively achieved. For IFAD to obtain its desired impacts through the support of rural finance, it is therefore essential that RFI partners are selected on the basis of an alignment in objectives.

RFI partners should be selected according to the following.

- **Commitment to large-scale outreach and sustainability.** Reaching large numbers of people sustainably is a precondition for much of the long-term impact of an RFI. IFAD should therefore select and support mainly those RFIs that show potential for growth, sustainability and significant outreach.
- **Commitment to achieving social objectives.** In choosing rural finance partners, IFAD should assess whether a partner’s social performance objectives fit with those of IFAD and whether the RFI demonstrates a strong commitment to achieving these objectives.
- **Achieving depth of poverty outreach.** Given that IFAD has an explicit focus on poverty outreach, it is likely that RFI partners will be selected that demonstrate a similar commitment. Poverty assessment tools may be applied as part of an SPM system or used externally by IFAD to stimulate discussions with a potential partner on the partner’s specific commitment to increasing its poverty outreach (either prior to selecting the partner, or during
Step 2. Align information needs

While SPM provides an opportunity to align IFAD’s information needs with those of its RFI partners, it is important to be realistic in the expectations one has of rural finance and the sort of impacts that can be reported by RFIs. SPM may not lead to the reporting on performance in relation to all domains of the results and impact management system within any one RFI. The essence of effective SPM is a system that collects and reports on information useful to the RFI. Where data are directly useful, there is a strong internal incentive to

---

Both tools have been developed by CGAP and can be downloaded at www.cgap.org.
ensure that the system is monitored and enforced and high quality data are produced. Ideally, therefore, IFAD should seek reporting that covers a small number of indicators demonstrating the overall effectiveness of an RFI in meeting its own social performance goals. The Results and Impact Management System indicators that are not integrated in the rural institution’s SPM may then be collected by the project management unit as part of the system’s reporting commitment that is characteristic of all IFAD interventions in the field.

Partnerships should be formed with RFIs to support the development of internal SPM systems. IFAD may encourage RFI partners to consider the issue of social performance from project inception, including the establishment of relevant hypotheses and indicators, and to develop monitoring systems and follow-up research. The establishment of good baseline client information will facilitate evaluation at project completion. In addition, IFAD should provide its RFI partners with recommendations on the definition of the level, dimensions and domains of impact and guidelines for monitoring a small number of social performance indicators that could help track important changes in the life of clients.

Step 3. Support rural institutions in developing SPM capacity

The shift to SPM recognizes both the pathways by which impact is achieved and the crucial role of organizational design, culture and management in achieving this impact. Impact should therefore not be seen as a result to be measured, but as a goal to be achieved through the appropriate design of all organizational systems. This has implications for the entire design and management of RFIs and their systems, and IFAD should support the development of effective internal monitoring, assessment, information and management systems so as to obtain effective SPM.

IFAD can usefully provide funding, training and technical support for the development of SPM systems by RFI partners and through national and international networks of RFIs. This support should take the form of longer term mentoring and technical assistance, as well as one-off inputs. Support should be focused particularly on the following components.

- **The ongoing review of social objectives.** IFAD can assist RFIs in reviewing and refining their operational strategies to fulfil their social mission and develop realistic, specific and measurable social performance objectives.

- **The development of monitoring systems and the integration into the MIS.** Effective monitoring provides both operationally useful information for the RFI and the basis for future assessment. Improving RFI performance monitoring was one of the major recommendations of the 2002 Donor Peer Review of IFAD. Reporting is currently encouraged by linking IFAD’s rural finance partners to the
Microfinance Information eXchange (MIX) Market (www.mixmarket.org). The MIX Market is fully decentralized, includes key, internationally accepted indicators, involves RFIs directly in the reporting and is user-friendly for project management units and IFAD staff.

- **Ad-hoc assessment.** An RFI’s capacity to understand client needs and to learn more about the issues highlighted through monitoring is a key component of its effectiveness. It is therefore important that RFIs institutionalize a capacity to conduct simple research using focus group discussions, participatory methods, simple surveys, or a range of market research tools. IFAD should support this process and provide technical assistance whenever necessary.

- **Using information for management.** The collection of information that is not used by the MFI is not cost effective, though it may serve external needs. Information that is used is valued by the RFI and its staff and is therefore more likely to be collected in a conscientious manner and be of high quality. Support can be given in reviewing and developing good feedback loops and managing decision-making that relies on social performance information.

Networks have an important role to play in supporting the development and use of SPM. Where these have sufficient capacity and are clearly accountable to members, they can help to raise quality and reduce costs by allowing for the sharing of development costs and expertise and by establishing standards. They can also help promote agreement on standard indicators and data collection methodologies. Horizontal exchanges among RFIs is particularly useful, especially during the design phase of an SPM. IFAD could support this by building the capacity of national and regional MFI networks or other specialized persons or institutions.

**Step 4. Conduct in-depth research**

An effective SPM system in an RFI will mean that the majority of IFAD’s information needs can be met through internally generated information. External assessment activities should be seen as the exception rather than the rule. Where information about the wider community, the national economy, institutions, or the financial sector or more rigorous information about impact is desired, externally managed research can be initiated by IFAD. In some cases, monitoring may reveal that a more in-depth discussion is needed about the RFI’s social performance objectives and strategy. An externally led process, for example, using the poverty audit or other social audits or rating tools, can trigger a dialogue between IFAD and the RFI on these issues.

19 Annex II reviews a number of practitioner-oriented research tools.
Description of practitioner-oriented social performance assessment tools and approaches

A range of generic approaches and specific tools can be used by RFIs to collect the data that are needed to monitor and assess their own social performance. These are classified in the following table according to the sorts of questions they are designed to answer. Additional information on each tool is then provided in Annex II.

<table>
<thead>
<tr>
<th>Social Performance Question</th>
<th>Tool/Approach</th>
</tr>
</thead>
</table>
| Question 1: Does the MFI have the available means to reach its social objectives? | CGAP poverty audit  
CERISE Social performance indicator tool |
| Question 2: Who are the MFI’s clients? | PWR and the Cashpor housing index  
CGAP Poverty Assessment Tool (PAT)  
ACCIION evaluation tool |
### Description of Practitioner-Oriented Social Performance Assessment Tools and Approaches

- Determine to what extent an RFI programme is based on the institution’s vision of how to address issues of poverty and reach the very poor with appropriate financial services.
  - **Survey among management**
  - **N° 1**

- Determine to what extent an RFI allocates the means necessary to reach its social goals along these four dimensions of social performance:
  - (a) targeting the poor and the excluded;
  - (b) adapting services and products to the target clientele;
  - (c) improving clients’ social and political capital; and
  - (d) maximizing the social responsibility of the RFI.
  - **Survey among management**
  - **N° 2**

- These tools are more appropriately used for client targeting. They provide a picture of living conditions among the households in their area.
  - **Qualitative, groups: PWR and visual surveys (housing index)**
  - **N° 3**

- This tool uses survey data to assess the relative poverty of clients in the RFI’s area.
  - **Quantitative survey**
  - **N° 4**

- ACCION has analysed the information on the living standards of its clients that is available in the MIS of the RFIs and compared with available national data.
  - **Quantitative: statistical analyses of available information**
  - **N° 5**
<table>
<thead>
<tr>
<th>Social Performance Question</th>
<th>Tool/Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question 3:</strong> How are the products and services offered by an MFI used by its clients?</td>
<td>AIMS/SEEP loan use and savings strategies over time</td>
</tr>
<tr>
<td></td>
<td>Evaluation of household budgets</td>
</tr>
<tr>
<td><strong>Question 4:</strong> Are the clients satisfied with the services?</td>
<td>AIMS/SEEP client satisfaction tool</td>
</tr>
<tr>
<td></td>
<td>AIMS/SEEP: client exit</td>
</tr>
<tr>
<td></td>
<td>QUIP</td>
</tr>
<tr>
<td></td>
<td>MicroSave financial services matrix, product attribute ranking, relative</td>
</tr>
<tr>
<td></td>
<td>preference ranking and financial sector trend analysis</td>
</tr>
<tr>
<td><strong>Question 5:</strong> What is the client relationship to the MFI and the products and services</td>
<td>Socio-anthropological approach</td>
</tr>
<tr>
<td>it offers?</td>
<td>Impact-Knowledge-Market</td>
</tr>
</tbody>
</table>
### Comment Method Tool

- Generates data among clients about what they most like and dislike about the RFI's products and services and about the changes they would favour.
- The tool gathers information about the opinions of clients on the programme’s strengths and weaknesses and their reasons for leaving the programme. This is useful for acquiring an understanding of a wide range of issues on client satisfaction, business failures and client livelihoods.
- Generates detailed information about the likes and dislikes of individual clients depending on the questions included in the interview.
- Indicates which financial services are used by each socio-economic strata and by gender; hence, offers a broad qualitative assessment of the extent to which the RFI's services are used by various wealth categories.
- These ranking techniques generate detailed information on the particular characteristics of the RFI's services that clients prefer; the relative preference ranking enables detailed comparisons to the services of other providers.
- Trend analysis also enables the RFI to evaluate the performance of its products and services relative to those of other providers in the market over time and to understand how and why clients may be using these services more or less frequently.
- Analysis of impact, knowledge of clients and market surveys.
- Helps understand the relationships between the clients and the RFI and the way the RFI manages to integrate its services within the local environment and improve its social sustainability.

<table>
<thead>
<tr>
<th>Method</th>
<th>Type</th>
<th>N°</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualitative, individual: in-depth</td>
<td>Qualitative, groups: PRA</td>
<td>6</td>
</tr>
<tr>
<td>Quantitative: in-depth financial surveys</td>
<td>Qualitative</td>
<td>7</td>
</tr>
<tr>
<td>Qualitative, individual: in-depth</td>
<td>Qualitative, groups: PRA</td>
<td>8</td>
</tr>
<tr>
<td>Qualitative</td>
<td>Qualitative</td>
<td>12</td>
</tr>
<tr>
<td>Qualitative, individual: in-depth</td>
<td>Qualitative</td>
<td>9</td>
</tr>
<tr>
<td>Qualitative, groups: PRA</td>
<td>Qualitative</td>
<td>10</td>
</tr>
<tr>
<td>Quantitative and qualitative surveys with statistical analysis</td>
<td>Qualitative and qualitative surveys with statistical analysis</td>
<td>14</td>
</tr>
<tr>
<td>Qualitative, groups and individuals</td>
<td>Qualitative</td>
<td>11</td>
</tr>
</tbody>
</table>
### Social Performance Question | Tool/Approach
---|---
**Question 6:** How does the socio-economic situation of clients and their families evolve?  
Impact analysis  
Approaches to strategies of households and clients | AIMS/SEEP impact study  
QUIP  
Household typologies and financial strategies over time  
Internal Learning System  
AIMS/SEEP empowerment tool

**Question 7:** How do the MFI's financial services fit in the local economy? | Approaches to the links between the MFI's financial services and other financial services
• The primary purpose of this tool is to generate statistically valid information on impacts; the tool examines income, assets and enterprise performance, along with variables on housing, health, assets and food security.

• The adaptation of the survey at the outset can ensure that indicators that are comparable to other nationally available data are measured.

• The primary purpose of this tool is to generate case studies on a relatively small number of clients, which can then be analysed to give a detailed understanding of impact pathways and processes.

• Detailed analysis by population category and a deeper understanding of household strategies and the use by households of the RFI’s services according to their specific constraints.

• This tool provides information that enables debate and reflection among participants and with field workers so as to review progress and make plans for both individual and group activities.

• Allows individuals to reflect on their experiences in the programme and to attribute change directly to the programme, if appropriate.

• Observations of the way in which the RFI complements informal and banking systems in terms of outreach and activity.

• Evaluation of the institutional durability (economic and social) of the RFI.

Quantitative and qualitative surveys with statistical analysis

Qualitative, individual: in-depth

Qualitative and quantitative surveys among households and the institutions

Qualitative, groups: PLA, dairies

Qualitative, groups: PLA

Qualitative and quantitative institutional surveys

N° 13

N° 9

N° 7 - 15

N° 16

N° 17

N° 18
Social performance management tools

Tool 1: The CGAP Poverty Audit

The CGAP poverty audit is designed primarily for donors, who, by using the tool, can better understand the poverty focus and outreach of their potential (or existing) RFI partners. It analyses how the methodology, outreach mechanisms, products and services reflect the RFI’s vision of poverty.

Objective
The purpose of the poverty audit is to determine to what extent an MFI programme is predicated on an institutional vision of responding to issues of poverty and catering to the felt needs of the very poor. It seeks to separate public pronouncements from a concrete and sustained commitment to poverty reduction. To achieve this, it must identify how institutional practice and action, through the adopted methodology, products and services, concretize the vision of poverty.

Source of information
Information is gathered from reports and publications and through meetings with the MFI leadership, senior staff, field staff, clients and, if possible, non-clients. It is crucial that field visits be undertaken to evaluate the local operations, the staff-client interface, the context of the programme and the clientele.

Nature of information
The audit focuses on five sets of issues: (a) the stated vision and institutional history of a focus on poverty; (b) the targeting strategy and depth of outreach; (c) the staff-client interface; (d) the product design based on an understanding of poverty and vulnerability; and (e) changes in client well-being due to programme participation.

Implementation mode
The poverty audit is designed to be used as an integrated element of the CGAP MFI appraisal format. It complements the focus on financial sustainability so that donors can identify and make funding decisions based on the twin criteria of poverty focus and institutional viability.

Who can conduct the survey?
An external appraiser
Duration
Six days of consultation, including four days with on-site agents and clients.

Regularity
To be applied on an ad-hoc basis, for example, during the course of an evaluation or alongside the application of the “CGAP appraisal format”.

Cost
Not available

Comparative advantages
Complements the CGAP appraisal format, which considers the social dimension of the targeting of the poor so as to “balance” the MFI’s evaluation.

Limitations
Still at an experimental stage and not translated into French. Relatively costly to implement, given that six days are required for the work of the outside consultant.

For more information
www.microfinancegateway.org/content/article/detail/21662
www.cgap.org/docs/poverty_audit.pdf
Tool 2: CERISE Social Performance Indicator Tool

The SPI tool evaluates the intentions, actions and corrective measures implemented by an MFI in order to determine whether it has the means to attain its social objectives. The SPI tool can be used internally to examine the MFI’s social mission and the means available to pursue the mission or, externally, as a basis for dialogue with the MFI on its social objectives.

Source of information
The information available within the MFI and obtained from management, the departments involved (e.g., training, human resources) and the MIS.

Nature of the information
There are four dimensions of quantitative and qualitative data: (a) outreach to the poor and the excluded; (b) the adaptation of services and products so as to target clients; (c) improving the social and political capital of clients; and (d) the social responsibility of the MFI.

Use of information
Information on the four dimensions is translated into values which vary between 0 and 3. Each dimension is scored on a point scale of 25 for a total of 100 points per questionnaire. Although the scoring is not equivalent to a benchmark, it allows the results to be displayed graphically.

Implementation mode
The questionnaire should first be completed internally so as to promote an understanding of the MFI and its goals and to spark internal thinking about the MFI’s social objectives. Then, if necessary, the questionnaire should be discussed with an external stakeholder (e.g., a technical partner, consultant, donor, evaluator, rating agency) in order to examine the results and discuss their significance beyond the indicators.

Who can conduct the survey?
MFI management, the departments concerned and, if necessary, an external figure.

Duration
When the information is already available, the questionnaire can be completed in three hours. The time needed to gather the information depends on the quality and size of the MIS and the level of decentralization of the MFI’s branches. When information must be collected from local branches, the time needed may increase by two or three days.
Regularity
The questionnaire can be administered every two or three years or whenever the MFI is (re)defining its social objectives. In time, tools of this type could be used as an aid in drawing up social reports on the MFI’s activities.

Cost
The involvement of an external consultant requires at least a half-day of additional work, plus a day to draw up a summary report, if necessary.

Comparative advantages
- This allows MFIs to reflect internally on their social objectives.
- The indicators are useful as teaching aids to generate discussion on the nature of social responsibility.
- The indicators are relatively simple and offer a broad vision of the definition of social performance (not merely limited to targeting the poor).
- The tool has been developed through a participatory process with MFIs and other microfinance actors, which gives it legitimacy and recognition within the sector.

Limitations
The SPI tool is new and could benefit from more testing; some indicators could be more well defined.

For more information
The tool is accessible online (www.cerise-microfinance.org/publication/impact.htm) and is accompanied by a user guide.
Tool 3: Participatory Wealth Ranking and the Cashpor Housing Index

The PWR and the Cashpor housing index tools are simple, inexpensive and suitable for RFIs in targeting the poverty level of their clients.

Participatory wealth ranking

“PWR is a ranking by community members of the relative poverty or wealth of households utilizing perceptions and criteria defined by community members themselves. PWR lets communities themselves define what constitutes poverty and relative well-being and lets communities then classify households according to relative levels of poverty. It was developed by the Small Enterprise Foundation (SEF) in South Africa” (see www.microfinancegateway.org/poverty/target/pwr.html).

Cashpor Housing index

“The Housing Index uses the structure of the house and the compound to differentiate between economic levels of households and to identify those who are poor. Since housing is generally the most important asset of households and since people generally invest a great deal in their houses, the building itself represents an extremely visible reflection of household wealth. The size of the house and compound, the material used for building the house, the number of rooms, the presence of running water and bathroom facilities, together provide strong evidence of household economic levels” (see www.microfinancegateway.org/poverty/target/hi.html).
Tool 4: CGAP Poverty Assessment Tool

Objective
The PAT was developed to assess the poverty profile of an RFI’s clients. The PAT provides rigorous data on the poverty level of clients relative to people in the same community by constructing a multidimensional poverty index that allows for comparisons among RFIs and across countries. The tool was designed for donors and investors that require a standardized, globally applicable and rigorous set of indicators to make poverty-focused funding decisions.

Information sources
The PAT involves a survey of 200 randomly selected clients and 300 non-clients. Various dimensions of poverty are taken into account, including household structure, food security, dwelling, assets and access to social services.

Nature of information
The basic questionnaire outlined in the tool has to be adapted to local conditions (e.g., specific poverty indicators, choice of assets, local staple foodstuffs).

Use of information
The PAT results in a relative poverty index that assigns a poverty score to each household and thereby permits an analysis of the level of poverty of clients compared to that of non-clients (grouped in quintiles, for example).

Implementation mode
The basic questionnaire must be adapted to local conditions, and rapid interviews must be conducted with clients and non-clients (30-60 minutes). Then data analysis using a statistical package (e.g., SPSS) establishes a poverty index.

Who can conduct the survey?
The PAT is designed for specialists and is not suitable for use by an MFI unless the MFI has employees trained in statistical analysis.

Duration
Approximately two months of surveying and six months to obtain the results.

Regularity
The PAT can be used as a one-off inquiry, or it can be repeated every two or three years to monitor changes in MFI targets. The PAT should be used with other appraisal tools (e.g., CGAP appraisal format).
Cost
USD 10,000 to 15,000 if a local research team is used.

Comparative advantages
The PAT considers the various dimensions of poverty and establishes a typology of poverty that is more objective than the housing index or the PWR index.

Limitations
Knowledge of statistics is necessary to process the information.

For more information
www.cgap.org/docs/TechnicalTool_05_overview.pdf
www.cgap.org/docs/TechnicalTool_05.pdf
Tool 5: ACCION’s Studies on Poverty Outreach

Objective
ACCION’s studies on poverty outreach measure the absolute level of poverty of clients in relation to the rest of the population using information collected by the MFI from its clients.

Source of information
Quantitative data on the standard of living of clients are collected by the MFI and entered into the MIS; they are then compared with national data on household poverty.

Nature of the information
The ACCION evaluation tool is based on existing data and requires the analysis of data in the MIS of several partner MFIs; the results are compared with data drawn from national household surveys.

Use of the information
The tool responds to these key questions: (a) How does the poverty distribution among clients of ACCION affiliates compare with the poverty distribution across the population of the country? (b) What are the demographic and socio-economic characteristics of the clients of ACCION affiliates relative to the population as a whole? and (c) What are the characteristics of the poorest clients?

Implementation mode
No special surveys are required, as the data have already been gathered during the loan approval process. In the comparative analysis of client data with national studies, ACCION considers: (a) median revenue and expenditure and the distribution of revenue and expenditure by decile for ACCION clients and the population as a whole; (b) the incidence of poverty (e.g., the percentage of the population below the poverty line) for the two groups according to the three poverty lines (i.e., national, USD 1.00 per day and USD 2.00 per day); (c) distribution and cumulative distribution functions reflecting the distribution of poverty across various groups; and (d) correlations among poverty, demographic and socio-economic variables and the characteristics of loans.

Who can conduct the survey?
Data are collected from clients by credit agents. A statistician must analyse the data.
Duration
The bulk of the work consists of data analysis since there is no need for specific data collection. The tools generate a great deal of information quickly that can be analysed quickly so as to inform decision-making.

Cost
There may be significant costs related to the statistical analysis (it is difficult to compare client data and national data satisfactorily).

Comparative advantages
This tool uses information already available in the MIS, an often underused source of data. In addition, by relying on information provided by clients, not national statistics, ACCION does not need to carry out surveys among non-clients, which obviates the need for an external operative and could depend an internal monitoring system within the MFI.

Limitations
The tool is effective only if detailed information is available on borrowers. Not all MFIs have this sort of information. The tool is therefore useful only to a limited number of MFIs. There may be doubts about the reliability of the information collected during the loan approval process and the applicability of this information to entire households. In addition, it is uncertain how comparable these data are with national surveys of households or whether national statistics are available, recent and reliable. The degree of precision in revenue and expenditure data may differ in national surveys (which focus more on expenditure) and loan request questionnaires (which focus on sources of income).

For more information
Tool 6: AIMS/SEEP Loan Use and Savings Strategies Over Time

Objective
Five tools have been developed by the SEEP and USAID’s AIMS project to understand how clients use their loans and savings products in their businesses and households and in response to crises. These tools include: (a) an impact survey; (b) a client exit survey; (c) loan use strategies over time; (d) client satisfaction; and (e) client empowerment. By documenting how clients have used each loan, the tool allows the RFI to understand how the decisions of clients change and how their businesses evolve.

Nature of the information
This tool is useful for gaining a much deeper understanding of how clients use their loans, especially regarding issues that usually remain hidden to field staff. The tool is helpful in identifying opportunities for new products and in planning product design.

Who conducts the survey?
RFI staff who use this tool must be well trained and be able to put clients at ease, ask questions in a sensitive way and record the answers accurately. Each interview team typically includes an interviewer and a note-taker. Carefully asking questions, listening sensitively to the answers and probing further are skills that do not come naturally. The tool manual offers advice and exercises on the use of the tool. In addition, staff analysing the data must be competent in statistical analysis.

Duration
Each interview with an individual takes approximately 30 to 90 minutes, though every effort should be made to keep it below one hour. Given the length of the interviews, it is advisable to have a small sample of 10-15 clients.

Limitations
- This tool asks the clients to recall each loan they have taken and to describe how it was used. Clients who have taken a number of loans (more than four) find recalling all the relevant information difficult. It is therefore useful to focus on the first two loans and the last two completed loan cycles.
- The tool requires that the interviewer ask the clients to recall how they used the surplus or profit from the loan, which is not always easy to do. Care has to be taken in deciding how to ask this question and testing to see which approaches to the question work best.
• MFIs use different sampling strategies when deciding whom to interview. Some may choose clients randomly, while others may choose particular groups of clients (e.g., clients who have been in the programme longer). The interpretation of the findings must reflect this since, for example, those who have been in the programme longer may use different strategies to manage loans. Clients must be assured that the information collected will not affect their access to loans in the future; the researchers must ensure that this is the case.

For more information
Nelson (2000) is a detailed guide for the tool.
Tool 7: Evaluation of Household Budgets

Objective
An evaluation of household budgets allows an MFI to understand family economies and their development, quantify financial flows in a family’s production system and determine the role of savings and credit strategies in these flows.

Source of Information
Information is obtained through a quantitative survey of a sample of clients and based on evaluation books filled in by families.

Nature of the information
The data cover monetary flows, analyses of money management, non-financial flows (e.g., incoming flows from harvests, outgoing flows through family consumption and reinvestment). Flow analysis explores the management of expenses and income, margins, revenue and seasonal factors.

Use of the information
Data analyses generate information on the family and about the structure and seasonal factors of family expenses and income, revenues and the capital productivity of various activities. Family typologies are defined so as to clarify the diversity of production systems and the financial requirements and limitations of each.

Implementation mode
Raw data are entered in Excel, and an aggregation of raw monthly income and expenditure data according to family and family group can be produced.

Who conducts the survey?
An external evaluator, student, or the MFI team can conduct the survey.

Duration
The evaluation takes place over at least one year (given the seasonal factors of flows) and can be spread over several years.

Cost
Surveys require regular evaluation over time and take at least one year (given seasonal changes in resources and expenditures and the necessary training of the clients participating in the evaluation). Surveys can therefore prove costly, but can also make use of academic initiatives and involve students.
Comparative advantages

Detailed information on household budgets leads to an understanding of client needs and the role of products offered by the MFI in the overall budget (e.g., the identification of repayment sources other than credit-financed activities, fund management constraints) and as a basis for management advice to families.

Limitations

- Data obtained merely from budget evaluations are difficult to interpret and employ without good prior knowledge of the context and the families.
- This tool requires a significant investment in training on survey techniques, microeconomic concepts such as production systems, economic calculations and basic data management.
- Budget evaluation is not necessarily the best tool for impact analysis; it is a “heavy” mechanism that provides a lot of information, which, however, is not necessarily of the greatest relevance to impact.

For more information

Tool 8: AIMS/SEEP Client Satisfaction Tool

Objective
The AIMS/SEEP client satisfaction tool allows an RFI to evaluate client satisfaction and determine which specific changes might result in better meeting client needs. Clients are asked to recommend changes; they then vote on all the ideas. The management of the RFI can subsequently make more informed changes in product features and delivery mechanisms through this feedback.

RFIs have found this tool to be very useful in defining areas in which services can be improved. Since staff are usually involved in collecting the data and analysing the results, the tool also enables learning and forward thinking on the part of the staff.

Who conducts the survey?
As with other qualitative tools, staff must be trained to pose effective questions and follow up on answers to extract more information. Since this tool is used with focus groups, staff must also be skilled group facilitators. Field staff must likewise be trained to participate in focus groups, as they must sometimes defend programme policies in response to client criticisms. This tool is well structured and is easier to employ than many other qualitative tools, which also makes analysis of the results more straightforward.

Duration
The discussion with each group lasts about two hours.

Limitations
- The expectations of clients can be raised significantly, as they may leave the session thinking that the programme will make the changes they have proposed. The facilitator must clearly explain to clients at the beginning of the exercise that their suggestions and feedback will be relayed to management, but that it is unlikely that all recommendations will be adopted. After this process, it is also important to inform clients what changes will be made in the programme and the rationale. If clients do not witness the impact of this process, they may feel their time and input have been wasted during the review process, and they may in turn become more dissatisfied.
- Voting on proposals is often subject to the influence of opinion leaders in the group. Some practitioners have found that it is better not to hold such a vote and instead note the various responses to the proposals by various participants.
• While one RFI uses this exercise quarterly as its primary means of obtaining client feedback, others have found that the client satisfaction information can be captured through routine monitoring systems that gauge client preferences and gather feedback about the products.
• The information must be analysed and used quickly, as it is often very specific. It is also vital to respond in a timely way to the concerns of clients both to show appreciation for their input and to encourage their participation in additional research and surveys.

For more information
Nelson (2000) is a detailed guide to the tool.
Tool 9: QUIP, the Qualitative In-Depth Individual Impact Assessment Protocol

Objective
QUIP gives clients the opportunity to tell their own story and speak openly about how programme services have affected them. QUIP involves an in-depth interview that can be adapted to explore questions of particular interest to the RFI, as well as the reasons for differences in client experiences. QUIP was developed by Imp-Act so that practitioners could use semi-structured interviews more systematically in social performance assessment. QUIP provides in-depth information about a range of issues, including programme impact on the lives of clients and is especially useful for cross-checking and underlining variations in the findings produced by impact monitoring or survey work. This information is especially helpful in reporting to external audiences, as case study examples give life and depth to explanations of impact.

Nature of the information
This tool can be tailored to issues of interest to the RFI and is most useful for exploring client characteristics, the demand for microfinance services, client satisfaction with the services provided and the direct impact of services. The semi-structured nature of QUIP can reveal surprising insights into how clients employ the services and highlight differences in impact among various types of clients.

Who can conduct the survey?
Similar to the client empowerment tool, this tool requires staff who are well trained in sensitive questioning and follow-up probing. When QUIP is first used, the support of an independent researcher may be helpful in generating questions that reflect the priority issues of the RFI. In addition, the analysis of open-ended responses is more difficult for untrained staff.

Duration
The interview itself should not take more than one hour. Given the in-depth nature of the tool, it is advisable to employ relatively small samples (e.g., 15 to 20 clients).
Limitations

• This tool must be used carefully. The anonymity of the respondents must be ensured. The application of the tool is likely to produce insights into the lives and behaviour of clients that are unanticipated; this means that staff must want genuinely to examine the experiences of clients rather than simply wish to turn the clients into glowing examples of a RFI’s success. Findings are likely to require additional research if they show that changes in the operational aspects of the programme are needed.

• This tool has thus far had limited use among Imp-Act partners and is likely to require external support during the first application.

For more information
A detailed guide to this tool is provided in Imp-Act (2004a).
Tool 10: MicroSave’s Market Research for Microfinance Toolkit

Objective
The 18 tools in the MicroSave toolkit are designed to explore how poor people use savings and credit to accumulate assets and smooth consumption despite the effects of seasonality and crises. The MicroSave toolkit uses participatory appraisal techniques based on a focus group discussion format, and its tools be selected and adapted in response to specific research objectives.

Nature of the information
(a) How poor are our clients?
• Wealth ranking can be used to gain a broad understanding of the characteristics associated with poverty as they are perceived by local people. Detailed wealth ranking can be used for targeting because it gives a ranking of all households in a village. While these data can be reviewed to see who should join the programme and who should not, they are difficult to aggregate across villages due to the relativity of the assessment. While the tools are therefore poorly suited for drawing conclusions about poverty outreach across the programme, they do offer valuable insights into the socio-economic status of a community and the key poverty dynamics in an area.
• The financial services matrix provides an outline assessment of the extent to which an RFI’s services are used by people in various wealth categories. Since the wealth categories are broad and assessed relative to each other (e.g., rich, not-so-poor, poor), this information cannot be systematically aggregated across different locations. The financial services matrix is therefore not recommended as a primary tool for addressing this question, though it can offer helpful supporting evidence.

(b) How satisfied are our clients with our services?
• The product attribute ranking exercise asks clients to rank the various characteristics of a product (e.g., distance, security, speed of service, interest rate) to determine their views on the key attributes of a product and the reasons for their assessments.
• The relative preference ranking exercise asks clients to rank the characteristics of the RFI’s services against other services available to the clients, thereby providing a clear understanding of the strengths and weaknesses of the services within the local market.
• The financial sector trend analysis allows the RFI to take a broader view of its own position in the market vis-à-vis other service providers and offers information about how the services being provided are comparable to those of other providers.
What difference are our services making in the lives of our clients?

- The exercise on time series on asset acquisition and ownership involves asking a small group of respondents to complete a chart clarifying when they acquired particular assets. This information is then aggregated and discussed to determine the role of the RFI’s products in helping acquire these assets.
- The exercise on crises involves asking a small group of clients to discuss the types of crises that occur in the community and to rank them in order of importance and impact over time. The discussion of these results allows the RFI to understand whether and how its services have assisted clients to cope with these crises.

Who can conduct the survey?

These tools are best used by practitioners who have been trained in these or similar PRA techniques and have the skills to moderate focus groups. The tools are best implemented by a two-person team of one facilitator and one note-taker.

Duration

Most of the tools require 60 to 90 minutes to implement. The number of exercises undertaken should ensure that there is sufficient scope to cross-check results among various types of respondents (e.g., rural or urban, men or women).

Limitations

- All the tools in the MicroSave toolkit require well-trained and skilled facilitators.
- Participants in the exercise must be selected appropriately. The financial sector trend analysis and financial services matrix exercises, for example, require that respondents be aware of other services available in the area.

Cost

These tools produce a great deal of valuable information at relatively low cost once facilitators have been adequately trained to manage the exercises effectively.

For more information

The toolkit is available at www.microsave.org.
Tool 11: Socio-Anthropological Studies

Objective
The objective of this tool is to allow a general examination of an MFI’s institutional organization and social viability in terms of: (a) the impact of credit guarantees; (b) the organization of local credit offices; and (c) the integration of these offices within their environment.

Source of the information
The socio-anthropological study of a sample of local offices involves:
- participatory observations (e.g., observations of interpersonal relationships among participants in and around offices and during meetings);
- open and informal interviews, especially with associates and agents;
- semi-formal interviews; and,
- focus groups in each office, bringing together participants of the same category (e.g., employees, associates).

Employees, local people, excluded associates, members, group leaders, managers, ex-employees and assistants may all be interviewed.

Nature of the information
This study produces general data on the social status and local responsibilities of clients and the functions of social groups (e.g., gains and losses in membership, constitution, relationships among members, internal functioning, stability). Other findings on the perception of the local office and its structures, the perceptions of other participants, access to decision-making and the role of meetings are also generated. Conflicts created by the local office and by the motivations and strategies of participants in accessing credit and savings are also analysed.

Use of the information
The information produces a qualitative synthesis; no quantitative or statistical analysis is involved. This process provides a better understanding of the problems inherent in the institution's social organization and identifies solutions. The results also provide guidance on the definition of two levels of organizational model: new types of “social” guarantees and the methods of local office management.

Who conducts the survey?
Survey teams consisting of a more senior researcher and younger sociologists can conduct the analysis.
Cost
The cost of one local report: around EUR 5 000. The cost of the external framework: around EUR 30 000, in addition to specific costs such as transport and publication.

Comparative advantages
An external perspective generated through a socio-anthropological approach leads to a better understanding of clients and their needs and constraints. The emphasis is on the role of the various participants and their respective perceptions of local offices and the social forces that affect the way the MFI operates.

Limitations
- Study costs are a significant limitation.
- The involvement of a socio-anthropological researcher in social dynamics does not necessarily imply an ability to derive technical and operational recommendations from the expert’s observations. Practitioners must be mobilized to implement the findings.

For more information
French microfinance gateway: www.lamicrofinance.org; see also Condé, Bouju and Gentil (2001).
Tool 12: AIMS/SEEP Client Exit Tool

**Objective**
A client exit survey is a type of quantitative client monitoring that focuses on ex-clients. Based on a standardized questionnaire, the client exit survey gathers information about how clients perceive a programme’s strengths and weaknesses. The client exit interview allows a deeper understanding of the reasons clients have left the RFI.

**Source of the information**
The survey can be conducted either routinely with each client who has dropped out, or on a regular, ad-hoc basis with a sample group of ex-clients.

**Duration**
An average interview takes only 20 minutes and can easily be conducted by the RFI loan officer.

**Nature of the information**
Information about client exits has proved extremely useful for understanding a wide range of issues, from client satisfaction to business failure and client livelihoods. It thus includes a mix of market and impact information and is invaluable for improving practice.

**For more information**
See www.microfinancegateway.org/content/article/detail/2408/.
**Tool 13: AIMS/SEEP Impact Survey**

**Objective**
This impact survey was designed for a “typical” RFI and should be tailored to provide answers to the specific questions being investigated.

**Source of the information**
This quantitative impact survey consists of 37 questions that are submitted to three groups: recent clients, long-standing clients (two years or more) and a control group of people who have only now started to take part in the programme (new clients).

**Nature of the information**
This impact survey collects information on changes in an enterprise’s revenues, changes in commercial practice, the management of funds and assets and changes in family well-being and the ability to deal with emergencies, savings and employment.

**Use of the information**
Statistical analyses compare the results for each client group and tests whether any differences are statistically significant. The hypothesis is that differences in the results among groups are driven by the financial services offered by the MFI.

**Who can conduct the survey?**
An external evaluator or MFI team can administer the survey, though this requires considerable time.

**Duration**
This impact survey is the most complex of the five AIMS tools and takes the most time to implement. Each client survey requires approximately one hour. Overall, 250 to 300 days are necessary for the entire process; results can be generated only after, roughly, three months.

**Cost**
Around USD 18 000 for a complete study by a local team; the costs are greater if there is international participation.
Limitations

- This tool exhibits the "classic" methodological limitations of impact analysis: difficulty in proving impact given the problems of fungibility and doubts in assigning effects.
- The impact survey requires a large sample of new and old clients in order to generate significant results that can reveal whether the differences between the two groups can be attributed to the access and lack of access to loans.
- In choosing the control group from among new clients, enough new clients must exist to provide a sample. In addition, the question whether these new clients have the same characteristics as the old clients must be considered.

For more information
www.microfinancegateway.org/content/article/detail/2408/


**Tool 14: Impact-Knowledge-Market**

**Objective**
The IKM programme has issued a manual outlining ways an organization can develop a set of techniques to combine impact assessment and market research into a client-centred monitoring system. Useful for institutional management, the IKM tools and techniques employed by PlaNetFinance depend greatly on the context of the organization and the identified information requirements. Given the importance of the use of multiple methods and triangulation in client assessments, the IKM proposes a shopping list of quantitative, qualitative and PRA tools.

IKM studies have several objectives:
- provide in-depth information concerning clients and non-clients and their activities;
- study the impact of microfinance on clients vis-à-vis their households and enterprises;
- measure client satisfaction and identify causes of dissatisfaction;
- evaluate the demand and requirements for credit; and
- evaluate the causes of client dropout.

The strength of the framework lies in its contextualization of impact assessment within a broader organizational framework, the discussion of the planning and design stages and the overall impact assessment process. The assessment tools presented in the IKM are based largely on the AIMS practitioner tools and the MicroSave Africa toolkit.
Tool 15: Typologies and Life Histories

Objective

Typologies and life histories aim to:

- establish a typology of households in a given area (system of economic activity and level of wealth);
- understand the economic strategies of various categories of households, their needs and financial constraints;
- describe the budget of each household;
- identify the different sources of finance and the use made of them by households; and
- understand the impact of the MFI on the various categories of households.

Source and nature of the information

- Contextual surveys (semi-formal in-depth interviews with 20-30 key village spokespersons) provide knowledge of the general context and practice relating to formal and informal credit.
- Surveys of participating and non-participating households cover a wide sample of the population in areas representative of the diversity of the MFI.
- Semi-formal interviews (lasting one-and-a-half to two hours) include questions on how households function (e.g., strategies, constraints), seasonal factors in activities and revenue, and inheritances, savings, financial needs and diverse credit sources.
- The typology of the inhabitants is based on the systems of activity of families and integrate a classification of levels of wealth and also a notion of income projections drawn from analyses of an investment indicator.

These sources can be combined with qualitative surveys involving a smaller sample of households so as to allow a more in-depth analysis of household strategies and constraints and the use of credit. In addition, the research can be advanced through the repetition of surveys at regular intervals in order to evaluate fewer households.

Use of the information

The typology of the population is based on a combination of level of wealth and system of activity. The data are also employed to compare the access to and use of financial services by various population categories.

Who can conduct the survey?

Local teams skilled in surveys and data processing.
**Duration**
Depends on the type of composition of the basic survey. Data collection requires 60 to 80 days, and processing also requires 60 to 80 days.

**Cost**
Approximately USD 20 000 for a local team.

**Comparative advantages**
- Allows a detailed analysis by population category and a better understanding of household strategies and the use of MFI services in accordance with the specific constraints
- Allows the MFI to adapt its provision of financing. Work on academic theses permits the integration of "heavy" tools that are difficult to employ in other contexts (e.g., diachronic evaluation of fungibility and attribution).

**Limitations**
Cannot prove impact; lacks sufficient formality.

**For more information**
French microfinance gateway: www.lamicrofinance.org; see also Wampfler, Prifti and Brajha (1996), Bousso et al. (1997) and Le Roy and Robert (1999).
Tool 16: Internal Learning System

Objective
The ILS is an integrated participatory impact assessment and planning system for community development programmes. The ILS uses multi-year pictorial diaries that are suited to conditions of illiteracy and poverty because they contain pictures or scenes that represent impact indicators. The tool provides in-depth information about impacts on the lives of clients that can be especially useful in cross-checking the findings being produced by impact monitoring or survey work.

Source and nature of the information
The ILS “life and livelihoods workbook” guides members to think critically about the total availability of assets and resources so as to strengthen their livelihoods base. All participants use the medium and carry out the same five ILS tasks in their diaries. They:

(a) collect data;
(b) assess change;
(c) analyse the causes of change and carry out troubleshooting;
(d) conduct planning and training; and
(e) document and reinforce programme values.

The process of completing the diary engenders self-analysis, discussion and learning. The diary is employed to generate discussion among the group members and with programme staff. It can also be entered into databases and used for in-depth statistical analysis. The data can be examined longitudinally since the diaries are kept over a period of years. Hypotheses about impact can be examined by comparing the experience of clients entering the programme at different times.

Limitations
The use of the ILS requires a clear commitment by the RFI to build (or improve) the understanding and problem-solving skills of clients, which goes beyond simple impact monitoring.

For more information
Tool 17: AIMS/SEEP Empowerment Tool

Objective
The AIMS/SEEP empowerment tool is designed for clients who have been in a programme for more than one year. It asks clients to identify differences in their behaviour over time. The empowerment tool can be implemented using one of two methods. The first asks the clients to draw pictures of themselves in the past and in the present; then an interviewer asks probing questions about the differences between the pictures. The second method involves an open-ended interview.

Source and nature of the information
The tool helps to determine if clients have grown more confident and gained more self-esteem while participating in the programme. It also helps to identify how these qualities have translated into specific changes in behaviour that demonstrate empowerment. It produces in-depth information that other techniques fail to capture. The empowerment tool thus enables a detailed understanding of the diversity of impacts taking place in client’s lives and gives clients the opportunity to attribute changes in their lives directly to the intervention of the programme.

Who can conduct the survey?
As with other qualitative tools, this tool requires staff who are well trained in questioning survey participants and following up on responses to seek more information. The technique requires especially strong interviewing skills since participants often need significant encouragement to overcome their disinclination to draw pictures.

Duration
The interview itself lasts up to two hours. Due to the in-depth nature of the tool, it is advisable to employ relatively small samples (e.g., 15 to 20 clients). As with other tools it is necessary to process the information quickly, though the analysis of the data requires greater skill and may therefore take inexperienced researchers more time.

Limitations
- The information produced by this tool is quite unstructured and therefore poses greater challenges in conducting the analysis and reaching conclusions. It also therefore requires stronger skills in qualitative data analysis.
- Participants need a great deal of encouragement to draw pictures, but, though a strong emotional response may be produced, facilitators report that, once the clients have drawn the pictures, they find the process empowering.
• The information is especially useful for reporting to external audiences, but this must be done carefully. Using the clients’ own words to report the findings is particularly useful and convincing, but care should be taken to keep the identity of the clients anonymous.

• The tool must be used by well-trained staff and needs to be simplified if it is to be used more frequently by a wider range of staff.

• The empowerment tool produces valuable in-depth data on impact pathways and processes, but is not intended to produce data that are useful for immediate operational purposes.

Cost
The empowerment tool can precipitate lengthy discussions. Refreshments are sometimes required to keep people motivated. The tool has, however, also been applied successfully with a small group of three clients at a time.

For more information
Tool 18: Approaches to Links between Different Financial Services (Formal and Informal)

Objective
An analysis of the economic impact of decentralized financial systems can be conducted according to the various functions of the systems (e.g., savings, loans), the ways in which RFIs complement financial systems (in terms of both consumers and activities), and the institutional sustainability of the RFIs. One such analysis was conducted in West Africa based on a sample of RFIs in Benin, Burkina Faso and Guinea. The study, which combines microeconomic approaches and macroeconomic analysis, establishes an analytical framework for RFIs and provides information on the role and economic impact of RFIs in the financial sector.

Source of the information
Such an ad-hoc study can combine existing data from monitoring and evaluation systems with qualitative and quantitative methods (e.g., semi-open surveys with open and closed questions).

Nature of the information
- Comparative studies in the form of surveys and written reports
- Macroeconomic studies (economy, monetary institutions, structure of the financial system)
- Bibliographical studies of methods of impact analysis.

Who conducts the survey?
This survey can be conducted by economists, agro-economists, or social economists.

Duration
18 to 24 months.

Regularity
Ad-hoc study.

Cost
Around EUR 200 000 for an in-depth analysis of three countries.
Comparative advantages

- Assists in the conception and implementation of monitoring and evaluation mechanisms
- Responds to the concerns of different participants (e.g., RFIs, federations, donors)
- Analyses links among RFIs, the informal sector and monetary mechanisms
- Highlights possible connections between the ad-hoc study and the use of data derived from RFI monitoring and evaluation systems

Limitations

- Requires facility with study methods and a pre-existing monitoring and evaluation system within the RFIs
- Requires considerable motivation on the part of those who carry out the survey
- Relatively high study cost

For more information
The assessment of impact is particularly complex since RFI services entail a number of interactions and relationships of cause and effect with their surroundings. The effect of RFIs can be direct and indirect, intended, unintended, positive or negative, noted at different levels (e.g., individual, household, enterprise, farm, institution, community, local economy, regional, even national) and in different dimensions and domains (e.g., economic, social, socio-political). Impact assessment therefore presents the greatest methodological challenges.

Two significant challenges stand out. First, the fungibility of credit makes it difficult to determine how loans were actually used once the funds had entered the household budget, which is clearly a problem in impact assessment. The second challenge lies in the difficulty in attributing effects since it is also difficult to assess whether the observed changes are due to the financial service obtained or to other factors affecting the socio-economic context.

The perceived complexity has meant that impact assessment has tended to be the realm of donors, consultants and academics. Rigorous impact assessments have tried to overcome the problems by using quasi-experimental designs and carefully planned sampling and control groups. There is a substantial literature on the approaches to impact assessment, and authoritative reviews and guides have been produced. One of the main conclusions to be drawn from this literature is that so-called "scientific" impact assessment is extraordinarily difficult to do, and few methods (if any) are immune from ongoing academic challenges.

In response to the uncertainty of impact assessment and the lack of usefulness for practitioners, many people have promoted market proxies, viewing impact assessment as a costly distraction. This is based on the assumption that, if an RFI grows and has satisfactory repayment rates, its clients must be satisfied with its services, which, they argue, demonstrates a positive impact. For many donors, practitioners and policy-makers, however, the provision of financial services is fundamentally important for the changes it brings about among poor people, especially when public funds are made available, and therefore the assessment of social performance is seen as necessary. This approach has likewise been shown to be flawed in practical terms since more RFIs have experienced problems related to the inappropriate design of their services, demonstrating the need for greater client understanding.
While one must note the challenges of impact assessment, it is important to recognize that much assessment of social performance does not require rigorous “scientific” approaches. The AIMS project, for example, has developed a mid-range impact assessment that seeks to demonstrate a plausible association between cause and effect, rather than trying to prove specific impacts. This approach is suitable for practitioners who require information about outcomes or impacts and is likely to be appropriate for most donor needs. While there remains a place for assessment that seeks to attribute causality, particularly where the assessment will provide information about a new approach or context, the high costs, combined with the difficulties in making this type of assessment useful for the enhancement of practice, mean that such assessments are now conducted on an occasional rather than a regular basis. Increasingly, there is a focus on using an approach that tailors the level of rigour to the specific needs of an individual assessment and seeks to provide information that is timely, cost effective and useful for practitioners, while answering the more abstract questions of donors and external stakeholders.
ANNEX IV  CGAP social performance of financial institutions

Developing indicators for assessing the progress towards the Millennium Development Goals

The five different dimensions of the Millennium Development Goals for which information should be collected, as well as selected indicators relating to these dimensions, are provided below.

1. Depth of outreach
   - use of targeting tools
   - % of clients living below USD 1.00 per day and USD 2.00 per day
   - % of clients living below the national poverty line or the absolute poverty line

2. Reducing poverty and hunger
   - improvements in housing structure
   - increases in assets (land ownership or any simple, easily visible asset)
   - employment generation (especially lean season employment)
   - food security and consumption smoothening (sufficient food, especially in lean seasons)
   - crisis coping (increased resilience to cope with crises)
   - access to emergency financing (loans and savings)

3. Schooling
   - primary school attendance (% of eligible children)
   - secondary school attendance (% of eligible children)

4. Access to health care services
   - access to messages on preventive care and to referrals
   - access to clean water
   - immunization and prenatal care
   - use of modern medical facilities (e.g., doctors or modern health care facilities at childbirth)

5. Women’s empowerment and social capital
   - % of women clients
   - women’s involvement in public sphere activities (e.g., elections or local adjudicating bodies)
   - legal awareness (divorce, inheritance)
   - women’s networks (the development of social networks outside kin groups)
Quantitative and qualitative methods

1. Quantitative methods
The goal of quantitative methods is to measure impact in a quantifiable way. Quantitative data are primarily collected through sample surveys.

*Sample surveys.* A survey is a method of establishing a comprehensive overview of a given situation or a group of people (e.g., age, sex, occupation). Surveys are based on questionnaires and aim to gather standard and quantifiable data. Surveys are most suited to answering questions such as “what?”, “how many?” and “how often?” rather than “why?”. Their major purpose is to test multiple hypotheses that correspond to various types of impact.

It is quite important to conduct a survey with at least two different randomly selected groups: long-term clients and a reference or control group, for example. The latter enables a comparison that shows how living conditions, for instance, might have been different if the clients had not received programme services. The comparison with the control group is perceived as an attempt to cope with the “attribution gap”.

Furthermore, it is usually suggested that these groups be split into proportionally stratified samples (subgroups of women and men or rural and urban clients comprising a minimum of 30 individuals). The survey should be conducted annually or biannually as large-scale questionnaire surveys or as smaller-scale mini surveys, depending on available resources.

*Client monitoring.* Monitoring systems provide regular, quantitative information about RFI clients. Data collection is integrated into routine RFI activities, and data are usually collected from all or a sample of clients on a regular basis, normally using RFI staff. Data collection must be simple and rapid; therefore, monitoring systems generally collect data on a small number of indicators. Monitoring systems are useful for the collection of baseline information, for determining the profile of new clients relative to the RFI’s stated target clients and for tracking changes in client status over time.

2. Qualitative methods
Qualitative methods aim to evaluate why impacts have occurred and to understand the impact chain.21

*Qualitative interviews.* The basic qualitative method is the qualitative interview. It can be conducted individually or in groups, and typical tools are the semi-structured questionnaire or open-ended, ad-hoc conversations.

*Focus group discussions* are a specific type of a qualitative interview in which a facilitator guides a small group of five to ten people through a discussion around a set of open-ended questions to explore issues in depth. The discussion

---

21 Barnes and Sebstad (2000).
is recorded on tape or notes may be taken. The tool is very flexible, and the questions can therefore be tailored to explore virtually any issues in which the RFI is interested. The key benefit of focus group discussions and other qualitative techniques is that the facilitator can explore issues with participants and encourage discussion among them, which reveals explanations for their use of financial services, their likes and dislikes and so on.

As with other qualitative tools, this tool requires staff who are trained to question and probe properly and who are able to facilitate and manage groups. It also requires that those doing the facilitation are adequately aware of the issues being discussed, as it is difficult to probe effectively without sufficient background. If the question, for example, involves detailed issues of product design, then the facilitator must have a very good understanding of all the applications and possible advantages and disadvantages involved in a product. Because this is a generic tool, it also requires skills in developing questions and discussion guides that are both open ended and sufficiently focused on the topics one may wish to investigate. The discussion guides must therefore be adequately pre-tested.

Focus group discussions are not appropriate for determining details about how individual clients have used the rural financial services or have experienced the impact of such services. While participants will use their own experience in contributing to the discussions and may offer their own experiences as examples, it is not appropriate to ask them direct questions about their own lives and livelihoods. The discussion must be kept to topics of relevance to all the participants; individuals should not be put on the spot. As a result, this method does not provide information about changes in the lives and livelihoods of individual clients.

Focus group discussions are most useful for exploring the areas of change that clients have seen in their lives generally or that the group has experienced as a whole. They are also useful for discussing impacts that have occurred in the community more widely as a result of the programme, for example, how the women are now being regarded by their husbands, community leaders, local authorities and so on.

Direct or participant observation. Direct observation involves extended residence in a programme community by field researchers who employ qualitative techniques and small-scale sample surveys. It includes participant and non-participant observation, ethnographic diaries; more recently, photography and video techniques have also been introduced.

Case studies combine various methods to compile a holistic understanding of individuals, households, communities, markets, or institutions. Case studies include analyses of a range of impact questions or focus on specific issues, such as savings, empowerment, social capital, asset building, business development, individuals and intrahousehold relationships. They are conducted as retrospective interviews in order to prepare a history or a detailed study of a specific unit (group, locality, or organization).
ANNEX VI

References


REFERENCES


