

SPI-Report No. 3

Analysis of the information provided by micro finance practitioners

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Out of around 30 MFIs contacted, the research team received comments from 18 MFIs. We want to thank the respondents for their interest, the time they spent and their effort to participate in this initiative, giving valuable input for measuring social performance. The results are summarized in this report. MFIs managers have ranked each dimension and all the indicators proposed.

1. MFIs AND NETWORKS WHO ANSWERED

1.1. Diversity of MFIs

The 18 completed questionnaires offer an interesting diversity regarding the geographical setting, the structure of the organisations and the methodology used to reach the population:

- 6 from Africa, 1 from Eastern Europe, 7 from Asia, 4 from Latin America.
- 13 MFIs, 5 supporting agencies or networks working directly with MFIs.

The MFIs are based on the Grameen Bank methodology, village banking or cooperatives.

AFRICA:

Vola Mahasoa - Madagascar

Agence pour la Promotion et l'Appui aux Petites et Moyennes Entreprises (PAPME) - République du Bénin

Lift Above Poverty Organisation (LAPO) – Nigeria

LAPO particularly concentrates on the completely deprived sections of Nigeria and its clients are mostly 'from the bottom 50 per cent of population below the poverty line'. They operate the micro-credit programmes through groups styled like the Grameen Bank groups and emphasis is on sustainability. They try to assess the impact of their programmes through regular meetings. However they promote savings and credit as a programme which is integrated with other activities.

CVECA Cellule nationale – Mali

CVECA Sissili et Soum – Burkina-Faso

Projet Crédit Rural Décentralisé (PCRD) – Cameroun

EASTERN EUROPE :

Prizma - Bosnia and Herzegovina

Prizma's vision is to be widely recognised for giving people choices to improve their lives and to build committed respectful relationships. Its mission is to improve the well being of poor and low-income women and their families by providing long-term access to quality financial and non-financial services. Its two core objectives are social impact and long-term institutional viability.

ASIA:

Centre for Micro Finance (CMF)-Nepal

CMF (Centre for Micro-Finance) is a technical support agency providing support to the microfinance industry in Nepal, with the aim of extending the reach of the microfinance industry throughout the country. CMF provide assistance to SCOs in carrying out impact assessment work.

Funding the Poor Cooperative (FPC), Poverty Research Center, Chinese Academy of Social Science – China

FPC (Funding the Poor Cooperative) was launched in 1994, using a Grameen Bank methodology that largely targets poor rural women. The programme was initially created as an experiment to understand how microfinance could work in China. Currently, the project has branches in 3 counties, covering two provinces, and currently has 15,000 clients and 87 full-time staff. FPC currently only offers loan products and no other facilities.

PRADAN – India

PRADAN (Professional Assistance for Development) an NGO engaged in promotion of rural livelihoods across eight states in India, has tried to mainstream micro-finance into their existing programmes. Though the main focus is on enabling communities to take up income generating programmes, it has run a community banking programme for rural women in South India. Its interest is in making the communities aware of the benefits from the programmes and ultimately help them work towards their sustainability.

Centre for Youth and Social Development (CYSD) – India

CYSD (Centre for Youth and Social Development) is a Non-Governmental Development Organisation working in the state of Orissa. It works to develop participatory action for sustainable development, participatory learning and capacity building, and deepening participatory approaches to understanding poverty, with the aim of influencing policy.

ASA – Bangladesh**Center for Agriculture and Rural Development, Inc. (CARD) – Philippines**

CARD (Center for Agriculture & Rural Development) is a poverty focused Grameen style MFI. It provides credit and savings services to the Filipino poor through solidarity groups. CARD strives to integrate impact assessment into market research among Philippine microfinance institutions in order to improve the quality of microfinance services and extend the reach to the largest number of poor people.

Ennattien Moulethan Chonnebat (EMT) – Cambodia**LATIN AMERICA****Consortio de Ongs Promoción de la Mujer y de la Comunidad PROMUC – Perú**

PROMUC, which comprises of a network of NGOs and share a common goal of promoting poverty alleviation programmes for the welfare of poor women in Peru. It offers services like training, monitoring and evaluation etc., to NGOs and has worked on issues like producing a conflict resolution guide for communal banks, loan usage, income, employment, etc.

Cáritas Diócesis de La Verapaz /CRS - Guatemala**Cáritas San Marcos/CRS – Guatemala****Catholic Relief Services – HAITI**

1.2. Quality of the response

Most of the questionnaires were completed by executive staff directly involved and concerned by the questions.

Except for some questions, the objective of the questionnaire was understood (relevance of the indicators rather than the actual situation for the MFI).

However, we have to pay attention to a possible bias in the answers: when the MFI is not concerned by a type of service or a specific organisation, the indicator is ranked low regardless of its relevance as an indicator of social performance.

2. GENERAL OVERVIEW ON THE DIMENSIONS AND SUB-DIMENSIONS

2.1. Overview of results

The questionnaires proposes 4 dimensions and 12 subdimensions. They are on average viewed as comprehensive and relevant.

Dimensions and subdimensions of social performances	N	Average	Standard dev.
1. Dimension 1: Outreach to the poor	12	4,75	0,43
1.1. MFI's Focus on Poverty Outreach, Financial Sustainability and Welfare Impact	18	4,67	0,47
1.2. Geographic focus of MFI	18	3,56	0,96
1.3. Sectoral and socio-economic focus of the MFI	18	3,56	0,96
1.4. MFI's operational conduct towards reaching the Poor and/or socially excluded	18	4,28	0,93
2. Dimension 2: Pro-poor services and products	11	4,55	0,66
2.1. Type of financial services	18	4,22	0,71
2.2. Type of non-financial services offered by the MFI	18	3,56	1,12
2.3. Client satisfaction	18	4,61	0,59
<i>3. Dimension 3: Improving social and political capital of clients and Communities</i>	<i>12</i>	<i>3,25</i>	<i>0,72</i>
3.1. Empowering clients (who among them and for what)	18	3,61	1,16
3.2. <i>The role of the MFI as lobby institution for the powerless</i>	<i>18</i>	<i>3,28</i>	<i>0,99</i>
3.3. Transparency, accountability, and access to information	18	4,06	0,85
4. Dimension 4: Social Responsibility of MFI	12	3,50	1,04
4.1. Rules of conduct met by the MFI as employer	18	3,67	1,11
4.2. Adaptation to local culture, traditions and values	18	3,89	1,20

The main focus of “social performance” is clearly on reaching the poor (but not necessarily the poorest).

Client satisfaction and transparency are also ranked as important sub-dimensions.

The role of the MFI as lobby institution for the powerless is seen as the least important dimension.

2.2. Discussion

- Financial sustainability:

On the one hand, those who are concerned about the sustainability of the MFI see in the social approach of the MFI the concern for a sustainable access to the services for the clients : is the MFI only present for the short term or does it focus on supplying services for its clients in the long term? What is the mission/vision? Financial sustainability? Internal control?

On the other hand, some of the respondents think that to measure social performances, financial sustainability should not be included as the MFI is “anyway striving for it and we want to find out whether the MFI is doing it in a socially sustainable manner”.

Given the objective of the set of indicators, i.e. measuring social performances with a limited number of relevant indicators, we should focus on the social aspects and exclude the financial indicators (other tools and indicators already exist) but we should be clear, in using the tool, that measuring social performances does not mean that financial sustainability is not important. It is just evaluated by other means, just like poverty outreach is assessed by the Poverty Assessment Tool.

In this case, the sub-dimension 1.1 should just be defined as “**MFI’s Focus on Poverty Outreach and Welfare Impact**”

- Impact:

Should we include indicators of impact?

In the presentation of the questionnaire, we defined the objective of the indicators as measuring social performance but not impact, due to the complexity of the measure (see main report for the difference based on our literature review). However, some of the indicators can be seen as indicators of impact: depth of outreach, client satisfaction, empowerment, client dropout, etc. Some dimensions of impact could be taken into account, as could some tools and methodologies now available that enable MFIs to measure impact with reasonable accuracy but less cost.

What about indirect impact? It could be important to understand if the MFI adopt a “livelihood approach” (products and services that address creation of livelihoods assets, opportunities and employment). That does not mean reaching the poorest, for example, but understanding how the impact of the services offered can benefit the other households.

What is the impact of the MFI on the overall development of the community?

Several respondents are preoccupied by the indirect impact. However, most of them recognize the difficulty in evaluating them without an in-depth study.

- Social capital and governance

Several respondents underline the importance of social links, of social development of the clients, of the integration of the MFI in its social environment, of the role of networks, etc.

They want to add in particular the contribution of the MFIs in promoting good governance at local and national level and their role in the consolidation and empowerment of local organisations (which can be seen for example for the local groups through their level of formalization).

- Savings and liquidity

Some of the respondents underline the role of savings and liquidity: promotion of savings for the clients; does the MFI have sufficient cash-flow to respond to the liquidity constraints of the clients (savings withdrawal and loans)?

3. DISCUSSION ON THE INDIVIDUAL INDICATORS

1.1 MFI's focus on poverty outreach, financial sustainability and welfare impact

No	Indicator 1.1	N	Average	Standard dev.
1	Awareness: Do official reports and/or website of the MFI mention the word poverty (Never=1, sometimes=2, rather often=3, often=4, very often=5)	18	3,00	1,25
2	Target group in MFI reports: Does the MFI seek to reach those individuals, farms or other micro- and small enterprises that usually do not obtain financial services from the formal sector? (Excluded=1, not a specific target=2, targeted as a minor part of the clients=3, targeted as a major part of the clients=4, exclusive target=5)	18	3,83	1,17
3	Poor target group in MFI reports: Does the MFI seek to reach the poor (however defined)? (Excluded=1, not a specific target=2, targeted as a minor part of the clients=3, targeted as a major part of the clients=4, exclusive target=5)	18	3,67	1,15
4	Poorest target group: Does the MFI seek to reach the <i>Poorest in Society</i> (e.g. landless, casual laborers, handicapped, or victims of AIDS/civil strife/ natural catastrophes)? (Excluded=1, not a specific target=2, targeted as a minor part of the clients=3, targeted as a major part of the clients=4, exclusive target=5)	17	3,47	1,24
	Mission: on a scale from 1 to 5 (1=less important, 5=very important), how would the senior management of the MFI rate the following possible objectives for their MFI:			
5	...Financial Sustainability of the MFI	17	3,94	1,00
6	...Outreach to the Poor	18	3,89	1,05
7	...Outreach to the Poorest of the Poor	18	3,22	1,27
8	...positive impact on income of clients	18	3,72	0,93
9	...positive impact on education and social status of clients and their family members	18	3,50	0,90
10	...positive impact on nutrition and health of clients and their family members	18	3,39	1,06
11	<i>...Indirect positive impacts on income/welfare of poor non-clients (e.g. through employment/growth effects of clients operating SMEs)</i>	18	2,67	1,15
12	...Wider impacts on socio-political life in community (i.e. supporting social mobilization)?	17	3,00	0,97

- The poor, the poorest and the financial sustainability

We find here preoccupation with reaching those excluded from the financial system, not necessarily the poorest, and with combining this objective of outreach with the objective of financial sustainability.

- Indirect and wider impact

Indicators on indirect or wider impact are ranked low, mostly because of the difficulty of the evaluation, even if the information can be relevant for social performances. Wider impact appears not to be relevant for smaller MFIs.

1.2. Geographic focus of MFI

No	Indicators 1.2	N	Average	Standard dev.
	Geographic focus: Does the MFI work in ...			
1	rural areas (1 = none, 2= less than 30 % of the clients, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all)	18	4,39	0,59
2	remote areas (Possible criteria: Some clients live more than 20 kilometers off a road a NON-four-wheel drive car can drive all year round) (1 = none, 2= less than 30 % of the clients, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all)	18	4,00	1,15
3	Areas with below-national average socio-economic development (1 = None, 2= less than 30 % of the clients, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all)	18	3,89	0,99
4	In relatively poor (i.e. At Least Below-Average) URBAN areas (1 = None, 2= less than 30 % of the clients, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all)	17	3,76	1,31

The indicators linked to remote / poor areas are relevant and ranked high by the respondents. These 4 indicators should be merged into one or two only, e.g. below national average socio-economic development whether rural or urban area, as presented in the third indicator?

1.3. Sectoral and socio-economic focus of the MFI

No	IndicatorS 1.3	N	Average	Standard Dev.
	Sectoral/socio-economic focus of targeting client group: does the MFI provide loans (1=never, 2=less than 30% of the loans, 3=about 30-60%, 4=about 60-90%, 5=more than 90%/all) to...			
1	SMEs/MMEs in handicraft or trade sector	16	3,44	1,27
2	landless tenants	17	3,41	1,50
3	casual laborers	17	3,59	1,37
4	community organizations pursuing socio-economic and/or cultural objectives	16	3,19	1,38
5	To men	16	3,31	1,26
6	To women	18	4,28	0,99
7	To individuals under 25 years	18	2,89	1,20
8	To illiterate individuals	18	3,39	1,21
9	To persons belonging to ethnic minorities	17	3,24	1,26
10	<i>To persons belonging to religious/cultural minorities</i>	16	2,44	1,12
11	<i>To persons belonging to minority/opposition political parties</i>	15	1,87	1,09

Focus on women appears as the most relevant factors, followed by focus on workers with an insecure status (this will depend on the national context: casual laborers, landless tenants, etc., and it explains the large standard deviation on these indicators). Young people do not seem to be an important “social” focus. Religious, cultural, political minorities are clearly not seen as a important target group for reaching social performances.

1.4. MFI's operational conduct towards reaching the poor

No	Indicators 1.4	N	Average	Standard dev.
1	Target Group: Does your MFI have a defined target group (1=Yes, 0=no)	18	4,11	1,10
2	Do you use targeting criteriatio reach the target group better andto reduceg leakage to the non-target group ? (1=Yes, 0=no)	16	3,75	1,25
3	Do you use any of the following targeting devices (a thru d) for improving the depth of poverty outreach of your MFI? (1=Yes, 0=no)	10	3,90	1,30
4	a) A MEANS test (Any one single indicator or a combination of indicators, such as illiteracy, farm land size, possession of a TV etc.) (1=Yes, 0=no)	15	3,67	1,19
5	b) An poverty/vulnerability index derived from a set of indicators with any sort of weighing scheme (e.g. housing index, CASHPoor index, or any such indexes developed by yourself or by government etc.) (1=Yes, 0=no)	15	3,67	1,25
6	c) Geographic targeting of poor populations, using geographically disaggregated data for socio-economic indicators such as percentage of poor population, infant mortality, or percent minority population (1=Yes, 0=no)	15	3,60	1,02
7	d) Participatory wealth ranking (The community identifies the poor among themselves, and only those identified by the poor become the MFIs clients) (1=Yes, 0=no)	16	3,06	1,34
8	In last 12 month (or last reporting year),average size of loan (in local currency [maybe we better ask in local currency and then the calculation as a % of GDP is made when entering the data of the survey])	15	4,07	0,85
9	In last 12 month (or last reporting year), average size of loan for first-time borrowers only (in local currency)	16	3,88	1,05
10	In last 12 month (or last reporting year), average size of savings deposit (in local currency)	15	4,20	0,91
11	Amount of lowest savings deposit in last 12 month	15	3,67	1,25
12	Amount of smallest loan in last 12 month	15	3,80	1,17
13	Amount of largest loan in last 12 month to first-time borrower	16	3,63	1,11
14	Do you know the Poverty Assessment Tool? Did you use/ do you plan to use the poverty assessment tool to find out whether your MFI reaches the relatively poorer segments of the population in the operational area of your MFI? (1=Yes, 0=no)	12	3,83	1,14
15	Ratio 1-3 of CGAP Poverty Assessment Tool (e.g ratio 1 is % of clients belonging to poorest tercile of the population), see www.cgap.org under PAT	10	3,70	0,90

The operational conduct towards reaching the poor is widely accepted as indicator of social performances for the MFIs, in particular, in terms of targeting criteria and volumes of transactions on credit and savings.

The results on PAT (indicators 14 and 15) ranked rather high but only 12 and 10 MFIs have answered, which means that the tool is not necessarily well known, and the indicator could be misunderstood.

In fact, the use of the PAT has already shown that the MFIs using targeting devices show better results in terms of poverty outreach than those that do not use such devices. This confirms the interest of the indicators 2 to 7. In the future, the results produced by the PAT could help define more precisely which targeting devices are performing better.

Dimension 2 : Pro-poor services and products

2.1. Type of financial services

No	Indicators 2.1	N	Average	Standard dev.
1	Is there a minimum savings deposit for a VOLUNTARY savings product. If yes: how much is it in local currency?	14	3,71	1,22
2	Is there a minimum loan size. If so: how much in local currency	16	3,63	1,11
3	How many different loan products does your MFI have?	14	3,86	1,12
4	How many different VOLUNTARY savings products does your MFI have?	13	3,69	1,38
5	Do you offer insurance against loss of life and/or sickness and/or any other individual risk of clients? (1=Yes, 0=no) If yes, how many different micro-insurance products does your MFI have?	13	3,38	1,50
6	Do you provide so-called "consumer" or general household/emergency loans? (1=Yes, 0=no) Percentage of the volume of loan portfolio ?	12	3,58	1,26
7	Do you provide housing loans? (1=Yes, 0=no) Percentage of the volume of the loan portfolio?	12	3,42	1,11
8	Are clients involved in the definition of the services provided by the MFI ? (Never=1, only at the beginning=2, for some of the new services=3, for most of the new services=4, for all the new services=5)	12	3,92	1,11
9	Effective interest rate charged by your MFI on major loan product	13	3,69	1,26
10	Effective interest rate charged by commercial/state-owned banks on similar loan product?	12	3,17	1,28
11	For member-based organizations only: How much (in local currency) is the initial fee(s) charged during the first year of membership in order to enrol and maintain membership (for example in coops, credit unions and village banks)	11	3,45	1,16
12	Do you require land and housing property (with legal titles) as loan collateral (1 = Never, 2= for less than 30 % of the loans, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all the loans)	14	3,36	1,49
13	Do you rely on social collateral (i.e. solidarity among groups, recommendation by trusted third party) (1 = Never, 2= for less than 30 % of the loans, 3= about 30-60 %, 4 = about 60-90%, 5 = more than 90%/all the loans)	15	4,13	1,15

Most of the indicators on financial services adapted to the needs of the poor are ranked rather high. Three of them appear to be important: diversity of the loan products (including consumption and housing loans) ; involvement of the clients in the definition of the services; reliance on social collateral (instead of physical guarantees).

The final set of indicators must be limited so it is not possible to analyse in detail the quality and the cost of the services; however, some of the respondents insist on the ceilings, rates, delivery on time, flexibility of the services, etc. Maybe the alternative is to focus on the satisfaction of the clients.

2.2. Type of non financial services offered to the clients

No	Indicators 2.2	N	Average	Standard dev.
1	Does the MFI offer (itself or in close contractual partnership with other institutions) to clients and/or their communities any of the following ...			
2	... Preventive Health services (1=Yes, 0=no)	15	3,00	1,41
3	... Curative health services to clients (1=Yes, 0=no)	15	2,67	1,25
4	... Nutrition education services (1=Yes, 0=no)	15	2,80	1,33
5	... Business training (1=Yes, 0=no)	16	3,31	1,16
6	... Literacy training (1=Yes, 0=no)	16	2,69	1,16
7	... Social Awareness training (1=Yes, 0=no)	14	2,79	1,37
8	... Legal Counsel (1=Yes, 0=no)	15	2,53	1,20
9	... Market Information (Inputs, outputs, marketing) (1=Yes, 0=no)	15	2,93	1,24
10	... School education to children (1=Yes, 0=no)	15	2,67	1,25

For the respondents, based on the ranking on the indicators, non financial services, even offered not directly by the MFI but in close contractual partnership with other institutions, do not appear as relevant indicators. Even MFIs with social concerns want to focus on financial services.

On the other hand, it seems that the results of this subdimension are biased by the fact that most of the MFI which have filled up the questionnaire do not offer non financial services and then find the indicator irrelevant. Some of them underline the importance of other indicators: agricultural services, grain banks, drinking water, provision of basic services, community-based organisation development, new leadership building for improved governance, involvement in improving village/community infrastructure, etc.

2.3. Client satisfaction

No	Indicators 2.3	N	Average	Standard Dev.
1	% client drop-out (exact definition to be given in the final questionnaire)	16	4,00	1,12
2	% of client drop-out with below-average loan size	15	3,53	1,36
3	% of client drop-out differentiated by gender	15	3,53	1,31
4	% of client drop-out differentiated by other socio-economic characteristics	15	3,20	1,51
5	Did your MFI conduct a survey on client satisfaction?	15	3,80	1,33
6	Repayment rate (3 months / exact definition to be given in the final questionnaire)	13	3,62	1,39
7	% of clients who received more than 3 loans	14	3,50	1,30
8	% of clients who have been clients for more than 3 years	13	3,85	1,29
9	Did you conduct survey on current clients (differentiated by years of membership), and clients who drop out? If yes, on a scale from 1 to 5, how would you rate the expectation/ past satisfaction with the MFI (5 is the value for excellent satisfaction)?	13	3,69	1,38

Drop-out clients (or inactive clients for institutions with members) appear as an important indicator, even if, as explained by some respondents, the information is not always available for the MFIs, but they realise more and more that they cannot get away from this analysis of the reasons of drop-out.

As explained by one of the respondent, these indicators are not directly linked with any “pro-poor products and services” as this mainly depends on the targeting of the clients. These indicators would be better classified in a dimension on “quality of services”.

3.Improving social and political capital of clients and communities

3.1. Empowering clients

No	Indicators 3.1	N	Average	Standard Dev.
1	Do clients of your MFI elect representatives? (1=Yes, 0=no)	14	3,57	1,35
2	What are the functions of elected members?	12	3,50	1,26
3	% of women among elected members (compared to % of women among all clients)	13	4,23	1,25
4	% of landless among elected members (compared to % of landless among all clients)	13	3,08	1,44
5	<i>% of youth (below 25 years) among elected members (compared to % of youth among all clients)</i>	11	2,36	1,37
6	Do representatives of clients and the senior management of the MFI meet to discuss the structure or conduct of the MFI?	12	3,50	1,44
7	Have the clients (and/or the representatives) formed other organizations/lobby groups at community or higher levels? (1=Yes, 0=no)	12	3,50	1,38
	Have the clients (and their groups) voiced their interest in ...			
8	.... <i>Private firms and their organizations (such as chamber of commerce, ...)</i> (never=1, occasionally=2, frequently=3)	11	2,82	1,47
9	.... Social organizations (labor unions, religious organizations, etc. ... (never=1, occasionally=2, frequently=3)	11	3,27	1,21
10	.... <i>Government organizations</i> (never=1, occasionally=2, frequently=3)	12	2,83	1,14
11	.... Non-government organizations (never=1, occasionally=2, frequently=3)	12	3,08	1,19
12	Percent of expected clients actually attending a meeting	13	3,38	1,33
13	Do the socially excluded (women, often the poor) speak in clients' meetings? (never=1, rarely =2, rather often=3, very often=4, at all the meetings=5)	13	3,46	1,50

Some of the respondents who do not have any experience with cooperatives or “mutualist” models did not answer the questions; however, some indicators are ranked rather high concerning representatives, their functions and the specific role of the women. Young people are not seen as important actors among the clients. One of the respondent underlines the importance of alternation of the representatives (to avoid corruption or dependence on one local chief, etc.).

The role / voice of the clients outside the MFI is more controversial. In particular, the links with private firms and government organisations are ranked low, maybe due to some mistrust with these organisations.

3.2. The role of the MFI as lobby institution for the powerless

No	Indicators 3.2	N	Average	Standard Dev.
	Has your MFI (as institution) been invited to participate in any of the following:			
1	- planning meetings of the government (never=1, occasionally=2, frequently=3)	15	3,53	1,26
2	- planning meetings with non-governmental organizations (never=1, occasionally=2, frequently=3)	16	3,31	1,26
3	- social/political movements with a focus to improve the situation of the poor in society (never=1, occasionally=2, frequently=3)	14	3,29	1,28
	Are any of the senior management team elected members of			
4	- village/district councils (1=Yes, 0=no)	14	3,07	1,22
5	- political parties(1=Yes, 0=no)	13	2,46	1,15
	Do any of the senior management team serve on honorary positions for			
6	Religious organizations(1=Yes, 0=no)	14	2,57	1,24
7	Cultural/community organizations(1=Yes, 0=no)	14	2,86	1,12
	How do you assess the MFI's influence (1= weak, 5 = very strong) on decision-making regarding			
8	- government organizations in the operational area of the MFI	16	3,13	1,54
9	- private/ NGO sector in the operational area of the MFI	14	3,21	1,21

This role of lobbying of the MFI is not seen as very important. Once again some mistrust may be one of the reasons, as links with political parties are ranked low. Moreover, as commented by one of the respondent, the role of the MFI with the government does not mean that there is a direct link with social performances. The role of the MFI may come from its financial performances and not necessarily from social concern.

3.3. Transparency, accountability and access to information

No	Indicators 3.3	N	Average	Standard Dev.
1	Do clients receive written statements on each of their financial transactions? (1=Yes, 0=no)	15	3,87	1,31
2	Do clients have a passbook for their savings? (1=Yes, 0=no)	16	4,38	0,78
3	Do clients have a passbook for their loans? (1=Yes, 0=no)	16	4,19	0,95
4	Are local officials, NGOs, and other institutions informed by the MFI about its products and services? (Never=1, only at the beginning=2, rather regularly (e.g. once a year)=3, regularly (e.g. 2 or 3 times a year)=4, on a very regular basis (e.g. every month))	15	3,47	1,15
5	Are clients (peers) involved in business decisions of the MFI, e.g. related to loan rationing (??) ? (Never=1, only at the beginning=2, rather regularly (e.g. once a year)=3, regularly (e.g. 2 or 3 times a year)=4, on a very regular basis (e.g. every month))	16	3,75	1,30
6	What loan size can the lowest-level loan officer decide upon without consulting a higher level (in local currency)?	14	3,29	1,58
7	What loan size can the medium-level loan officer decide upon without consulting a higher level (in local currency)?	14	3,29	1,58

Transparency of the transactions for the clients are ranked high.

4. Social responsibility of the MFIs

4.1. Rules of conduct met by the MFI as an employer

No	Indicators 4.1	N	Average	Standard Dev.
1	Do the MFI provide a safe work place (e.g. protection for the cashier, for the loan officers traveling with the funds, etc.)? (many problems of security have been recorded=1, some problems have been recorded=2, some problems in the past but solutions have been proposed=3, no problems recorded=4, no problems recorded and solutions provided to provide a safe place=5)	14	4,00	0,93
2	Do the MFI provide health coverage for employees? (1 = Never, 2= for less than 30 % of the employees, 3= for about 30-60 %, 4 = for about 60-90%, 5 = for more than 90%/all the employees)	14	4,14	0,74
3	Training of employees ((% of budget p.a.)	15	4,33	0,87
4	% of women as part of all staff	14	3,64	1,11
5	% of women as part of junior management	14	3,50	1,24
6	% of women as part of senior management	14	3,71	1,10
7	% staff who left the MFI in last 12 months	14	3,86	0,99
8	% staff who joined the MFI in last 12 months	14	3,64	1,04
	Random sample of staff of MFI (from wage list for example): Ask the following questions:			
9	1-5 rank on salary adequate	14	4,00	1,07
10	1-5 rank on health coverage adequate	14	3,86	1,19
11	1-5 rank on work safety regulations/rules adequate	14	3,86	1,19
12	1-5 rank on training of staff (and other criteria possible)	14	3,93	1,10

The responsibility of the MFIs as employers is rarely taken into account in the debate on social performances of the MFIs. The main focus is placed on clients and the quality of the services. However, most of the indicators proposed have been ranked high by the respondents who consider that this sub-dimension is important.

4.2. Adaptation to local culture, traditions and values

No	Indicators 4.2	N	Average	Standard Dev.
1	Does the MFI conduct social studies before opening a new branch (surveys on informal forms of financial services, social structures in the local community, local values and traditions, etc.)? (Never=1, only at the beginning=2, only recently (e.g. since one or 2 years)=3, for most of the branches=4, for all the branches=5)	15	3,67	1,14
2	Did the MFI ever conduct social impact studies? (1=Yes, 0=no)	15	4,00	1,10
3	Does the MFI work with the local authorities ((Never=1, consultation only at the beginning=2, consultation rather regularly (e.g. once a year)=3, consultation regularly (e.g. 2 or 3 times a year)=4, the local authorities are part on the decision making process=5)	16	3,63	1,27
4	Does the MFI propose services specifically adapted to social, religious or cultural preferences (e.g. savings for pilgrims, no "interest rates" in muslim areas, etc.) (universal services developed by the model followed by the MFI=1, some specific services adapted to the local culture=2, all the services specifically adapted to the local culture=3)	16	3,38	1,11
5	Does the MFI work with local officers who can speak the local language and know the local culture (no=1, less than 30% of the loan officers come from the local community=2, 30-60% of the loan officers come from the local community=3, 60-90% of the loan officers come from the local community=4, more than 90%/all of the loan officers come from the local community=5)	16	4,00	1,00
6	Does the MFI take account of the local values for repayment, social organisation of the MFI, etc. (no, the organisation is based on the model followed by the MFI=1, some specific values are taken into account in the organisation=2, all the organisation has been decided according to the local values=3)	16	3,69	1,31
7	Does the MFI take account of the local structures (local authorities, religious, social, economic or cultural groups, families, etc.) for repayment, structure of the MFI, etc. (no, the organisation is based on the model followed by the MFI=1, some local structures are associated in the organisation=2, all the organisation of the MFI rely on local structures =3)	16	3,50	1,41
	On a scale from 1 (bad) to 5 (excellent), how do you rank the relationships between staff and clients in terms of...			
8	... trust between staff and clients	15	4,40	0,88
9	... exchange of information between staff and clients	15	4,20	0,91
10	... balanced relationships and implication of clients in decision-making	15	3,80	1,38
	On loan guarantees and their adaptation to local conditions:			
11	Do you MFI offer free conditions to form a group for group methodology? (0=no, 1=yes)	12	3,75	1,48
	If not, what are the conditions (regarding family members, men/women, activities, etc.)?			
	What are the forms of social pressure in case of non payment:			
11	... traditional authorities (1=Yes, 0=no)	12	3,50	1,26
12	... local police (1=Yes, 0=no)	13	2,92	1,44
13	... local justice (1=Yes, 0=no)	12	2,92	1,38
14	... local government (1=Yes, 0=no)	12	2,83	1,40
15	... MFI internal system of control based on staff (1=Yes, 0=no)	14	3,57	1,18
16	... MFI internal system of control based on clients representatives (1=Yes, 0=no)	14	3,57	1,05
17	... MFI internal system based on staff and clients representatives (1=Yes, 0=no)	13	3,77	1,12
18	... combination of forms (1=Yes, 0=no)	14	3,57	1,40
19	Has the MFI used any socio-anthropological studies to compare the traditional forms of sanctions and the system of guarantees and pressure implemented by the MFI? (1=Yes, 0=no)	12	3,17	1,28

Trust between staff and clients is an important factor, however, the respondents agree on the difficulty in measuring it. Some proxies can be used, as the capacities of the loan officer to speak the local language and to understand the local culture are ranked high.

Here again, the role of local police, justice and government is controversial and shows that this cannot be used for a general/universal indicator.

Awareness of the MFI on the conditions of their clients, through exchange of information with staff and social impact studies are ranked high.