# Social Performance Indicators Initiative – Phase 2 (SPI2)

# Audit of the Social Performance of Microfinance Institutions :

# the Definition of a Tool

## Report N°1

## Version SPI2.1 of the Questionnaire

**June 2005**

**Submitted to**

**Swiss Development Cooperation (SDC)**

**and**

**Fondation Charles Léopold Mayer pour le progrès de l'Homme (FPH)**

# Social Performance Indicators Initiative (SPI-2)

# Questionnaire for Microfinance Institutions (MFIs)

# VERSION 2.1

Based on the SPI Initiative work:
SPI-1 (June 2002-October 2003): Cécile Lapenu (Cerise), Manfred Zeller (Goettingen University Germany) and Martin Greeley (International Development Studies IDS-Imp-Act, UK), supported by the steering Committee: Syed Hashemi (C-Gap), Renée Chao-Beroff (CIDR/Cerise), Koenraad Verhagen (Argidius Foundation) and the "Solidarity Finance" workshop works. Final reports in October 2003, version SPI 1.0 of the questionnaire.
October 2003: workshop with the group "Solidarity Finance", revision of the questionnaire, version SPI1.1
SPI-2 (June 2004-March 2005) – Field testing of SPI1.1: CERISE, "Solidarity Finance" workshop group, supported by the steering committee: Hansruedi Pfeiffer (Swiss Development Cooperation), Ruth Egger (Swiss Intercooperation), Philippe Amouroux (FPH), Koenraad Verhagen (Argidius Foundation), Manfred Zeller (Goettingen University Germany). After the field testing, version SPI2.0.
March 2005: workshop with the SPI partners, revision of the questionnaire, current version SPI2.1.

For more information:
http://www.cerise-microfinance.org/publication/impact.htm#telecharger
http://finsol.socioeco.org

**This questionnaire on social performance is meant to bring additional information to financial assessment and to give a wider vision of how MFIs are performing.**

MFIs will answer this questionnaire by making declarations, basing their affirmations on their Management and Information System (MIS). Further work can be done with an external consultant to discuss the MFI's actions , the information sources and the interpretation of the answers.
The use of the questionnaire is facilitated by the use of the operational guide (SPI2 – Report N°2).

# FIRST PART: CONTEXT AND SOCIAL STRATEGY OF MFIs

This first part is based on management discussions and declarations and will allow a better understanding of the MFI's strategy, logic and evolution in terms of social objectives.
It will help to set the social performance indicators – collected in the second part – in an historical, geographical and socio-economical context and facilitate the interpretation of the second part.

## 1. History, values and social mission of MFIs

When and how was the MFI created?

Who are the main stakeholders and what is their social interest?

What would be the main values that characterize the action of the MFI?

Does an explicit formulation of the MFI's social mission exist?
Has it changed since its creation, in particular in relation to the growth of the MFI?

Are the social objectives of the MFI shared among the stakeholders (managers, staff, clients, other people involved in the MFI)? How?

Can the MFI say that the culture of social performance is strong, at all levels of the institution?
No? Only at the top management? Yes among most of the employees? Yes for all the employees and clients?

How is the MFI management ensuring the fulfillment of the social mission?
Nothing is done? Is it written in the administrative rules with clear communication of practical mission focus to staff at all levels and to clients? Is it written in the MFI statutes, with internal systems to monitor and report on mission compliance, or regularly checked by external people (working specifically on social objectives)? Is there diversity in the composition of the governance structure (financial competencies but also sensitivity to the social mission)?

Financial sustainability
How would the senior management of the MFI rate the objective of financial sustainability?
Minor objective? Important objective but cannot be reached in the short term? Major objective to be reached within 2 to 3 years? The institution is already financially sustainable?

## 2. Social strategy of the MFI

This secong section concerns the four dimensions of this questionnaire on social performance and analyses the strategy of the MFI.

### Dimension 1: Outreach to the poor and the excluded

**Rationale behind the first dimension**
MFIs have generally been developed to reach a population excluded from the commercial financial system. MFIs can have the objective of reaching socially excluded populations or the poor, or simply of offering financial services in a region where banking systems are absent or to people rejected by the banks (but who are not necessarily poor or socially excluded).

What is the strategy of the MFI regarding outreach to the poor and the excluded?

What are the strengths and weaknesses of the economic, social and cultural environment that facilitate or limit the implementation of a strategy regarding the poor and the excluded?

### Dimension 2 : Adaptation of services and products to target clients

**Rationale behind the second dimension**
It is not enough to decide to reach a target population. Microfinance services are too often standardized. The MFI must learn about the target population and work on the design of its financial services so that they can fit with the needs and the constraints of the clients.

What is the strategy of the MFI regarding the adaptation of services and products to target clients?

What are the strengths and weaknesses of the economical, social and cultural environment that facilitate or limit the implementation of a strategy to adapt the products?

### Dimension 3: Improving clients' social and political capital

**Rationale behind the third dimension**
For the MFI, trust between it and the clients can reduce transaction costs and improve repayment rates. It can thus foster collective action and reduce free-riding, opportunistic behaviour and risks. For the clients, strengthening their social and political capital can enhance their social organization (collective action, information sharing, political lobbying, etc.) and self-confidence to facilitate their economic and social development.

What is the strategy of the MFI regarding the improvement of the social and political capital of its clients?

What are the strengths and weaknesses of the economical, social and cultural environment that facilitate or limit the implementation of a strategy regarding social and political capital? In particular, what are the pre-existing social links in the areas of intervention of the MFI? Are there strong social cohesion and strong values of exchange and solidarity?

**Dimension 4: Social Responsibility of the institution**

| **Rationale behind the fourth dimension** |
|---|
| Social awareness is a necessary prerequisite for socially responsible corporate behaviour. Social responsibility requires a suitable human resource policy, an adaptation of the MFI corporate culture to its cultural and socioeconomic context, social responsibility towards its clients and towards the community where it operates. |

What is the strategy of the MFI regarding social responsibility?

What are the strengths and weaknesses of the economic, social and cultural environment that facilitate or limit the implementation of a strategy regarding social responsibility?

## 3. Main social objectives of MFIs

How would the MFI rank the four dimensions in terms of social objectives to be reached?

| | 1. Not an objective | 2. Minor objective | 3. Important objective | 4. Major objective |
|---|---|---|---|---|
| Dimension 1 : Outreach | | | | |
| Dimension 2 : Adaptation of services | | | | |
| Dimension 3 : Social capital | | | | |
| Dimension 4 : Social responsibility | | | | |

[Note: To fill in the questionnaire using the Word File, in the second part, the boxes can be marked with a double click on the cell, then entering the value. By default "active box" is chosen: ☐ non active box ☒ active box]

## SECOND PART: SOCIAL PERFORMANCE INDICATORS

# Dimension 1:
# Outreach to the Poor and the Excluded

# (25 points)

# Targeting actions

**Geographic targeting (4 points)**

1.1 Does the MFI select areas in which to operate based on poverty and/or exclusion criteria ? Which ones?

☐ Local intervention but the MFI is based in poor areas compared to the national average
☐ Intervention in remote rural areas
☐ Intervention in poor urban areas
☐ Other, specify: _____

0=for less than 5% of the current portfolio of clients
1=for less than 50% of the current portfolio of clients
2= for more than 50% of the current portfolio of clients

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, what are the indicators the MFI takes into account to consider a geographic area as "poor" or "excluded"?

_____

1.2 How does the MFI ensure that the areas of intervention are indeed poor areas or areas with excluded population?

0=nothing is done
1=informal verification
2=formal surveys on conditions of poverty and exclusion in the areas

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, specify mode of verification: _____

## Individual targeting (5 points)

1.3 Does the MFI use any of the following targeting devices for improving its depth of poverty outreach?

- indicators based on objective client conditions (illiteracy, farm size, housing index, assets, etc.) ;
- participatory wealth ranking (information given by the community itself), etc.

The information should be used to screen out the "rich" or to select the "poor" for loan application.

Percentage of the current new clients selected with targeting device : _____

0= for less than 5% of the current new clients
1= for less than 50% of the current new clients
2= for more than 50% of the current new clients
3= for more than 90% of the current new clients

Score ☐ 0 ☐ 1 ☐ 2 ☐ 3

If answer is 1 to 3, specify the targeting device: _____

1.4 How does the MFI ensure quality control in the use of the tool?

0= nothing is done
1= accuracy of the tool regarding the socio-economical context and reliability of its application informally verified
2= accuracy and reliability verified through formal cross-checking of the information

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, specify the mode of verification: _____

## Pro-poor methodology (9 points)

### Collateral

1.5 Does the MFI agree to provide loans secured only by "social" collateral?

☐ solidarity among groups,
☐ recommendation by trusted third party,
☐ physical guarantees which have very low commercial value but are important for the borrowers
☐ Other, specify: _____

Percentage of the outstanding loans (in number): _____

0 = For less than 5% of the outstanding loans
1 = For less than 50 % of the loans
2 = For more than 50 % of the loans
3 = For more than 90% of the loans

Score ☐ 0 ☐ 1 ☐ 2 ☐ 3

### Specific approaches for the poor or the excluded

1.6 Does the MFI develop specific policies or methodologies (except for social collateral) to reach remote areas, and/or to facilitate access for an excluded population or poor clients?

☐ Specific services to remote areas, specify : _____
☐ Ceiling on loans for part of the portfolio
☐ Other, specify : _____

Percentage of outstanding loans (in number): _____

0 = For less than 5% of the outstanding loans
1 = For less than 50% of the loans
2 = For more than 50 % of the loans

Score ☐ 0 ☐ 1 ☐ 2

## Size of transaction

### Transaction size of loans

1.7 Over the last 12 months, what is the distribution of loan size (loans disbursed – at individual level) (in % of per capita GDP)?

Gini index: _____ (indicator of national inequalities; 0=perfect equality; 100=perfect inequality)

For MFI in countries where the Gini index is less than 50:
0 = less than 30% of loans are less than 50 percent of GDP p.c.
1 = more than 30% of loans are less than 50 percent of GDP p.c.
2 = more than 60% of loans are less than 50 percent of GDP p.c.

For MFI in countries where the Gini index is more than 50:
0 = less than 30% of loans are less than 30 percent of GDP p.c.
1 = more than 30% of loans are less than 30 percent of GDP p.c.
2 = more than 60% of loans are less than 30 percent of GDP p.c.

50% GDP per capita (in local currency): _____ 30% GDP per capita : _____
Total number of loans disbursed over the year:_____
Number of loans below 50%[30%] of GDP p.c.: _____
Percentage of total number: _____

Score ☐ 0 ☐ 1 ☐ 2

1.8 What is the size of the minimum installment amount, for loans with monthly repayments?

Minimum size should be a relatively frequent service (at least 5% of the new clients can repay with this amount).

0 = more than 1 percent of GDP p.c.
1 = less or equal to 1 percent of GDP p.c.

Size in local currency: _____ % of GDP p.c.: _____

Score ☐ 0 ☐ 1

1.9 What is the minimum amount to open a savings account and make regular deposits (in % of per capita GDP)

0 = more than 1 percent of GDP p.c.
1 = less or equal to 1 percent of GDP p.c. / no minimum amount

Minimum amount in local currency: _____ % of GDP p.c.: _____

Score ☐ 0 ☐ 1

# RESULTS OF THE TARGETING STRATEGY

## Geographic outreach of target clients (5 points)

1.10 Does the MFI provide loans to areas that are poor in comparison to the national standard?

☐ In rural areas: remote rural areas, poor infrastructure (roads, markets), lack of access to public services (electricity, water, health, education, etc.), mainly food-related agriculture, etc.
☐ In urban areas: poor dwelling, lack of access to public services, high unemployment, areas of settlement for migrants, etc.

Percentage of outstanding loans (in number): _____

0 = do not know/ less than 10 % of the loans
1 = less than 50 % of the loans
2 = more than 50 %

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, source of information/evaluation: _____

1.11 Does the MFI provide loans in rural areas (where food crop agriculture and agricultural activities are the main sources of income)?

Percentage of outstanding loans (in number): _____

0= do not know/ less than 10% of the loans
1= less than 50% of the loans
2= more than 50%

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, source of information/evaluation: _____

1.12 What is the percentage of branches located in areas where there are no other MFIs or bank branches? (other MFIs or bank branches at least 50 km or more than 2 hours away)

Number of branches: _____ Percentage of branches:_____

0=No branch or less than 5%;
1= Less than 30 % of the branches
2= More than 30% of the branches

Score ☐ 0 ☐ 1 ☐ 2

For information: Percentage of the portfolio of clients: _____

## Individual outreach (5 points)

### 1.13 What is the percentage of female borrowers?

Percentage of outstanding loans (in number): _____

0=does not know / less than 10%
1=less than 50% of the loans
2=more than 50% of the loans

Score ☐ 0 ☐ 1 ☐ 2

### 1.14 How does the MFI classify clients in terms of individual targeting?

☐ Workers with unsecured status (no assets and uncertainty of daily employment e.g. casual labourers, landless tenants, etc), entrepreneurs who are setting up their activity.
☐ Farmers
☐ Vulnerable social or ethnic groups
☐ Illiterate people
☐ Other targeting criteria, specify: _____

Please provide the % of current clients using this classification : _____

0=does not know / less than 10%
1=less than 30% of the loans
2=more than 30% of the loans

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, source of information (data of less than 2 years):_____

### 1.15 What is the percentage of clients who are among the "very poor," defined as those who either live on less than a dollar a day or who are in the bottom half below the country's poverty line ?

0= does not know / less than 20%;
1= more than 20%

If answer is 1, source of information (data of less than 2 years): _____

# Dimension 2
# Adaptation of Services and Products to Target Clients

# (25 points)

## Range of services (9 points)

2.1 How many different types of loan product does the MFI provide ?

0 = only one or two
1 = More than two

Score ☐ 0 ☐ 1

2.2 Does the MFI provide social/emergency loans?

0 = No
1 = Yes

Score ☐ 0 ☐ 1

2.3 Does the MFI provide loan products specifically tailored to clients' social needs?

☐ Housing
☐ Education
☐ Loans above 12 months
☐ Other, specify: _____

0 = No specific loan products
1 = One specific loan product
2 = More than one specific loan product for social needs

Score ☐ 0 ☐ 1 ☐ 2

2.4 What is the flexibility of repayment for the clients?

0 = one pattern for all the loans
1 = the MFI proposes different formulae
2 = the schedule is decided with the clients when receiving the loan

Score ☐ 0 ☐ 1 ☐ 2

2.5 What is the importance of voluntary savings products within the MFI?

0 = No voluntary savings products (or it concerns less than 5% of the clients of the MFI or only 5% of the volume of the outstanding loans)
1 = Voluntary savings services provided by the MFI (or through another financial institution)

Score ☐ 0 ☐ 1

2.6 Does the MFI provide voluntary savings specifically tailored to clients' social needs?

☐ Housing
☐ Education
☐ Retirement
☐ Health
☐ Other, specify: _____

0= No specific savings products 1 = Specific savings products provided by the MFI (or through another financial institution)

Score ☐ 0 ☐ 1

If answer is 1, specify conditions: _____

2.7 Does the MFI provide innovative financial services accessible to more than 5% of its clients (directly or through links with other specialist organizations)?

☐ insurance products (except death insurance for loans, see below) : which one? _____ (health, life, livestock, etc)
☐ money transfer
☐ payment by check
☐ other, specify: _____

0 = No
1 = Yes

Score ☐ 0 ☐ 1

**Quality of services (11 points)**

Decentralisation

2.8 What is the average distance of the main branches from the capital or major cities?

Name of branch
Distance / time to capital or major regional city

Total number of branches :
Average distance / time :

0 = less than 50 km or less than 2 hours
1 = more than 50 km or more than 2 hours

Score ☐ 0 ☐ 1

2.9 Are loan officers leaving the MFI's premises to visit their clients for regular financial transactions? (Loan application, loan disbursement, repayment, collection of savings, not including visits relating to repayment problems)

0 = For less than 5 % of the clients
0 = For less than 50% of the clients
0 = For more than 50% of the clients

Score ☐ 0 ☐ 1 ☐ 2

Rapidity of the service

2.10 What has been, on average, the time between the application for the first loan and the disbursement of the loan, for new clients over the last 12 months? (Including training, unexpected delays due to constraints such as liquidity shortages, lack of availability of loan officers, etc.)

0 = more than 2 weeks
1 = less than 2 weeks

Score ☐ 0 ☐ 1

Transparency of services

2.11 Do clients receive written statements of each of their financial transactions, and in particular, does the loan statement show the difference between the amount of the principal and the amount of interest to be paid plus the costs of the loan (In order to give clear information to borrowers with the schedule for repayment)?

0 = No written statements / no information on cost of the loan
0 = The client knows, for each repayment, the capital and interest to be paid and the date of repayment

Score ☐ 0 ☐ 1

Adaptation to clients' needs

2.12 Does the MFI have a specific policy to facilitate access to financial services (other than decentralisation)?

☐ Specific opening hours to adapt to local conditions (market days, late or early opening, etc.)
☐ Simplicity and easy understanding of application forms and procedures
☐ Reducing opportunity costs for the clients (time spent by the client)
☐ Other, specify: _____

0 = No, no specific services to facilitate access
1 = Yes, specific policies discussed / tailored within the MFI to facilitate access

Score ☐ 0 ☐ 1

## 2.13 Over the last 24 months, did the MFI conduct market surveys to improve the quality of services to clients?

0 = never
1 = informal discussions with some clients / formal analysis of the information collected for loan applications
2 = surveys of clients and non-clients with analysis of the results and execution plan / formal and regular participation of clients in consultation proceedings

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, specify (especially tools, surveys, strategy): _____

## Drop-outs and/or inactive clients

No transaction on credit and savings for more than one year or last financial year

## 2.14 Does the MFI know the various reasons why clients dropped out or are inactive ?

0 = no study or not a clear idea of the reasons for departure
1 = reasons for departure have been analysed through formal survey on drop-out and inactive clients (or departure levels less than 5%)

Score ☐ 0 ☐ 1

## 2.15 What is the percentage of client drop-out or inactive clients over the last 12 months [number of drop-outs over the average number of clients over the last 12 months/financial year]

0 = More than 30%
1 = 15-30%
2 = Less than 15%

Score ☐ 0 ☐ 1 ☐ 2

**Non-financial services accessible to clients (5 points)**

2.16 Does the MFI have a specific and pro-active strategy to associate non-financial services with financial services for clients (directly or with partnerships)?

0 = No
1 = Yes

Score ☐ 0 ☐ 1

Does the MFI ensure that clients can have access to the following non-financial services (within the same organization or thanks to formal partnership and cooperation with other local organizations):

2.17 Non-financial services related to financial management (business training, management of family budget, etc.)

0 = No
1 = for some clients (or for all but on a compulsory basis)
2 = for all clients of a voluntary basis

Score ☐ 0 ☐ 1 ☐ 2

2.18 Non-financial services related to social needs (literacy training, health services, access to social workers, gender sensitization, etc.)

0 = No
1 = for some clients (or for all but on a compulsory basis)
2 = for all clients on a voluntary basis

Score ☐ 0 ☐ 1 ☐ 2

# Dimension 3
# Improving Clients' Social and Political Capital

# (25 points)

## Trust and information sharing **(6 points)**

### 3.1 Do clients have access to the MFI's financial statements?

0 = No
1 = On request
2 = Through publication and/or a presentation meeting

Score ☐ 0 ☐ 1 ☐ 2

If answer is 2, specify the strategy: _____

### 3.2 Does the MFI provide opportunities for discussion in case of conflicts / claims / complaints between the client and an employee of the MFI?

0= the loan officer or cashier is the client's only interlocutor
1= the client can meet a manager if need be
2= there is a specific procedure or person in charge of dealing with conflicts.

Score ☐ 0 ☐ 1 ☐ 2

### 3.3 What is the percentage of growth (or decline) over the last 12 months in the volume (or number) of voluntary savings collected?

0 = Decline (or no savings services)
1 = Stable or less than 5% increase
2 = More than 5% increase (or volume of savings superior to the volume of outstanding loans)

Score ☐ 0 ☐ 1 ☐ 2

**Clients' representatives and participation in decision-making (11 points)**

3.4 Can the clients of the MFI participate in any of the following proceedings ?
0 = No
1 = Yes

a) Proceedings for decision making at the clients' level (e.g. self-managed group)
Score ☐ 0 ☐ 1

Are the representatives elected? Score ☐ 0 ☐ 1

b) Proceedings for control and decision making at MFI level Score ☐ 0 ☐ 1

Are the representatives elected? Score ☐ 0 ☐ 1

3.5 Is there an effective system of rotation for participating clients (in 3.4a or 3.4b) ?

Score ☐ 0 ☐ 1

3.6 What is the percentage of women among client representatives? (compared to % of women among all clients)
0 = No women representative
1 = Few women representatives
2 = About the same proportion as female clients

Score ☐ 0 ☐ 1 ☐ 2

3.7 Is there a system of training for representatives / elected clients to help them fulfil their mission in these proceedings?
0 = No
1 = Yes, on an irregular basis
2 = Yes, on a regular basis, planned in the strategy and related to the rotation of representatives

Score ☐ 0 ☐ 1 ☐ 2

3.8 Are these proceedings effective?
Have they already influenced decisions or provoked changes? Do the representatives in these proceedings fulfil their role (no intervention necessary from external actors: staff, director, etc.)?

0 = No (they do not exist, they are more symbolic than really active, they do not fulfil their role correctly)
1 = They fulfil their role most of the time but may lack some skills (time, training, information, etc.); proceedings are mostly informal.
2 = Yes, they fulfil their role

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, specify their main role and actions: _____

## Empowerment (8 points)

3.9 Have the MFI's operations sought to strengthen the social capital of the clients it serves (through careful group formation, collective action, cooperation towards common goals, relationships with other programmes, facilitation of access to previously inaccessible services, etc.) ?
0 = No
1 = Indirect, minor objective
2 = Direct, major objective

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, describe: _____

3.10 Does the MFI facilitate the local creation of skills for management or leadership? (training for team building, representation, etc.; valuing local skills in management, etc.)
0 = No
1 = Yes, on an irregular basis
2 = Yes, on a regular basis, planned in the strategy

Score ☐ 0 ☐ 1 ☐ 2

3.11 Have the actions of the MFI and the relationships created between clients, and between clients and local socioeconomic stakeholders, created a network / space for discussion to share and resolve some of the clients' problems beyond access to financial services?
☐ Access to public services (health, education, electricity, etc.)
☐ Access to public goods (natural resources, pasture, etc)
☐ Legal problems
☐ Security in the community
☐ Other, specify: _____

0= No
1= Anecdotal evidence
2= Yes regularly

Score ☐ 0 ☐ 1 ☐ 2

3.12 Have the MFI's operations sought to increase its clients' influence with local or national government (the MFI individually or through the participation in MFIs' networks)?
0= No
1= Indirect, minor objective
2= Direct, major objective

Score ☐ 0 ☐ 1 ☐ 2

If score 1 or 2, describe (especially participation in networks: which one(s)? objective?):
_____

# Dimension 4:
# Social Responsibility of the Institution

# (25 points)

**Human resources policy (8 points)**

Income

4.1 Does the MFI have a salary table, given to each employee, which has a salary defined for each job description and which is updated regularly?

0= No
1= Yes

Score ☐ 0 ☐ 1

Training

4.2 Does the MFI have an annual training plan for staff which accords with different job descriptions?

0= No
1= Yes

Score ☐ 0 ☐ 1

4.3 What is the number of days' training provided to each type of employee (loan officer at branch level; back office at different levels – local, regional, central, etc; senior management). (Provided by the MFI or by other training institute, paid by the MFI or subsidized)?

Type of employees
Total nb of empl. by type
Total nb of days of training over last 12 mo.

0= less than 50% of the staff is concerned
1= more than 50% of the staff is concerned with at least 2 days on average by staff

Score ☐ 0 ☐ 1

4.4 Can the employees participate in decision-making?
0 = No
1 = Through specific and regular information and meetings between staff and senior management
2= Through an elected consultative body or through participation in governance

Score ☐ 0 ☐ 1 ☐ 2

4.5 Does the MFI provide some type of health coverage for its employees, in addition to the national health coverage system ?
0 = No
1 = Yes

Score ☐ 0 ☐ 1

4.6 How many employees have left the MFI during the last 24 months, as a percentage of the average number of employees (voluntary departure, dismissal, end of contract, etc.)?
0 = more than 15 %
1 = less than 15 %
2 = less than 5%

Score ☐ 0 ☐ 1 ☐ 2

**Social responsibility towards clients (9 points)**

4.7 Has the MFI ever conducted studies to assess the social and economic impact of the services it provides (In particular for MFI with client involvement, studies in the selection process, pressure on repayment, etc.; for MFI with high percentage of women, impact on the social links within the family, pressure on women, etc.)?
0 = not done in the last 2/3 years
1 = interviews/focus group discussion with clients; qualitative information collected with loan application
2 = impact study conducted on a sample of clients and leading to a formal analysis of the results

Score ☐ 0 ☐ 1 ☐ 2

4.8 Has the MFI ever had to change its products and services due to negative impact on social cohesion or client welfare (in particular its loan collecting strategy)? (except for indebtedness – see below)
0 = not studied / studied but no changes made so far
1 = studied and no problems recorded / changes made after identification of the problem

Score ☐ 0 ☐ 1

If answer is 1, describe: _____

4.9. Does the MFI study the level of indebtedness of its clients and take measures against over-indebtedness?

0 = Not studied
1 = Studied but no changes made so far
2 = Studied and no problems recorded / Measures taken after identification of over-indebtedness

Score ☐ 0 ☐ 1 ☐ 2

If answer is 2, describe measures : _____

4.10. Does the MFI have a written/explicit code of conduct regarding its action towards clients?

☐ Policy to limit excessive interest rates
☐ Policy to limit pressure for loans higher than absorption capacity
☐ Policy to ensure clients' rights on collateral collection
☐ Policy to foster savings instead of loans in some situations to develop a savings culture
☐ Other, specify: _____

0 = no specific code of conduct
1 = writen / explicit / collectively defined and applied code of conduct

Score ☐ 0 ☐ 1

If answer is 1, specify the measures: _____

4.11 Does the MFI provide some type of insurance that frees the family from the burden of debt in case of death of the borrower?

0 = No
1 = Only for some loans
2 = Yes for all loans

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1, which types of loans with insurance: _____

**Social responsibility towards the local community (8 points)**

Respect and strengthening of local culture

4.12 Does the MFI verify that its actions are in harmony with (positive) local culture and values? (Socio-anthropological studies, discussions in the community or with local authorities, local loan officers who can speak the local language and know the local culture, etc.)?

0 = no specific action over the last 2 years

1 = information has been collected with key persons of the community

Score ☐ 0 ☐ 1

If answer is 1 , what kind of information? _____

4.13 Does the MFI have an action that can positively change the local culture? (to enhance women's empowerment, democratic decision-making, transparency, to fight against corruption, etc.)

0 = no specific action over the last 2 years
1 = specific actions of the MFI are aimed at promoting particular values

Score ☐ 0 ☐ 1

If answer is 1 , what kind of action/values? _____

## Types of activity financed by the MFI

4.14 Does the MFI have a specific policy regarding the types of activity financed by individual loans with "high social value" for the local community?

☐ Local start-up business in order to finance risky but innovative activities
☐ Activities that have a positive social impact (on environment, on job creation, on social services, etc.)
☐ Other, specify (especially rejected activities) : _____

Percentage of the outstanding loans (in number): _____

0 = For less than 5% of the portfolio
1 = For less than 50% of the portfolio
2 = For more than 50% of the portfolio

Score ☐ 0 ☐ 1 ☐ 2

## Community investment

4.15 How often has the MFI assisted the local community through financial support (grants or collective loans) for community projects (schools, hospitals, religious premises, participation in local traditions, support/sponsoring of local cultural events, sport, etc.) or active participation in local social activities (through promotion by the MFI and/or participation of staff)

0 = never in the last 2 years
1 = on an irregular basis (and less than 1% of the loans or less than 5% of the annual profit / occasional participation of staff)
2 = on a regular basis, in the rules of the MFI (more than 1% of the loans or more than 5% of the annual profit / high and regular participation of staff)

Score ☐ 0 ☐ 1 ☐ 2

If scores 1 or 2, describe investments/ forms of participation:
_____

4.16 Has the MFI implemented a system of solidarity between the different

branches of the institution (solidarity with new branches, with branches operating in difficult environments, etc.) or between the different loan products (cross-subsidization)?

0 = No
1 = Some degree of solidarity, but informal mechanisms
2 = Yes, through formal strategy (funds, difference in interest rates, etc.)

Score ☐ 0 ☐ 1 ☐ 2

If answer is 1 or 2, explain the strategy: _____

4.17 Does the MFI adopt special measures/have special funds in case of collective disaster?

0 = No or measures taken on a case by case basis
1 = Funds or reserves are available in case of collective disaster

Score ☐ 0 ☐ 1

If answer is 1, specify the measures: _____

# THIRD PART: FINANCIAL AND INSTITUTIONAL SUSTAINABILITY

This part will help to place social performance elements in relation to financial and institutional sustainability elements.

MFIs should send their financial results and statement of accounts.

MFIs that are participating in the MIX (Microfinance Information eXchange, www.themix.org) can give the same data requested by this organisation.
The others may look at the framework proposed by the MIX to complete their financial data.

In order to identify correlations between social performance and financial performance, it will be important that as far as possible the same aggregates are used for both sets of indicators, where the information is available in the MIS.