



# OUTCOMES MANAGEMENT FOR FINANCIAL SERVICE PROVIDERS

A proposed standard framework aligned  
with the Sustainable Development Goals

Prepared by CERISE in collaboration with SPTF Outcomes Working Group and e-MFP Investors Action Group

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## EXECUTIVE SUMMARY

If a financial services provider (FSP) does not measure changes at the customers' level, it cannot know how they are doing, and therefore cannot know if or how it needs to improve. So, measuring outcomes holds FSPs accountable to achieving the social goals that they have chosen, and guides them toward specific business decisions that will improve their performance.

As stated in the Universal Standards for Social and Environmental Performance Management (USSEPM), FSPs should collect and analyze outcomes data, based on realistic social goals such as reducing barriers to access formal financial services, smoothing consumption/reducing vulnerability to shocks, investing in economic opportunities and building assets. Furthermore, FSPs should focus on outcomes over which they have direct influence, notably whether their products and services meet their clients' needs. Then, FSPs should use outcomes data to verify achievement of their own targets, and to develop and improve products and services that are adapted to clients' needs. Finally, it remains important to also capture the unintended consequences of the use of financial products.

This paper is the result of an e-MFP Investors Action Group (AG) project started in 2019. The AG began exploring innovative ways that investors could employ to link outcomes to the Sustainable Development Goals (SDGs). The project, led by CERISE and developed in collaboration with SPTF, continues previous joint work conducted on the topic of outcomes measurement and management. It aims to build a framework of actionable indicators based on the SDG targets that can answer the need for a simple, credible methodology to monitor outcomes: one that is built on a well-defined social strategy and theory of change, and that is assessed regularly through internal data management systems.

The paper starts with a brief background of the project followed by an outline of recent trends influencing outcomes measurement in the financial inclusion space. It then discusses the challenges of aligning FSPs and investors' perspectives when it comes to the utility of outcomes data and how these challenges can be addressed in the context of the SDG framework – an increasingly indispensable reference for development actors, especially those working in

impact management. Finally, it offers a checklist for FSPs and investors in setting up an outcomes management system.

In the second section of this paper, six current trends that influence outcomes management are identified. They are:

1. The growing demand for accountability;
2. The reduced cost and increased availability of useful client data;
3. The adjustments in the expectations of what financial inclusion can realistically achieve;
4. The SDGs as a common and useful framework;
5. The growing investors' interest in outcomes ...
6. ... but outcomes not yet a priority for most FSPs.

From these trends it is possible to extract several key consequences for financial inclusion actors interested in outcomes measurement:

- The growing demand for accountability is making outcomes measurement of paramount importance for impact-driven organizations. Data is needed to demonstrate outcomes not just for the integrity of impact investing, but for its continued expansion...
- ... but FSPs should collect the right data: data on client outcomes that are realistic, as these can inform the ongoing strategic and operational decisions that FSPs are making to ensure their own sustainability as well as a high quality of service to clients. Though it remains interesting to research whether financial inclusion contributes to ambitious outcomes that occur over a longer time horizon, it is not the operational role of FSPs to collect this information.
- Digitalization has reduced the cost and time of collecting, storing, and analyzing data, making it possible to build actionable datasets more quickly and easily than ever before. It also allows the development of better client profiles and segmentation, compared with general averages which has often hidden which services are working (or not) for whom.
- The SDG framework comes with its own challenges, but it has undeniably made it easier to



communicate on outcomes using a shared language.

- The growing investors’ interest in outcomes measurement has led to more experimentation and innovation than in the past and has raised the visibility of client-level data collection as an important management practice. In particular, this experimentation has revealed the possibility and value of leveraging existing data to make informed inferences about client outcomes when actual outcomes data is unavailable.
- However, it has also highlighted the lack of alignment between FSPs and investors when it comes to how they use outcomes data.

There are several challenges of collecting and analyzing valuable outcomes data, that are further developed in the third section of this paper. They include a misalignment between investors’ ambitions and the pragmatic approach needed for FSPs; the resource-demanding nature of outcomes data collection and analysis process (especially when compared with the data usually collected by FSPs); and the enduring challenge of ensuring quality data for analysis, which can be undermined by a lack of quality in some other data on which it depends.

This paper presents the SDG framework as a response to these challenges and proposes standard outcome indicators that can meet the needs of both investors and FSPs. To map finan-

cial inclusion output and outcomes indicators to SDG targets, each FSP should start from its social strategy and identify the key SDG targets that match its own goals, and then select a set of indicators to collect for each target, as proposed in this paper. These indicators will simultaneously help the FSP to understand how its products and services are making clients better off or not, so that it can use those data to improve its performance, and to report externally on its outcomes within the SDG framework.

The SDGs are very ambitious long-term goals, and the framework can feel overly theoretical (or overwhelming) at the micro level for impact-driven organizations, with the 17 Goals broken down into 169 targets and more than 280 macro-economic indicators. Faced with this complexity, stakeholders may find it tempting to only match the most basic of data, such as ‘number of loans disbursed’ or ‘number of clients served’, to an SDG and overstate their contribution toward the SDG’s lofty goals. Investors who claim to be impact investors can get lost in “rainbow washing” and highlighting colorful SDG logos, without really showing the effects of their actions.

To avoid making unrealistic and meaningless claims, a working group coordinated by CERISE since 2018 has endeavored to define and refine a list of indicators covering 73 targets for 16 of the 17 SDGs. This list is consolidated in the MetODD-SDG tool, which draws from international frameworks on outcomes measurement



and practitioners' experience to identify standard outcomes indicators by SDG. Moreover, after four years of field experience in client data collection, and extensive exchanges with FSPs and investors on outcomes management, it is important to dig deeper, to identify standard outcomes data for FSPs within the framework of the SDGs. This paper enumerates a list of targets and indicators that CERISE and different investors have tested, and it seeks to promote them further to improve and streamline outcomes management.

Of course, an FSP can decide to add other indicators, or to collect different indicators, since data collection must be driven, above all, by data that can inform business decisions. Nonetheless, it is possible to define a core set of indicators that would likely be applicable to most FSPs. In this paper, the focus is predominantly on indicators related to the SDGs that are most commonly associated with financial inclusion providers. According to investors and FSPs themselves, 'all' financial services providers target SDG 8 (Decent Work and Economic Growth), and most also target SDG 1 (No Poverty) – focusing on outreach to the vulnerable - and SDG 5 (Gender Equality).

The rationale for these indicators is to provide standard, operational data that can be systematically collected, in line with identified SDG targets. A standardized set of outcomes indicators helps stakeholders:

- to talk the same language about data they use in complementary ways: FSPs for management and investors for reporting and monitoring;

- to simplify, systematizing data collection and analysis, and reduce the reporting burden;
- to demonstrate achievement and communicate about the FSP's contribution to the SDGs in a credible way; and
- to facilitate data pooling among stakeholders, data aggregation at portfolio level for investors, and benchmarking for management.

These indicators can be collected cheaply and easily and can be embedded into existing channels to receive feedback from clients, such as satisfaction surveys. It is advisable to collect qualitative information at the same time as quantitative survey answers, to deepen understanding of the reasons for the patterns of change and to allow clients to communicate on any matters or negative effect they wish to discuss that the FSP's survey did not explicitly mention.

Regardless of which specific outcome indicators an FSP chooses to track, it can certainly map its outcomes to the SDG framework because the SDGs are a comprehensive set of human development goals. This aligns investor and FSP needs. Whether FSPs only use the indicators suggested in this paper or add their own, they will be able to collect information they need to inform their strategic and operational decisions, while allowing them to report to investors and external stakeholders on their key achievements within the SDG framework.



# 1

## BACKGROUND

Outcomes are the changes, positive but also negative, experienced by clients when they use the products and services of an organization. Measuring and managing outcomes data is aimed at understanding whether the organization is achieving its social goals, and whether it is unintentionally harming clients.

Outcomes management has three main purposes<sup>1</sup>:

- Be accountable, reporting on what has been achieved by the organization.
- Review strategy and systems, understanding which products and services are effective for the clients.
- Improve results, adjusting processes, products, and services, to increase benefits to clients.

In other words, outcomes management is a key element of an organization's strategy and operations because it facilitates learning about clients<sup>2</sup> needs, preferences, and experiences, and the data collected is used to design and adapt products and services. Outcomes management is a continuous process that ideally becomes a virtuous cycle of measuring, learning, and improving.

While the importance of data is widely acknowledged, in the financial inclusion sector, the overwhelming majority of financial service providers

(FSPs) still lack systems for formal, ongoing outcomes management. Among those that do, only some use the existing data to inform decisions about strategy, policies, and products. Many simply report the data to interested stakeholders.

As there is more and more interest around data and outcomes management, we want to provide concrete guidance to improve a culture of client-data driven strategy and to embed outcomes management in the daily operations of FSPs. This would help better understand and serve the low-income clients using financial products and services.

In 2016, the Social Performance Task Force (SPTF) and the European Microfinance Platform (e-MFP) produced a series of guidance documents that proposed a methodology for outcomes management and a set of standard outcomes indicators. The guidance takes a pragmatic approach<sup>3</sup> and distinguishes outcomes from impact (in the academic sense): outcomes are changes *plausibly* associated with the provided financial services, whereas impact establishes causality and entails estimating the change that can be *directly attributed* to the financial services. Outcomes management is conceived as a multi-step organizational system for the collection, analysis, and use of outcomes data, whose ultimate purpose is to ensure that products, services and delivery channels create value for clients, even as clients' needs and circumstances change.

Starting in 2019, the e-MFP Investors Action Group (AG) began exploring innovative ways that investors could employ to link outcomes to the Sustainable Development Goals (SDGs)<sup>4</sup>. The AG saw the opportunity to build a framework of actionable indicators based on the SDG targets and implemented a new project led by CERISE in collaboration with SPTF. This framework could answer the need for a simple, credible methodology to monitor outcomes: one that is built on a

1 e-MFP/SPTF, 2016: <https://www.e-mfp.eu/action-groups/social-performance-outcomes>

2 This brief focuses on outcomes on clients. The work currently done (2021) by SPTF, CERISE and the e-MFP Green Inclusive and Climate Smart Finance Action Group on updating the Green Index and including Environmental Management as a compulsory dimension in the Universal Standards for Social and Environmental Performance Management will also work on data-driven management for protecting the environment.

3 The guidance included both short- and long-term indicators, such as the change in the client's poverty level, as options for data that an FSP might monitor based on its own goals. Since then, our thinking has evolved to understand that shorter-term outcome indicators are more relevant to an FSP's daily decision making.

4 <https://sdgs.un.org/goals>

well-defined social strategy and theory of change, and that is assessed regularly through internal data management systems.

This paper summarizes the work that CERISE and SPTF have conducted with investors and FSPs to define a more pragmatic approach to outcomes management, building from existing data, and the work undertaken to align outcomes management to the SDG framework. The brief aims to offer practical guidance on outcomes management, for FSPs and investors looking to guide their investees.

Section 2 examines the recent trends influencing outcomes measurement in the financial inclusion space. Section 3 discusses in more detail the challenge of aligning FSPs' and investors' perspectives when it comes to the utility of outcomes data. Section 4 presents the SDGs framework as a response to this challenge and proposes standard outcome indicators that can meet the needs of both investors and FSPs. And finally, Section 5 offers a checklist to accompany FSPs in setting up an outcomes management system.





# 2

## RECENT TRENDS INFLUENCING OUTCOMES MANAGEMENT

### TREND 1

#### There are growing demands for accountability

Today more than ever, accountability is a key issue for impact investors, a rapidly growing sub-sector of actors within the investment community. The Global Impact Investing Network (GIIN) estimates funds managed by impact investors at around USD 224 billion in 2018, double the amount estimated in 2017<sup>5</sup>.

Claiming to be an “impact organization” implies accountability and data to prove it. Already in 2018, Gugerty and Karlan (2018) noted in their eloquent plea for performance measurement Ten Reasons Not to Measure Impact—and What to Do Instead<sup>6</sup>, “Major donor organizations (...) are requiring evidence (...). Social impact bonds and pay-for-success programs seek to fund effective initiatives by tying financing to proven results.” The same year, the Rockefeller Foundation highlighted the “palpable demand for more robust, meaningful evidence of social change.”<sup>7</sup> Without this evidence, FSPs and asset managers who describe themselves as social investors, risk losing credibility and funding sources.

### TREND 2

#### Getting data is now easier and cheaper

Technology has enabled electronic collection and storage of data, leading to much richer and more powerful opportunities to analyze customer data. Specifically, advances in digitalization (for example, tablets for field workers, powerful Management Information Systems, data collection apps) can help collect more data from beneficiaries when providing a service or even continuously as part of the customer relationship management. Data can be analyzed, segmented, and summarized in meaningful dashboards thanks to business intelligence software and visual analytics platforms.

### TREND 3

#### We’ve adjusted our expectations of what financial inclusion can actually achieve

Academic, solid impact studies in the inclusive finance sector have demonstrated mixed results regarding the benefits of financial services on the lives of low-income people. CGAP’s July 2019 paper *Emerging Insights on Financial Inclusion*<sup>8</sup> reviewed approximately 250 studies on the effects of financial inclusion, published from 2014 onward, and finds that “the evidence strongly supports that financial services improve people’s resilience.” It also points out that “some evidence suggests that financial inclusion can contribute to economic growth under certain circumstances... improving consumption, earnings, and employment for the general population. The evidence is also positive on financial inclusion’s contribution toward reducing inequality.” However, there is also a growing body of research showing financial services can cause unintentional harm, the most well-known being overindebtedness and other effects including child labor<sup>9</sup>.

These findings are far more nuanced than the ambitious goals for microfinance touted in the past. Instead of reducing poverty, financial services mostly mitigate risk and help households

5 See reference below.

6 [https://ssir.org/articles/entry/ten\\_reasons\\_not\\_to\\_measure\\_impact\\_and\\_what\\_to\\_do\\_instead](https://ssir.org/articles/entry/ten_reasons_not_to_measure_impact_and_what_to_do_instead)

7 <https://www.rockefellerfoundation.org/blog/improved-evidence-next-big-priority-impact-investing/>

8 <https://www.cgap.org/research/publication/emerging-evidence-financial-inclusion>

9 Gray B, Smith J, Kuklewicz A. (2021). RICHES Financial Services Brief. Grameen Foundation and ABA-ROLI. <https://grameenfoundation.org/riches/riches-toolkit/financial-services-brief>

smooth consumption. Many poor households are just one accident or illness away from destitution and increasing resilience to shocks can have a huge impact on a household's long-term well-being. But it is admittedly a step back from the "end of poverty" objective that has often been associated with microfinance.

#### TREND 4

### The SDGs have emerged as a common framework

Since launching in 2016, the Sustainable Development Goals (SDGs) have become the sustainability framework of reference for a wide range of public, private, and civil society actors around the world. Investors and development agencies are no exception. As stated in the GIIN 2020 State of Impact Measurement and Management Practice<sup>10</sup>, and reiterated in a GIIN presentation to the Investors AG in November 2020, "Many tools and frameworks have been developed to help impact investors measure their impact. (...) The most commonly used [approaches] are the United Nations Sustainable Development Goals (SDGs), which have gained significant traction across the global development community with 72% [of investors surveyed by GIIN] using it in Impact Management".

The SDGs are increasingly referenced in impact reports and annual reports (including those of e-MFP Investors AG members, see Appendix 1 for links to reports and examples of current metrics used to express outcomes within the SDG framework). Some FSPs are also using this framework in their annual reports to present their achievements in terms of reaching vulnerable clients, improving incomes, and working on women empowerment.

#### TREND 5

### Investors' interest in outcomes is growing...

These trends are the backdrop to an overall observation made by the Investors AG members: investors are increasingly pushing the frontiers on outcomes.

Compared to the initial discussions in 2016, outcomes-related activities have multiplied among the investors, including direct surveys for data collection (e.g. BBVA Foundation, Symbiotics, Opportunity International), testing proxies (e.g. FMO and Proparco with the Joint Impact Model), technical assistance support for training (e.g. PPI and Oikocredit), implementation of outcome management programs (e.g. Incofin) and ad-hoc case by case studies (e.g. SIDI, Grameen Credit Agricole Foundation). This diverse range of support shows the growing importance and recognized value of outcomes data. We've also observed collaborative efforts to share outcomes-related data (among investors, governments, donors, development finance institutions, FSPs and networks), in order to achieve economies of scale, facilitate comparison and promote in-depth understanding of trends and patterns. Client-level data sharing was particularly strong during the COVID-19 pandemic (see box below).

#### THE COVID-19 PANDEMIC AND OUTCOMES MEASUREMENT WITH THE COVID-19 CLIENT INTERVIEW TOOL

The application of the tool by more than 35 FSPs showed widespread increases in client vulnerability in virtually every market. They also revealed how financial inclusion supported resilience in times of shock: use of savings versus selling assets, access to emergency loans versus dependency on informal expensive loans, loan rescheduling versus increasing debt burden. The data provided insights on how much clients were affected, who was most vulnerable, which coping mechanisms they used, and how FSPs could be supportive: through savings, rescheduling and moratoriums on existing loans, providing new loans, and even disseminating health information. Segmentation of the data was key, as it revealed that not all the clients were affected the same way; there were important differences according to gender, age groups, employment type, sector, and poverty levels.

10 GIIN, 2020. THE STATE OF IMPACT MEASUREMENT AND MANAGEMENT PRACTICE: SECOND EDITION. [https://thegiin.org/assets/GIIN\\_State%20of%20Impact%20Measurement%20and%20Management%20Practice\\_Second%20Edition.pdf](https://thegiin.org/assets/GIIN_State%20of%20Impact%20Measurement%20and%20Management%20Practice_Second%20Edition.pdf)

## TREND 6

### ...But outcomes are not yet a priority for most FSPs

And yet, this interest is not necessarily matched by FSPs. Only a minority of FSPs actually measure their outcomes. Most still lack systems for formal outcomes measurement and among those that do, the existing data are more often used for reporting to external stakeholders than to inform internal decisions about strategy, policies, and products. This is largely due to misaligned data needs between FSPs and investors. For the FSPs, the usefulness of outcomes data lies in its ability to inform shorter-term operational decisions, i.e., the need to make decisions today about how to manage their business. For investors, outcomes data represents “proof of impact” and facilitates comparability across different investments. The fact that FSPs and investors can have different (albeit complementary) uses for outcomes data can lead to FSPs either not having data that investors request (e.g. % of change in income or yield, evidence of improved gender equality), to FSPs collecting data for the sole purpose of reporting without seeing its practical use (e.g., gender pay gap, CO<sub>2</sub> emission), or FSPs collecting data that does not serve their reporting requirements (e.g., product uptake by gender).

In addition, many FSPs perceive the cost of outcomes data collection to be greater than the benefits and believe they cannot afford it. During interviews conducted for this paper, some FSPs expressed that measuring the long-term changes in poverty, health and education of their clients felt too ambitious, and deemed these changes to be largely out of their control. Some even confessed that tracking such data can be demoralizing, because the trends are so uneven among clients.

What do these trends mean for actors interested in outcomes measurement?

- The growing demand for accountability is making outcomes measurement a must for impact-driven organizations. We need data to demonstrate outcomes not just for the integrity of impact investing, but for its continued expansion...

- ... but FSPs should collect client data on outcomes that are realistic, based on short term effects, as these can inform the ongoing strategic and operational decisions that FSPs are making to ensure their own sustainability as well as a high quality of service to clients. Though it remains interesting to research whether financial inclusion contributes to ambitious outcomes that occur over a longer time horizon, it is not the role of FSPs to do this.
- Digitalization has reduced the cost and time of collecting, storing, and analyzing data, making it possible to build actionable datasets more quickly and easily than ever before. It also allows to develop better client profiles and segmentation. General averages often hide which services are working for which people and for whom they are not working.
- The SDG framework comes with its own challenges, as we will see in the next section, but it has undeniably made it easier to communicate on outcomes using a shared language.
- The growing investors’ interest on outcomes measurement has led to more experimentation and innovation than in the past and has raised the visibility of client-level data collection as an important management practice. In particular, this experimentation has revealed the possibility and value of leveraging existing data to make informed inferences about client outcomes when actual outcomes data are unavailable.
- However, it has highlighted the lack of alignment between FSPs and investors when it comes to how they use outcomes data.

# 3

## CHALLENGES AND FIRST STEPS FOR VALUABLE OUTCOMES DATA, ALIGNING EXPECTATIONS

Because defining which kind of outcomes data are valuable, to whom and why is a key question for the widespread uptake of outcomes management, this section focuses on alignment in more detail, drawing on the experiences of the Investors AG members and their FSP partners.

### Investors' outcomes ambitions may not match FSPs' more pragmatic approach

Many social investors are truly committed to understanding and measuring the client-level changes their investment brings, out of concern for accountability, transparency, and integrity. But they are also under pressure from asset owners to "prove impact" aligned with an ambitious vision such as eliminating poverty or achieving gender empowerment. The problem is that the outcomes data that shed light on these kinds of goals can take years to unfold, require complex and costly protocols to measure, and are influenced by so many factors that it is extraordinarily challenging, if not impossible, to identify the specific contribution of one single intervention to the overall change.

FSPs on the other hand, are more concerned about collecting and analyzing data that can help them make decisions today about how to manage their business. They are also more motivated by tracking outcomes that can be *directly influenced* by their operations. For example, even if an FSP was to get information today on whether a client has a higher annual income than she did five years ago, it is unclear how the FSP could use that information to make its daily decisions because the FSP was not the sole cause of that outcome.

In fact, many factors can influence income in the long run, from climate change to political unrest to fluctuations in crop prices, to a pandemic, or to childbirth. On the other hand, if a client took out a home improvement loan to build a well, the FSP could track this outcome: Did she build the well, did she get better quality water, did she save time on fetching water, and if not, why not? It could be that an inadequate loan amount, a delay in loan disbursement, lack of local materials to build the well, or an unexpected hospitalization caused her to use her home improvement loan for something else, or that the well did get built but it was of bad quality. And with that information, the FSP could make decisions to adjust its loan size upward, or address inefficiencies in its loan processing procedures, or develop an emergency loan product, or connect home improvement loan clients to trusted suppliers of parts and/or labor. These actions would lead to better outcomes next time for the client, but they have a business case too, because they relate to improved productivity, client satisfaction, and product uptake.

### Collecting outcomes data: leveraging existing data to gain first insights on client profile and use of products

Before FSPs would start collecting outcomes data, they often have plenty of data that can be leveraged for insights, both for internal decision making and for reporting. Well analyzed existing data can already guide decision-making and help design coherent and focused outcomes data collection (see box next page).

Existing data includes basic client profile, such as location, age, and gender as well as records of clients' financial transactions (see Table 1 in page 15). These types of data are collected on a regular basis, most of the time directly from clients, and they tend to be reliable because the FSP uses them to analyze clients' repayment capacity. Data collected during a loan application process can also be quite detailed in terms of sources and amount of income both for the client and the household. A lot of transaction data pertaining to payments, savings, insurance that are available in the management information system (MIS) are also useful<sup>11</sup>.

11 See for example the work to be published by e-MFP on "Better Metrics for Effective Savings" (<https://www.e-mfp.eu/news-and-events/new-e-mfp-action-groups-launched-savings-and-wash>).

## ANALYZING EXISTING CLIENT PROFILE AND TRANSACTIONAL DATA WON'T SHOW OUTCOMES BUT WILL GIVE INSIGHTS

It is important to note that data on financial transactions are not the same as outcomes information, and therefore cannot tell the FSP what outcomes a client is experiencing. But analyzing transactional data by client segment does help FSPs to gain insights for client-driven decision making. For example, transactional data can show that a product is not being used widely by clients, but the FSP would then have to investigate whether this was happening because the product was not adapted to clients' needs, or clients were not aware of the product, or some other reason. Investigating the reasons for client behavioral patterns revealed by existing data could ultimately help an FSP understand how to improve its product design, marketing, customer care, staff training, and risk management, even before it has collected extra outcomes data. It can also be reported to investors, for example to share product uptake or frequency of use by client segment (e.g. women, rural clients).

When research establishes a relationship between use of a product and positive impact, then this transactional data can be used as a proxy for outcomes data. For example, if a client has insurance and has a savings account, the FSP can consider that she is likely protected if a shock occurs. She is a less risky client than one who only has a loan. So, the FSP can classify its clients by level of vulnerability, based on their use of its range of products.

The following box (on page 14) illustrates the value of the insights that can emerge from analyzing existing transactional data, in particular by segment of client, which is based on actual data provided by FSP members of SPTF. While simply looking at behavioral trends from existing transactional data does not provide definitive evidence about outcomes, it can give a first common basis for client-centered management and can suggest areas for further inquiry.

Existing data can also be useful to FSPs seeking to report their performance within the framework of the SDGs. It is true that without research into outcomes or impact, it is not possible to know whether providing an output (e.g., a loan, a savings account) actually led to progress toward achieving any given SDG but connecting outputs to SDGs at least communicates the types of outcomes to which an FSP's work relates. The table below identifies a basic set of output indicators that are generally collected by FSPs and can be aligned to specific SDGs<sup>12</sup>, as an entry point for systematic use of client data for decision-making as well as for reporting. The output indicators related to SDGs will only make sense if they are then completed with outcomes indicators.

<sup>12</sup> See the more formal link with SDGs in the next section.

## INSIGHTS FROM EXISTING DATA

In 2020, SPTF worked with four different financial service providers to review their existing data, see how to better analyze clients' transactions and behaviors, and use those data to guide strategic and operational decisions. These FSPs provided 3-5 years' worth of their most recent data. In a separate but similar project, at the same time, CERISE and members of the e-MFP Investors AG worked with two other FSPs to draw conclusions from existing data.

The analysis of these databases showed that different segments of clients behaved differently, in terms of what types of products they used, the average amount of each transaction, the frequency with which they transacted, and their repayment behavior. In some cases, the results surprised the FSPs. In other cases, the FSPs were aware of various issues but not the extent of them. Overall, the FSPs reported that the insights from the existing data were very valuable to them.

For example, it was possible to estimate who was struggling. Specifically, FSPs hypothesized that behaviors such as diminished savings activity, dormancy, and/or high PAR, were signs of distress among their clients. The list below summarizes specific insights that FSPs who participated in this project discovered when analyzing further their existing data:

### INSIGHT 1

#### Some groups of clients need additional outreach and support.

- Some FSPs found their female clients had a lower loan size on average, and this gap had increased in recent years, even though their portfolio at risk (PAR) was good.
- Younger clients were more affected by the Covid crisis and needed more specific support.

### INSIGHT 2

#### Granular analysis can pinpoint weaknesses that otherwise may go unnoticed.

- One FSP discovered higher PAR in one particular branch.
- One FSP found lower savings among women and youth, in spite of products designed for these

groups, suggesting they could be less resilient to crisis. Learning this motivated the FSP to improve communication and focus on these target client groups.

- One FSP found higher PAR for young clients below 35 and older clients above 75.

### INSIGHT 3

#### Sometimes it's good to confirm what we already know.

- One FSP had been planning an awareness raising campaign to promote its full range of products among clients. When the data analysis revealed just how infrequently a certain savings product was being used, the executive management felt even more sure in their decision to invest time and money on the campaign.

### INSIGHT 4

#### We can gain insights into whether clients are using the products as expected.

- In one case, the FSP found that its female clients used more consumption loans (more expensive, shorter term), even though some of the FSP's productive loans had been specifically designed for women and would have been more appropriate to their economic profile (small businesses).

### INSIGHT 5

#### Staff could use some refreshers.

- One FSP observed that the share of consumption loans was growing, even though its strategy was to promote productive loans. Executive management hypothesized that field officers were pushing one certain kind of product and identified a need to conduct some refresher trainings.

### INSIGHT 6

#### We need to rethink pricing.

- After analyzing its pricing data, one FSP realized its productive loans ultimately had higher effective interest rates compared to the consumption loans, due to an overly complex approach to pricing and fees. The conclusion was that the pricing policy needed to be adjusted.

**TABLE 1: Basic Output indicators using existing data**

<b>Indicators to be tracked</b> (in bold, indicators that were listed in the e-MFP Brief 2016)	<b>Related to key SDG</b>
Number of active borrowers reached* (segmented by gender, age – defining “young” and “elderly”, location – defining rural/urban, income level)	SDG 8
→ Number and % of female borrower	SDG 5
→ Number and % of rural borrowers	SDG 2
→ % of borrowers by level of income	SDG 1
Number of unique individuals gaining access to financial services (from transactional data/credit bureau, output indicator, but mainly relevant for FSP with poverty targets)	SDG 1 / financial inclusion
Number and volume of loans outstanding*	SDG 8
Volume of loans to women	SDG 5
Volume of loans (%) by main sector (agriculture, services, production, housing, education, consumption, etc.)	SDG 8 and SDG by main sector invested
Number of active savers reached	SDG 8
Number of deposit/savings accounts*	SDG 5
Number and % of female savers	SDG 5
<b>Changes in savings balances (annually)</b>	SDG 8
Average Tenor of Loans Outstanding*	SDG 8
Average loan size	SDG 1
Average loan size by GNI/capita	SDG 1
Number / % people accessing non-financial services (social focus)	SDG 1
Number of merchant acceptance points (POS)* / number of branches	SDG 8
Drop Out/ borrower <sup>13</sup> retention	SDG 8
Number of SMEs reached	SDG 8
Volume of loans (%) for SME (if applicable)	SDG 8
Number / % people accessing non-financial services (business focus)	SDG 8
Number and volume of productive loans for youth (definition to be set up, generally below 30 or below 35)	SDG 10
Number of clients with access to digital payment services (e.g. card, internet payments, platform, app etc.)*	SDG 8
Value of non-cash transactions*	SDG 5
Number of female borrowers with access to digital loans, digital wallet, etc.	SDG 5
Number of people accessing voluntary insurance	SDG 1/ SDG 8
Volume of voluntary insurance	SDG 1/ SDG 8
Claim ratio	SDG 1/ SDG 8
<b>Ratio of household debt/ disposable income (loan application)</b>	SDG 8
Number of complaints by clients registered and % resolved during the reporting period	SDG 10

\* Indicators from HIPSO (Harmonized Indicators for Private Sector Operations)<sup>14</sup>

13 Using borrower as more easily tracked than for other type of products.

14 <https://indicators.ifipartnership.org/financial-intermediation/>

## Data quality and analysis remain challenging

Of course, there are challenges to working with existing data. One is that FSPs often store different types of data in different databases. Some data are digitalized, some are not. Some client information may not be captured in inflexible core banking systems. The first step toward making good use of existing data is to store high quality, complete client data in a single management information system to facilitate analysis by client segment<sup>15</sup>. A second challenge is that data come with biases; for example, many FSPs have more information for borrowers compared to savers or users of other services. Also, FSPs tend to lack information on departing clients, unless they do surveys. These kinds of biases can skew analyses and make it difficult to draw overarching conclusions applicable to all clients.

The issue of data collection and quality remains an important facet and challenge of outcomes management. Client data is at the heart of outcomes management. But good quality, reliable data are hard to get. Methodologically, it's not easy at the FSP level. Even when a system to collect data is in place (rarely), errors by clients in providing answers, errors by staff in recording data, and a hesitancy among clients to provide truthful answers due to fear about how the FSP will use the data, are compounded by lack of training of staff for data collection, risks of staff fabricating or biasing data (for example, to make clients seem poorer if this is the stated objective of the FSP, or simply to save time). FSPs also face an overall lack of capacity to analyze data (see box below). When data is collected by professional external partners, the data may be more accurate, but the FSP itself may not take ownership of it, understand it, or use it.

The next steps in inquiry will require direct surveys of the clients. The basic ones are clients' satisfaction surveys<sup>16</sup>. Ideally, these surveys will ask not only if the clients are satisfied, but also how they are using the products and services.

## THE CHALLENGE OF DATA ANALYSIS – THE EXPERIENCE OF OIKOCREDIT

Oikocredit developed a Client Outcomes Programme (COP) in 2014 to enable the institution and its partners to tell the story of the outcomes for clients. The COP was developed in response to the recognition that MFIs were dedicating substantial resources to collect data on clients but were not taking advantage of this data by analyzing and using it.

The project revealed that the amount of time needed to boost staff's practical skills (e.g., using spreadsheet software) and analytical skills (e.g., understanding what data is most important) is often underestimated. The data themselves may not be electronic, and data that remain on paper cannot easily be aggregated, much less analyzed. And there is also the obstacle of FSPs not allocating enough budget or human resources for analysis, meaning that even when FSPs do store outcomes data electronically, the analysis is very limited and does not involve considering multiple indicators together or looking for trends.

More advanced data collection would investigate actual client outcomes, though it is worth noting that these kinds of questions do not have to be asked in their own separate survey but could be embedded into the satisfaction survey or other existing moments of interaction between FSPs and clients, such as the loan application process. Defining a common set of minimum standard outcomes data, including expected and unintended outcomes, and that are aligned with the SDGs, would help incentivize the stakeholders to collect good data and using them on a practical way.

<sup>15</sup> Segmentation by client type is essential for all outcomes data analysis. As stated in the CGAP Segmentation toolkit (2016), "Segmentation unlocks opportunities for innovation that can offer value to both customers and providers (...) Customer segmentation allows organizations to divide a market into subsets of customers that have, or are perceived to have, common needs, interests, and priorities – then design and implement strategies targeted toward them".

<sup>16</sup> Basic clients' satisfaction can concentrate on the Net Promoter Score (see below) and the top two positive and top two negative features of the product/organization surveyed.



# 4

## A PROPOSAL FOR OUTCOME INDICATORS BY SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

In this section, we propose to go a step further in outcomes management, to better monitor changes, align expectations, and deepen understanding of clients' needs, while using the SDG framework as a common language.

### Using the SDG framework for harmonized and useful reporting

The SDGs categorize the major dimensions of a sustainable and prosperous future for all. Social investors are enthusiastically committing to the SDGs and GIIN reports that they consider the SDGs to be the reference framework to set, measure, and report impact performance (GIIN 2020 Annual Impact Investor Survey). The framework, as a common language, has the potential to identify shared outcome goals, drive outcomes management, and harmonize reporting in a way that facilitates benchmarking. The SDGs can then become a step in the direction of harmonizing investors and FSPs' needs around outcomes.

But this is not without challenges. The SDGs are very ambitious long-term goals, and the framework can feel overly theoretical (or overwhelming) at the micro level for impact-driven organizations, with the 17 Goals broken down into 169 Targets and more than 280 macroeconomic indicators. Faced with this complexity, stakeholders may find it tempting to only match the most basic of data, such as number of loans disbursed or number of clients served, to an SDG and over-claim contribution toward the SDG's lofty goals. Investors who claim to be impact investors can get lost in "rainbow washing" and highlighting colorful SDG logos, without really showing the effects of their actions<sup>17</sup>.

To avoid making unrealistic and meaningless claims, a working group coordinated by CERISE since 2018 has endeavored to define and refine a list of indicators covering 73 Targets for 16 of the 17 SDGs. This list is consolidated in the MetODD-SDG tool<sup>18</sup>, that draws from international frameworks on outcomes measurement<sup>19</sup> and practitioners' experience to identify standard outcomes indicators by SDG.

Moreover, after four years of field experience in client data collection, and extensive exchanges with FSPs and investors on outcomes management<sup>20</sup>, we want to dig deeper, to identify standard outcomes data for FSPs within the framework of the Sustainable Development Goals. We have reached our conclusions and recommendations by first reviewing recent trends on outcomes management, then exploring main challenges of managing outcomes data and potential solutions,



17 See for example the video by SoPact "What is SDG Washing" <https://www.sopact.com/social-impact-courses#>)

18 <https://cerise-spm.org/en/metodd-sdg/>

19 UN Global Compact SDG Compass, UN Principle for Responsible Investing, Global Impact Investing Network (GIIN), Impact Management Project (IMP), Harmonized Indicators for Private Sector Operations (HIPSO), Council on Smallholder Agricultural Finance (CSAF), etc.

20 The ideas shared in this document draw on review of investors and FSPs' impact reports, intensive discussions and joint meetings from CERISE LabODD and e-MFP investor Action group in particular during the European Microfinance Week conferences in 2019 and 2020, as well as actual work on data collection conducted by investors, CERISE, SPTF, and FSPs around the world.

including using existing data, and finally combining those insights with learning from the field to propose a way forward. What follows is a suggested set of targets and indicators that CERISE and different investors have tested and that this paper intends to promote further in order to improve and streamline outcomes management.

Of course, an FSP can decide to add other indicators, or to collect different indicators, since data collection must be driven, above all, by data that can inform business decisions. Nonetheless, we believe it is possible to define a core set of indicators that would likely be applicable to most FSPs. These indicators would promote harmonized data collection for decision-making and for reporting and would ensure that FSPs use outcomes data and communicate about their contribution to the SDGs in a credible way.

### Mapping financial inclusion goals to specific SDGs and Targets

Before getting into the indicators, let's first look at which SDGs and Targets are most relevant to financial inclusion actors. Having this slightly more granular view makes it more concrete, and easier to define micro-level indicators.

The next box lists the SDGs that are most commonly associated with financial inclusion providers<sup>21</sup>. Various financial products may support other sustainable goals (Health finance and SDG 3: Ensure healthy lives and promote well-being for all at all ages; Education loans or savings for youth and SDG 4: Quality Education; WASH products and SDG 6: Clean water and sanitation; Loans for energy and SDG 7: Affordable and Clean Energy). In this paper, we focus on the key SDGs for most of the financial service providers.

### SDGs MOST COMMONLY ASSOCIATED WITH FSPs

From what has been shared by investors and FSPs themselves, all financial service providers target:



Most financial service providers also target:



Starting from the FSPs' own social strategy, Table 2 in page 19 shows how common social goals for FSPs can be matched to most commonly identified SDGs<sup>22</sup> and specific targets. We have used the five dimensions of impact proposed by the Impact Management Project<sup>23</sup>—WHO, WHAT, HOW MUCH, CONTRIBUTION, RISKS—as an overarching framework.

21 With environmental protection becoming a standard for financial inclusion, FSPs will also have to reflect about alignment with SDG 13 (Take urgent action to combat climate change and its impacts) and SDG 15 (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss), as well as SDG 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development) if applicable. This will be discussed further with the launch of the updated Universal Standards in 2022.

22 While SDG 8,1 and 5 typically apply to financial inclusion, FSPs should reflect on how their own goals may align with other SDGs or Targets.

23 <https://impactmanagementproject.com/impact-management/impact-management-norms/#anchor2>

**TABLE 2: FSP social goals and how they can be linked to key SDG targets**

IMP framework	FSP key social goals	Related SDG	Specific SDG Target
<b>WHO</b>	FSP targets women	SDG 5: Gender Equality	<b>5.1</b> End all forms of discrimination against all women and girls everywhere <b>5.5</b> Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in (...) economic (...) life
	FSP targets youth	SDG 8: Decent Work and Economic Growth	<b>8.6</b> By 2020, substantially reduce the proportion of youth not in employment, education or training
	FSP targets SME	SDG 8: Decent Work and Economic Growth	<b>8.3</b> ...encourage the formalization and growth of micro-, small- and medium-sized enterprises...
	FSP targets poor, minorities	SDG 1: No Poverty	<b>1.4</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have (...) access to (...) appropriate financial services, including microfinance
<b>WHAT</b>	Productive loans	SDG 8: Decent Work and Economic Growth	<b>8.3</b> Promote development-oriented policies that support productive activities, decent job creation (...) through access to financial services
	Non-financial services/ business oriented	SDG 8: Decent Work and Economic Growth	<b>8.3</b> Promote development-oriented policies that support (...), entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises (...)
	Insurance	SDG 8: Decent Work and Economic Growth	<b>8.10</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to (...), insurance (...) for all
	Non-financial services/ social	SDG 1: No Poverty	<b>1.4</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have (...) access to (...) appropriate financial services, including microfinance



IMP framework	FSP key social goals	Related SDG	Specific SDG Target
<b>HOW MUCH/ CONTRIBUTION</b>	Reducing barriers/ access financial services	SDG 1: No Poverty	<b>1.2</b> By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
	Smoothing consumption / reducing vulnerability	SDG 1: No Poverty	
	Invest in economic opportunities / building assets	SDG 8: Decent Work and Economic Growth	<b>8.3</b> Promote development-oriented policies that support productive activities, decent job creation (...) through access to financial services
<b>RISKS</b>	Mitigating harm	SDG 8: Decent Work and Economic Growth	<b>8.7</b> ...eradicate forced labor and child labor in all its forms...
		SDG 5: Gender Equality	<b>5.2</b> Eliminate all forms of violence against women and girls.

## Identifying standard outcomes indicators to report on SDG Targets related to financial inclusion

Now that we have identified the Goals and Targets that appear most relevant to financial inclusion, based on the philosophy of the SDGs, let's explore the outcomes indicators that can support each target.

### Outcome indicators related to SDG 8 – Decent work and economic growth

When **building economic opportunities for clients** is one of the goals, the FSP will choose SDG 8 - Promote sustained, inclusive and sustainable economic growth, full, and productive employment and decent work for all. Within SDG 8, **Target 8.3** addresses the core of what a financial

service provider does: support productive activities, and often, decent job creation. Depending on the FSP's specific social goals, it may also choose to focus on entrepreneurship, creativity and innovation as well as formalization and growth of MSMEs.

When measuring outcomes to show contribution to SDG 8, FSPs will focus on changes to productive activities and businesses. In the short run, it is important to track changes in business assets, sales, and income to capture the financial health of the entrepreneurs. The information will be beneficial to understand how to strengthen and formalize small enterprises, create jobs, and foster innovation.

**TABLE 3: Outcome indicators proposed for SDG Target 8.3**

SDG Target	Indicator (in bold, from the Guidelines on Outcomes, 2016)
8.3 Promote development-oriented policies that support productive activities, decent job creation (...) through access to financial services	<b>Increased employment in financed business (legal working-age/adult family members, wage workers)</b> (integrate notions of “decent work” and ‘formal jobs”), on average, for all productive loans
	<b>Changes in business revenue: 1) annual sales; 2) annual net income</b>
...entrepreneurship, creativity and innovation...	Number of new businesses created
	<b>Changes in business practices, towards business professionalism (with list of positive changes towards new products, changes in business decisions, new processes)</b>
...encourage the formalization and growth of micro-, small- and medium-sized enterprises...	Number of SMEs formalized (tracking changes)
	<b>Changes in business assets (% invested in tools/equipment/productive assets; changes in total business assets)</b>
Target 8.3 globally	Perception of change by the entrepreneurs <b>Business attitude:</b> → <b>Confident in ability to be successful</b> → <b>Satisfaction with business earnings</b> <b>Feel optimistic about the future</b>

If the FSP focuses on **youth**, **Target 8.6** can be chosen.

**TABLE 4: Outcome indicators proposed for SDG Target 8.6**

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	Job creation, by age
--	----------------------

### Outcomes Indicators to report on SDG 1 – No poverty

When the FSP’s mission and strategy strive to reach **poor and vulnerable people** (removing barriers, smoothing consumption, reducing vulnerability), it can choose SDG 1 - End poverty in all its forms everywhere. As stated above, we must approach this goal with realism. Financial inclusion alone will not eliminate poverty. However, FSPs can make a choice to focus on poor and vulnerable clients, adapting products and services to these populations. The first element is

then to have clear information on clients’ profiles to hold themselves accountable to the goal of serving these target clients. Then, collecting data on clients’ poverty/income levels helps in tracking the financial health of the clients and their households. FSPs can collect data on the indicators shown below, even if we know that positive or negative trends may be as much due to external factors as it is to the intervention of the FSP itself. With these caveats in mind, Table 5 below presents indicators related to **Target 1.2**, which focuses on reducing poverty, and **Target 1.4** which is about giving access to financial services





**TABLE 5: Outcome indicators proposed for SDG Targets 1.2 and 1.4**

SDG Target	Indicator (in bold, from the Guidelines on Outcomes, 2016)
1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	<b>Acquisition of household assets (bed, stove, refrigerator, TV, bicycle, etc.)</b>
	<b>Improved basic needs (toilet, drinking water, clean cooking, school for children)</b>
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have (...) access to (...) appropriate financial services, including microfinance Indicators	<b>Financial tools/ changes in liquid assets (livestock, jewelry, etc.)</b>
	<b>Change in number and quality of meals<sup>24</sup></b>
	<b>Income (number of sources, change, stability) Or, as a proxy, average monthly household expenditure</b>
	<b>Financial tools: change in savings balance % clients that can better manage their budget/ expenses/finances</b>
	<b>Ability to face major expense</b>
	<b>Perception of change in quality of life (and reasons) After years 3 and 5: % of households above the selected poverty line, who were below the line at entry</b>

to the poor and vulnerable, primary objective of FSPs with a poverty focus.

When measuring outcomes to show contribution to SDG 1, an FSP's narrative will focus on tracking improvement on ability to manage shocks. The information will be beneficial to adapt products and services if for example some vulnerable segments of clients appear to be worse-off.

### Outcome indicators to report on SDG 5 - Gender equality

When the **empowerment of women and girls** is part of the FSP's mission and strategy, it will choose SDG 5 - Achieve gender equality and empower all women and girls, and the Targets that aim to reduce discrimination against women and ensure their participation in decision-making.

When measuring outcomes to show contribution to SDG 5, the FSP will focus on collecting feedback from women on actual use and related changes they perceive, to ensure the products are specifically answering their needs and constraints. Just reporting on the number of women clients is simply not enough to demonstrate actual usage and benefits.

<sup>24</sup> This can also be related to SDG2, and for FSPs working in food insecure areas, they can go a step further and use the Household Hunger Scale (<https://www.fantaproject.org/monitoring-and-evaluation/household-hunger-scale-hhs>).

**TABLE 6: Outcome indicators proposed for SDG Target 5.1-5.5**

5.1 End all forms of discrimination against all women and girls everywhere	Capacity to use the loan for her own economic activity Capacity to contribute financially to the household needs
5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in (...) economic (...) life	Capacity to make decisions regarding the use of the household resources % of women who report that they are more comfortable voicing their opinions (at workplace, in household, in community, depending scale of intervention of the organization) % of women who report a perception of decreased discrimination/ easier access to work
5.2 Eliminate all forms of violence against women and girls.	Domestic violence: % of women who report that the use of financial product created unintended harm/ has resulted in a list of negative coping mechanisms (child labor, gender-based violence, etc.)

### Rationale and operational answers for outcomes reporting

The rationale for these indicators is to provide standard, operational data that can be systematically collected, in line with identified SDG targets. Standard collection can also allow for benchmarking, as we already see the case on standard satisfaction surveys with the Net Promoter Score<sup>25</sup>: FSPs can benchmark their overall results, compare over time the level of satisfaction of their clients, or compare results by clients’ segments. Standard outcomes can facilitate benchmarks for both positive and negative changes for clients.

These indicators can be collected cheaply and easily and, as discussed above, can be embedded into existing channels to receive feedback from clients, such as satisfaction surveys. It is advisable to collect qualitative information at the same time as quantitative survey answers, to deepen understanding of the reasons for the patterns of change and to allow clients to communicate on

any matters they wish to discuss that the FSP’s survey did not explicitly mention. Two important recommended areas for qualitative feedback are exploring whether the use of financial services caused stress in the household, and whether the client experienced any challenges to access or using a financial product or service.

Regardless of which specific outcome indicators an FSP chooses to track, it can certainly map its outcomes to the SDG framework because the SDGs are a comprehensive set of human development goals. This aligns investors and FSPs’ needs. Whether FSPs use just indicators among those suggested above, or design also their own, they will collect information useful to inform their strategic and operational decisions, while allowing them to report to investors and external stakeholders on their key achievements within the SDG framework.

Outcomes management made simple and magic with the SDG wizard!

<sup>25</sup> Net Promoter Score calculation: clients are asked to rank on a quantitative scale, often 0 to 10, whether they would recommend the product/FSP to their friends and family; the “promoters” answer 9 or 10, the “passives” answer 7 or 8, the “detractors” answer 0 to 6. The NPS is the difference between the % of promoters and the % of detractors.



# 5

## RECOMMENDATIONS: NEXT STEPS ON OUTCOMES MANAGEMENT AND SDG FOR FINANCIAL INCLUSION

Investors can help their investees get started on using this SDG framework and define the steps to conduct outcomes management within that framework. By following these steps, the investees can collect data that will help them make operational decisions and help investors meet reporting needs.

We have formulated our lessons in the form of a check list that investors and FSPs can use for an efficient outcomes management process.

### For FSPs

- **Build or reinforce internal processes to ensure the accuracy of client data**
  - Strengthen staff skills for accurate data collection.
  - Incentivize staff to collect reliable data.
  - Read the Universal Standards implementation guide<sup>26</sup> to find advice and case studies about how to uncover and fix errors at any point in the FSP's data collection process, from choosing indicators to assigning roles and responsibilities to data collection and entry to audit protocols.
- **Get a lot better at using existing data**
  - Merge financial, transactional and clients/surveys datasets, clean them, to identify existing trends.
  - Build in-staff capacity and engagement with data analysis to be more consistent, more methodical, more analytical, and better at translating data insights into practical actions.
- **Use a framework that makes sense, structured around the SDG targets**
  - Share with staff the result of data analysis and ask for their feedback.
  - Map social objectives and clients' needs and preferences to SDG targets.
  - Identify what indicators you will use to collect client outcomes data, prioritizing what is practical and relevant to your own business decisions. Select a set of simple, standard, practical outcomes indicators, based on the list proposed in this paper.
- **Be simple and efficient with data collection processes, but get the data you need**
  - Use the list of selected indicators to define a limited number of standard questions for outcomes surveys.
  - Design client-friendly data collection processes, meaning they won't take much time and they are trustworthy (clients are willing to share 'true' data).
  - Work with lean data. Design light surveys with standard questions. Avoid a costly or complex research design, such as control groups.
  - Collect qualitative data, not just quantitative data, so that you can understand why the client behaviors that you observe in your data are happening. Ask clients for their perceptions of their outcomes.
  - Collect data on a sample of clients rather than a full census.
  - Where possible, combine survey instruments. For example, covering profile/satisfaction/outcomes data collection in one survey saves time and resources.
  - Don't forget to also measure unintended harm/negative coping mechanisms that clients might use through use of financial products.
  - Do not reinvent the wheel: check guidelines on outcomes management (FSP/Investors guidelines 2016).

<sup>26</sup> <https://sptf.info/universal-standards-for-spm/the-implementation-guide>



- **Build your Management Information System to include basic client data**

- Collect these data electronically! Have a database that allows you cross outcomes results with the general financial and demographic data you have about clients.
- Use your MIS and business intelligence software to systematize data analysis and reporting with simple dashboard.
- Ideally, integrate outcomes data into the MIS: Integrate all key standard output indicators and your selected outcomes indicators are included in the MIS. Updates in MIS are key opportunities to do this.

- **Ensure systematic and simple analysis**

- Analyze financial transactions by client and/or product segment. For example, segment transactional data by gender, age, level of education, location, sector of work, family structure, estimation of yearly or monthly income for the borrowers (from the loan applications), loan cycle.
- Analyze outcomes by client segment. Which types of clients are experiencing benefits and which are not?

- **Use the results for decision making**

- Make sure the right people are reading and discussing outcome reports. At minimum, this includes top management and governing bodies.
- Use outcomes data to make informed decisions and define action plans.
- Link outcomes data to staff and management incentives.
- Develop a reporting system that matches your outcomes data to SDGs, as demanded by your external stakeholders (e.g. investors, donors)<sup>27</sup>.
- Take advantage of the benchmark data that may be available in the future to understand where your outcomes are stronger/weaker and how you might improve your products.

## For investors

- **Understand how to engage with FSPs with different levels of capacity and commitment.**

It is important to recognize that this needs to be a step-by-step process, so identification of existing capacity and appropriate intervention is important.

- Identify with FSPs when it will be useful to **organize outcomes training.**

- **Require that your investees measure outcomes.** Outcomes data are essential to effective social performance management by FSPs.

- **Ensure that the FSP has an easy and efficient process to report outcomes data externally.**

Outcomes measurement can provide investors with access to good quality data from their partners. This could potentially be useful and powerful - in particular through consolidated analysis.

- **Raise awareness of common standard indicators that your investees may find useful.**

The framework proposed in this brief could guide outcomes data that investors could request from FSPs. Be open to FSPs suggesting the outcomes data that are most useful for them to collect.

- **Fund data collection initiatives.**

Investors can fund technical assistance and jointly plan with FSPs to choose the form it will take. Investors can also support initiatives that serve the entire financial inclusion sector, such as capacity building of the SPM Professional network, managed by CERISE and SPTF, developing outcomes dashboards to allow for reporting within the SDG framework, updating implementation resources such as training exercises and guidebooks.

- **Share results, share data with other actors in the same markets, share lessons learned.**

It is important to work collectively on this challenging task. Investors can share data via many channels, including webinars, impact reports, and sharing guidance based on field experience.

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<sup>27</sup> Please note that the SPI platform managed by CERISE will propose outcomes dashboards, aligned to the SDG, with standard indicators proposed in this brief, by 2022 (for more information, contact CERISE at [support@cerise-spm.org](mailto:support@cerise-spm.org))

## APPENDIX 1

### EXAMPLES OF RECENT INVESTORS REPORTING ON SDG

ADA, [Annual Report 2020](#)

BBVA Foundation, [Social Performance Report 2018](#)

Grameen Crédit Agricole MF Foundation, [First impact report, 2019](#)

I&P, [rapport annual ESG, French, 2019](#)

Incofin [Impact report 2018-2019](#)

MicroVest, [Impact report 2019](#)

Oikocredit, [Impact report 2019](#)

Symbiotics, [Impact report SME Finance Loans for Growth, 2019](#)

Triple Jump, [Annual report 2020, EN](#)

### **About the European Microfinance Platform (e-MFP)**

The European Microfinance Platform (e-MFP) is the leading network of organisations and individuals active in the financial inclusion sector in developing countries. It numbers over 130 members from all geographic regions and specialisations of the microfinance community, including consultants & support service providers, investors, FSPs, multilateral & national development agencies, NGOs and researchers. Up to two billion people remain financially excluded. To address this, the Platform seeks to promote co-operation, dialogue and innovation among these diverse stakeholders working in developing countries. e-MFP fosters activities which increase global access to affordable, quality sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation. The Platform achieves this through its numerous year-round expert Action Groups, the annual European Microfinance Week which attracts over 400 top stakeholders representing dozens of countries from the sector, the prestigious annual European Microfinance Award and its many and regular publications.

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