CERISE+SPTF

Sincere thanks to our sustaining members.

Outcomes Plenary: Exploring the connection between SEPM and client outcomes

<u>Moderator</u>: Amelia Greenberg (SPTF)
<u>Speakers</u>: Stephanie Beatriz Garcia Van Gool (**BBVA Microfinance Foundation)**; Cécile Lapenu (**CERISE**); Devin Olmack (**60 Decibels)**; Lucia Spaggiari (**MFR**)

29 September 2022

CERISE+SPTF

10 YEAR ANNIVERSARY 2012–2022

Universal Standards for Social and Environmental Performance Management

Agenda

9:30 - 9:40	Welcome and introductions
9:40 – 10:25	Discussion among panelists
10:25 – 10:50	Debate key outcomes questions
10:50 – 11:00	Questions and answers with the audience
11:00	Conclusion

Meet your panelists

Moderator:

- Amelia Greenberg, Deputy Director, **SPTF**

Speakers:

- Stephanie Garcia Van Gool, Director, Impact Assessment and Strategic Development, **BBVA Microfinance Foundation**
- Cécile Lapenu, Executive Director, **CERISE**
- Devin Olmack, Manager, **60 Decibels**
- Lucia Spaggiari, Innovation Director, **MFR**

Overview: The BBVA Microfinance Foundation (1 of 3)

Data as of 31st, Aug 2022

TOTAL CLIENTS

2,882,007

AGR
+ 6%

CREDIT CLIENTS

887,251

CLIENTS

- Chile 4%
- R. Dom. 15%
- Panamá 1%
- Perú 26%
- Colombia 54%

Constant exchange rate ago-22

Gross loans
1,192 €m + 11%

Average loan
1,268 €   +8%

Amount disbursed
948 €m   + 27%

Client deposits
653 €m   - 2%

7,751
EMPLOYEES

571
BRANCHES & SERVICE POINTS
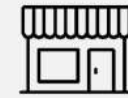
2,210
NON-BANKING CORRESPONDENTS
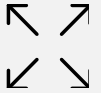
103,998
OTHER TRANSACTIONAL POINTS

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Overview: The BBVA Microfinance Foundation (2 of 3)

Our purpose

The sustainable development of people under vulnerable conditions who own productive activities (microenterprises)

The "how"

Through a range of financial products and services that allow vulnerable people to withstand financial stress, contingencies and actively manage their resources, offering them greater flexibility and more options to accumulate assets over time.

Our understanding of impact

Overview: The BBVA Microfinance Foundation (3 of 3)

Our client profile

Economic vulnerability

81%
Vulnerable + poor:
Total clients generating incomes less than 3 x their country's monetary poverty line

31%
Clients generating income below the poverty line

19%
50%
21%
10%
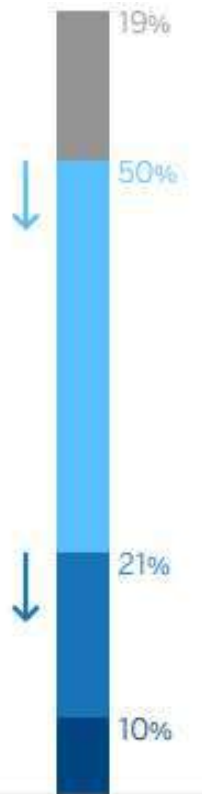
■ Ext. poor ■ Poor ■ Vulnerable ■ Others

Social vulnerability

60% Women

32% Rural

13% Older (> 60 y.o.)

20% Young (< 30 y.o.)

38% Primary education at best

Inclusion

Banked in 2020
33% entrepreneurs

Migrants & refugees
44,144 entrepreneurs

CERISE+SPTF

Cerise+SPTF: Who We Are
Two Entities with a joint purpose

Promote responsible behavior of inclusive finance providers and purpose driven organizations

Create positive outcomes for low-income people

Founded in 2005

Founded in 1998

501(c) (3) licensed in USA and Luxembourg

French non-profit

Membership organization: 4,800+ associated members, 80 paying members, 9 project sponsors, 3 core donors

Funded by global public and private entities

Operating budget (2020): $2M

Operating budget (2020): $0.5M

Key activities: maintain standards, manage grant facilities for standards implementation, convene diverse international stakeholders, disseminate knowledge

Key activities: develop social audit tools, research and publish on best practice in responsible finance, build local capacity for social audits around the world

SPTF
Promoting standards & practices for responsible inclusive finance

Cerise
POUR UNE FINANCE ETHIQUE

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60__decibels

Who We Are

- Is a global, tech-enabled impact measurement company
- Brings speed and repeatability to social impact measurement and customer insights
- Provides benchmarks of impact performance
- Has a network of 830+ researchers in 70+ countries
- Has worked with more than 800 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations.

Universal Standards for
Social and Environmental
Performance Management
YEAR
ANNIVERSARY 2012–2022

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Questions we will answer

1. What is your outcomes management system? How has your thinking about outcomes management changed over time?

2. 60 Decibels recently conducted a large survey of outcomes in financial inclusion. Describe the tool you used and lessons learned.

3. Cerise+SPTF are launching research to explore the connection between SEPM and outcomes. Please explain.

4. Are there any outcomes indicators that are deceptive? How do you know you are analyzing the data correctly?

5. Report back from yesterday's outcomes session.

Question 1

- Please describe your current outcomes measurement/management system. How has your thinking about outcomes management changed over time? For example, has your theory of change evolved? Do you track different indicators now than you used to? Do you collect data at a different frequency from before?

Impact Assessment Methodology

Sources

1. MIS database
2. Client survey:
in person or by phone

Analysis

Merge MIS+survey
Statistical tests
Correlations, breakdowns

Results

SPTF indicators
Accountability
Benchmarking

https://www.mf-rating.com/products/impact-assessment/

Impact Assessment
Mibanco - Peru

877,259
Active Borrowers

USD 3,330.7 M
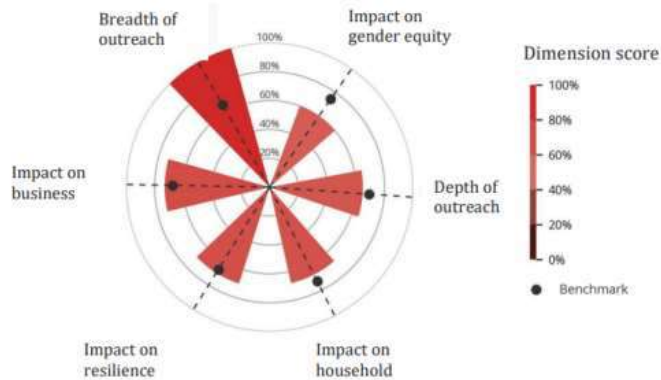Gross loan portfolio

313
Branches

Mission

We transform people's lives, committed to their financial inclusion and progress, contributing together to the growth of the country.

Theory of Change

Promote the transformation of lives through the spiral of socio-economic progress from financial inclusion. The comprehensive offer of financial and non-financial services seeks to boost the economic growth of the business and its formalization, the client's ability to successfully manage the business and resilience, and finally a higher level of household income to improve their living conditions.

Impact Score 4/5

High probability of generating a positive impact in the lives of clients. Good alignment of impact results with the mission and theory of change.

Breadth of outreach
Impact on gender equity
Dimension score
Impact on business
Depth of outreach
Impact on resilience
Impact on household
Benchmark

Clients Reached

Breadth of outreach higher than the national and regional benchmark. Depth of outreach results adequately aligned with the declared target population in terms of clients and households socioeconomic profile.

49% Women borrowers

**13%** Rural borrowers

63% Average loan balance on GNI pc

89% Portfolio in income generating activities

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Impact in Clients Lives

Positive changes in the growth and resilience of the business at the level of assets and income, attributable to the intervention of Mibanco, despite the health emergency due to COVID-19. Significant positive correlation between access to financial education services and financial and digital training, and the results of positive change in business and household income, in line with the institution's theory of change. Significant shares of clients have made improvements and acquired key assets for the home and have strengthened their capacity to cope with crises.

Business

8 DECENT WORK AND ECONOMIC GROWTH
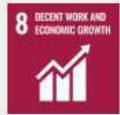
- **27%** Increased business assets
- **52%** Increased business income
- **10%** Increased the number of paid employees in their business
- **36%** Borrowed the first formal credit for their business from the provider

Household

1 NO POVERTY **6 CLEAN WATER AND SANITATION** **7 AFFORDABLE AND CLEAN ENERGY**

- **45%** Increased household income
- **53%** Made at least one home improvement
- **44%** Acquired at least one additional key household asset
- **11%** Changed to a more energy efficient source for cooking

Resilience

3 GOOD HEALTH AND WELL-BEING **4 QUALITY EDUCATION**

- **10%** With higher capacity to access medical care
- **27%** With higher capacity to pay for education
- **19%** With higher capacity to cope with adverse events contingencies

Gender

5 GENDER EQUALITY **10 REDUCED INEQUALITIES**

- **43%** Women with greater capacity to contribute financially to the household or business
- **20%** Women with access to an educational program

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Our process

Robust databases	Research using new methodologies	Value creation & new proposals	Tracking & monitoring
• Socio-demographic variables and geolocation • Business and operational data • Financial system data • Etc.	• Profiling and impact surveys to evaluate • Clustering • Predictive models	• Channels • Products / services • Third-party value offering (partnerships) • Processes	• Policies • Business integration • Reporting

The analysis is based on the information we manage on a daily basis and is crucial in designing targeted interventions that increase social impact "

We work to maximize the social and economic impact on entrepreneurs in a situation of vulnerability by means of applied research "

Our approach towards well-being

Multidimensional poverty

íMPI
Internal Multidimensional Poverty Index

The internal multidimensional poverty index

Dimension	Indicator	Weight (%)
Education	School attendance	11.11%
Education	Years of schooling	11.11%
Education	Learning lag	11.11%
Health	Health insurance	11.11%
Health	Access to water	11.11%
Health	Sanitation	11.11%
Housing	Overcrowding	11.11%
Housing	Housing materials	11.11%
Housing	Internet access	11.11%

We want to understand entrepreneurs in all their dimensions, beyond the solely economic, and anchor this to an international standard "

SOPHIA Oxford & BBVAMF
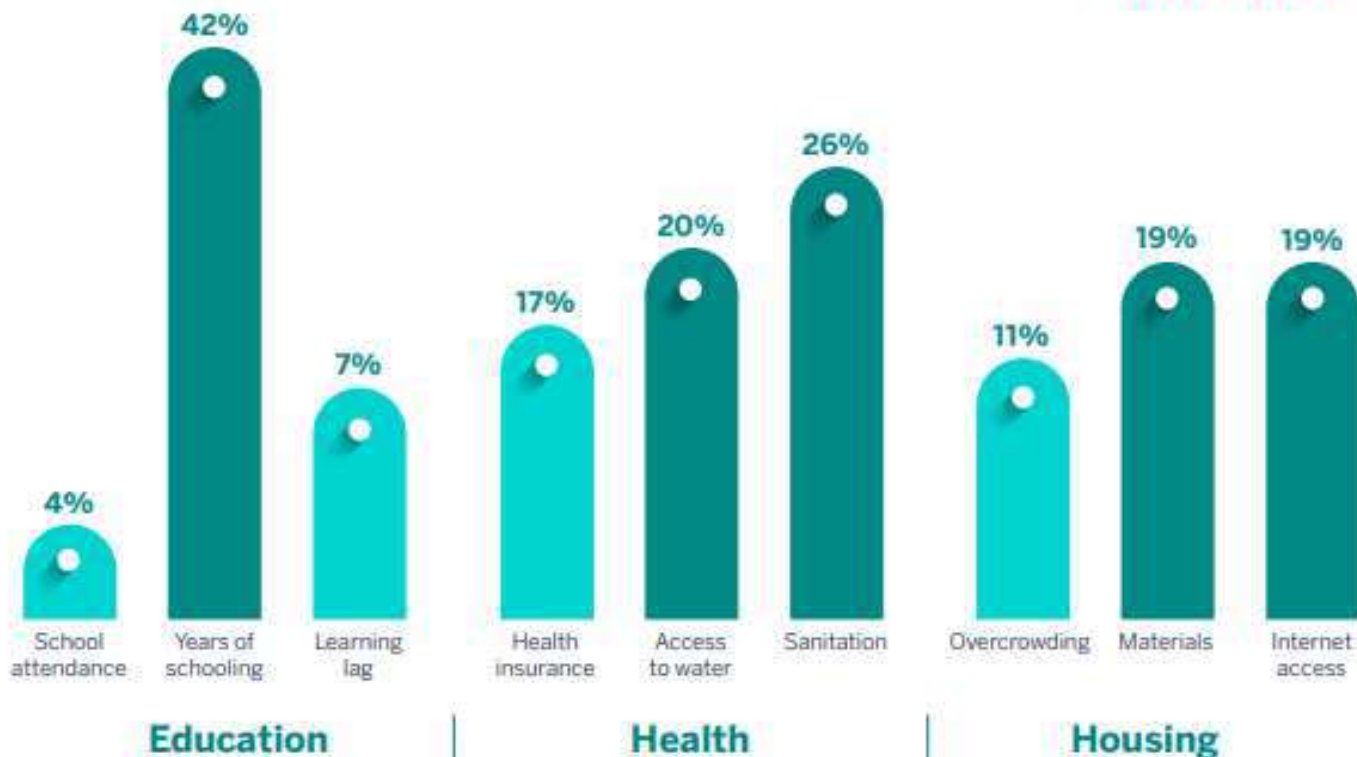
Poverty threshold
33.33%

SOPHIA OXFORD

A client is poor when they live in a household with 3 or more deprivations

Aggregate results

Incidence of deprivations

Total households with deprivations, by dimension

Education

- School attendance — 4%
- Years of schooling — 42%
- Learning lag — 7%

Health

- Health insurance — 17%
- Access to water — 20%
- Sanitation — 26%

Housing

- Overcrowding — 11%
- Materials — 19%
- Internet access — 19%

The greater the understanding of poverty, the better the solutions

IMPI-FUN	0.099
Incidence (H,%)	24.2%
Intensity (A,%)	41.0%

Question 2

- 60 Decibels recently did a large survey of outcomes in financial inclusion. Please briefly describe the tool you used, and share with us your key lessons learned,

The Index

The Dimensions	Indicators
Access	> Clients accessing a loan for the first time > Clients without access to good alternatives > Inclusivity Ratio
Business Impact	> Very much increased business income > Increased number of paid employees
Household Impact	> Very much improved quality of life > Very much increased spending on home improvements, education, healthcare, & quality meals
Financial Management	> Clients who strongly agree they understand terms & conditions of loan > Very much improved ability to manage finances > Very much improved stress levels > Clients saying their loan repayments are not a burden
Resilience	> Clients whose savings balance has very much increased > Clients who say very much improved resilience because of the MFI > Clients who never reduce food consumption to meet repayments

37
Survey Questions

295
Research Assistants

287,000
Est. total minutes of phone interviews

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The Index
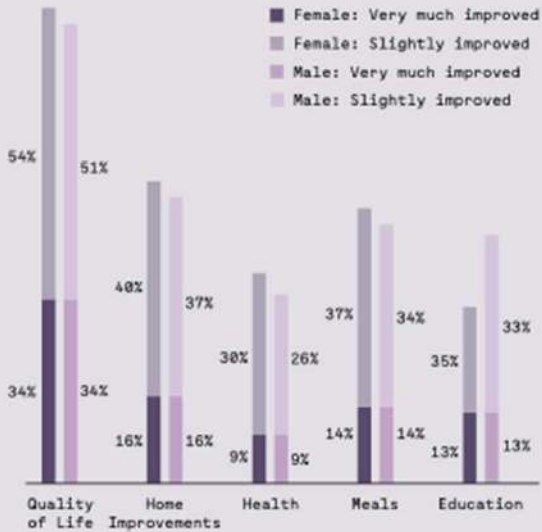
> MFIs in Sub-Saharan Africa topped the list

> 4 LatAm MFIs in the top 20; 2 in Asia

> Wide range of performance (e.g. MFIs from LatAm in spots 9 and 66)
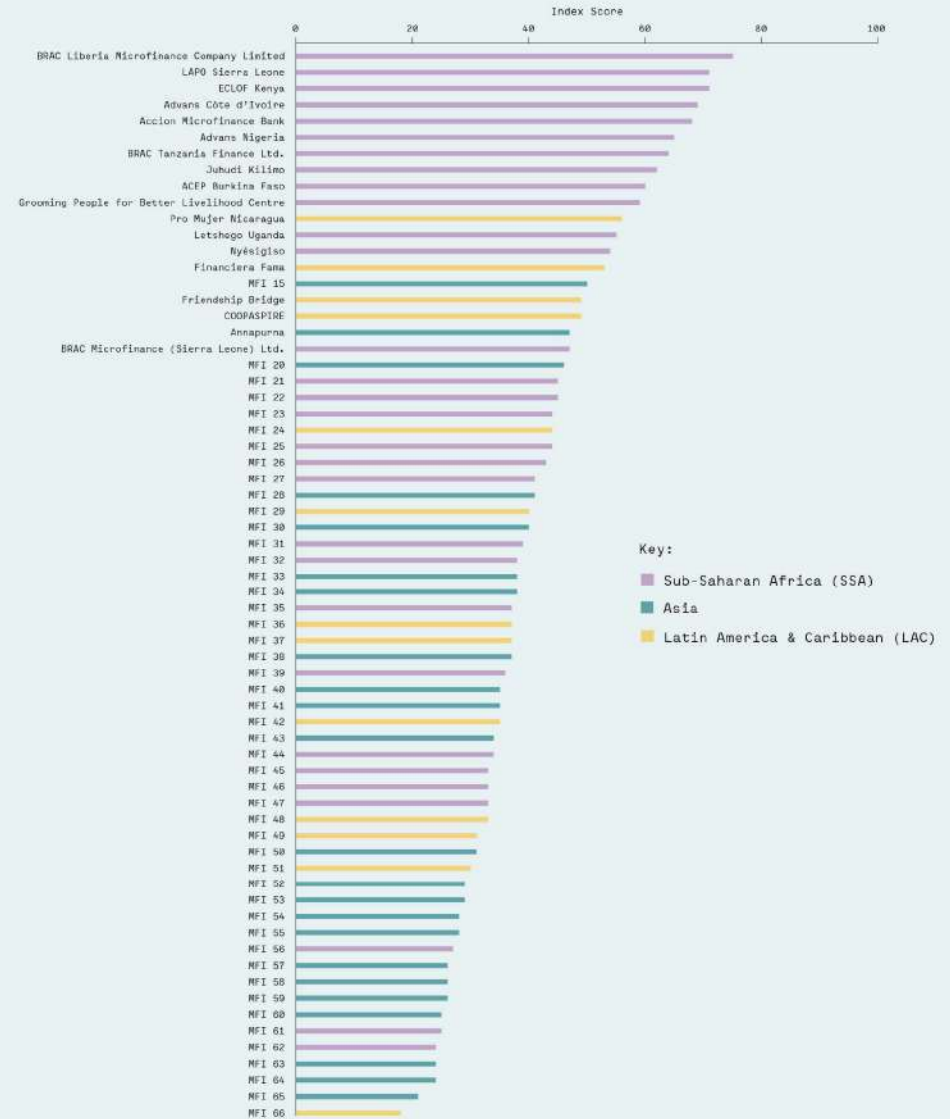
Insights

1 **1 in 3 say their quality of life is 'very much improved.' Gender differences are small.**

Figure 20: Improved Household Outcomes by Gender
(n = 15,591 to 17,004)

■ Female: Very much improved
■ Female: Slightly improved
■ Male: Very much improved
■ Male: Slightly improved

54% 51%
40% 37%
37% 34%
30% 26% 35% 33%
34% 34%
16% 16% 14% 14%
9%   9%   13% 13%

Quality of Life Improvements | Home Improvements | Health | Meals | Education

2 **1 in 4 clients talk, unprompted, about improvements in their business because of the MFI.**

Figure 21: Top Quality of Life Themes
(out of a sample of 63 MFIs and 16,111 clients)

25%
Increased ability to invest in & grow their business

19%
Increased ability to afford household expenses & bills

17%
Increased income

4%
Increased ability to afford education

4%
Increased ability to afford assets

Insights

3 **3 in 4 clients say repayments are not a problem.
For 6% they are a heavy burden.**

Figure 26: Repayment Burden by Gender
(n = 16,853)

Legend:
- ■ Female
- ■ Male

- Not a problem: 73%, 67%
- Somewhat a burden: 22%, 26%
- A heavy burden: 5%, 7%
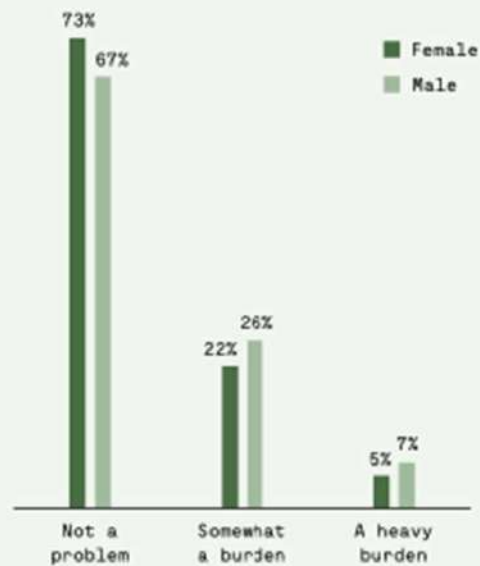
Insights

4   **About 3/4ᵗʰ of clients show signs of strong financial resilience.**

Figure 30: Resilience Outcomes by Services Offered
(n = 14,253 to 14,981)

|	Financial Services Only	Financial & Non-Financial Services
Increased Savings Balance	69%	66%
'Easy' to fund an emergency expense	74%	70%
'Never' reduce food consumption to meet repayment	76%	69%
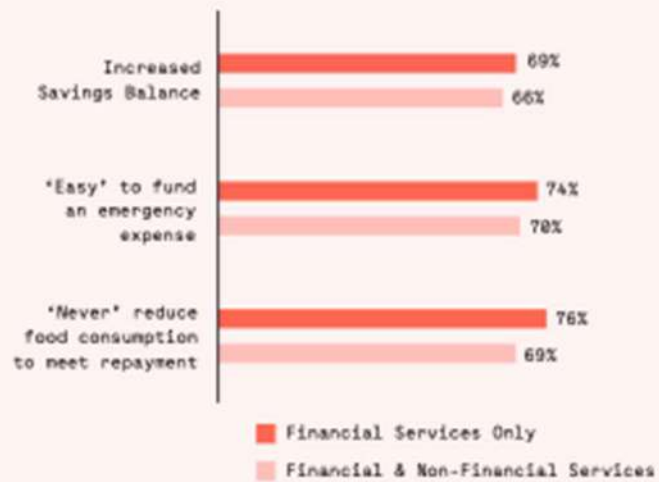
Insights

4 **Women say they have fewer 'good' alternatives to their microfinance institution compared to men.**

Figure 10: Access to Alternatives by Sub-region

% of clients reporting 'no' access to alternatives total and by sub-region (n = 16,441)*
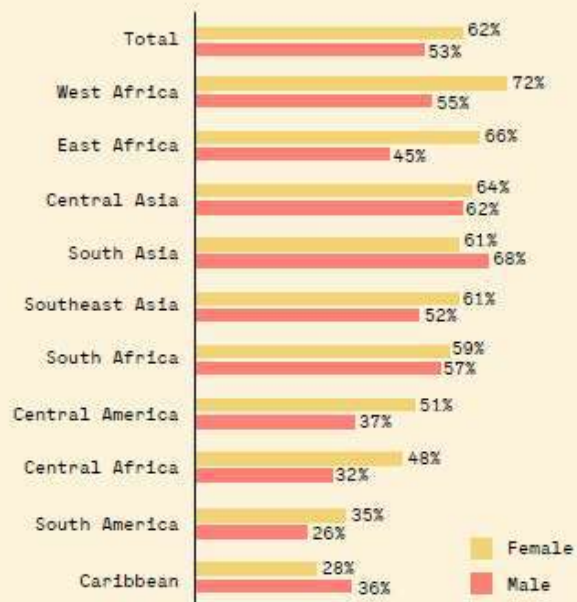
A bigger and better Index

- New Agency Dimension
  (w /2 Additional Survey Questions)

   Agency
  > Clients who say their ability to make decisions on what to do with money has very much increased
  > Clients who say their confidence has very much increased
  > Very much improved ability to achieve a financial goal

- Country & Sub-region Benchmarks
- Client Protection Module
- Improvements in Client Level Data

Question 3

- Cerise+SPTF, with partners, are undertaking a project to analyze both social and environmental performance data and outcomes data so that we can study the link between SEPM and outcomes. Please describe.

SEPM and outcomes

- 36 institutions with an SPI audit have agreed to share their 60Db data with Cerise
  - Overall, strong SPM involvement for FSP engaged in 60Db surveys
  - Average SPI score for 60Db sample about the same as in SPI database
- Analysis of correlation
  - We selected 23 based on relevance and quality
  - Hoping to grow the sample in order to have some statistical significance
  - We are looking for trends
  - It is ongoing research

Question 4

- Are there any outcomes indicators that are deceptive? How do you know you are analyzing the data correctly?

Financial mitigation measures

Extraordinary financial solutions
To better accompany entrepreneurs

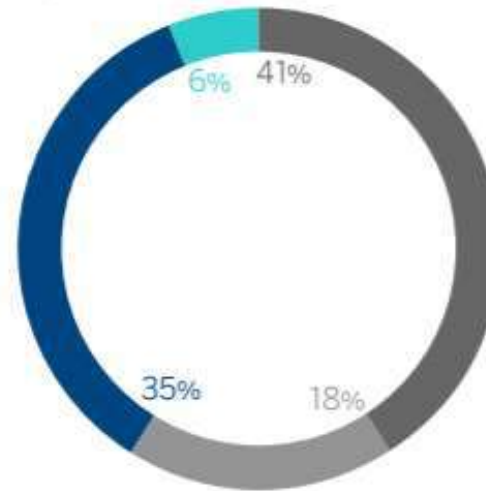Grace periods

Emergency credits

New credits (reactivation)

Restructuring & refinancing (longer term, lower rate, others)

Guaranteed lines of financing

Working with governments and regulatory bodies so that the microfinance sector could participate in special public lines of guaranteed financing

Portfolio, breakdown by financial solution
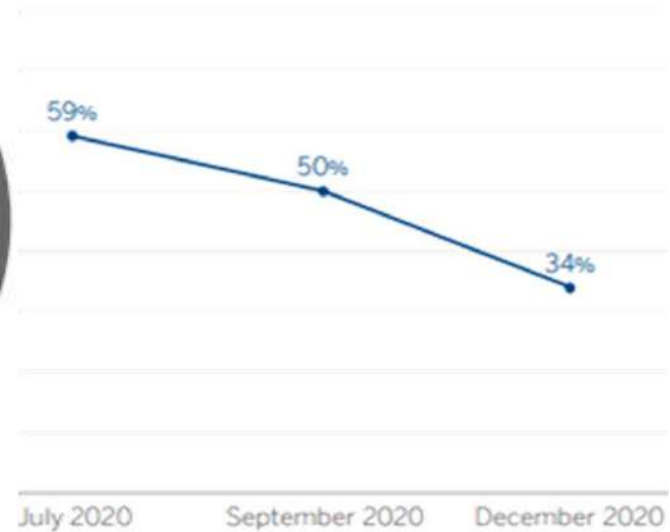% of portfolio current as of July 2020

41%
6%
35%
18%

- Active grace periods
- Completed grace periods
- Portfolio w/o debt relief
- New portfolio

Portfolio served with financial solutions
Portfolio current at each date

59%
50%
34%

July 2020 | September 2020 | December 2020

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Our MIS data showed differently...

Growth in sales/surpluses
Credit clients with renewals in 2020 and 2019

	Farming	Wholesale trade	Retail trade	Product./transf.	Serv.
2019	13%	20%	21%	16%	17%
2020	10%	16%	12%	12%	9%

○ 2019   ○ 2020

Their monthly sales in 2020 grew at an annual rate of **12%**

Assessment and use of the solution, varies by country

Assessment of the financial solution

All clients surveyed by November 2020

	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Total
No	31%	40%	65%	11%	18%	38%
Yes, ensures continuity	36%	22%	25%	28%	58%	32%
Yes, covers household expenses	14%	9%	2%	31%	16%	11%
Yes, but not enough	19%	29%	8%	30%	8%	19%

62%

- ■ Yes, but not enough
- ■ Yes, covers household expenses
- ■ Yes, ensures continuity
- ■ No
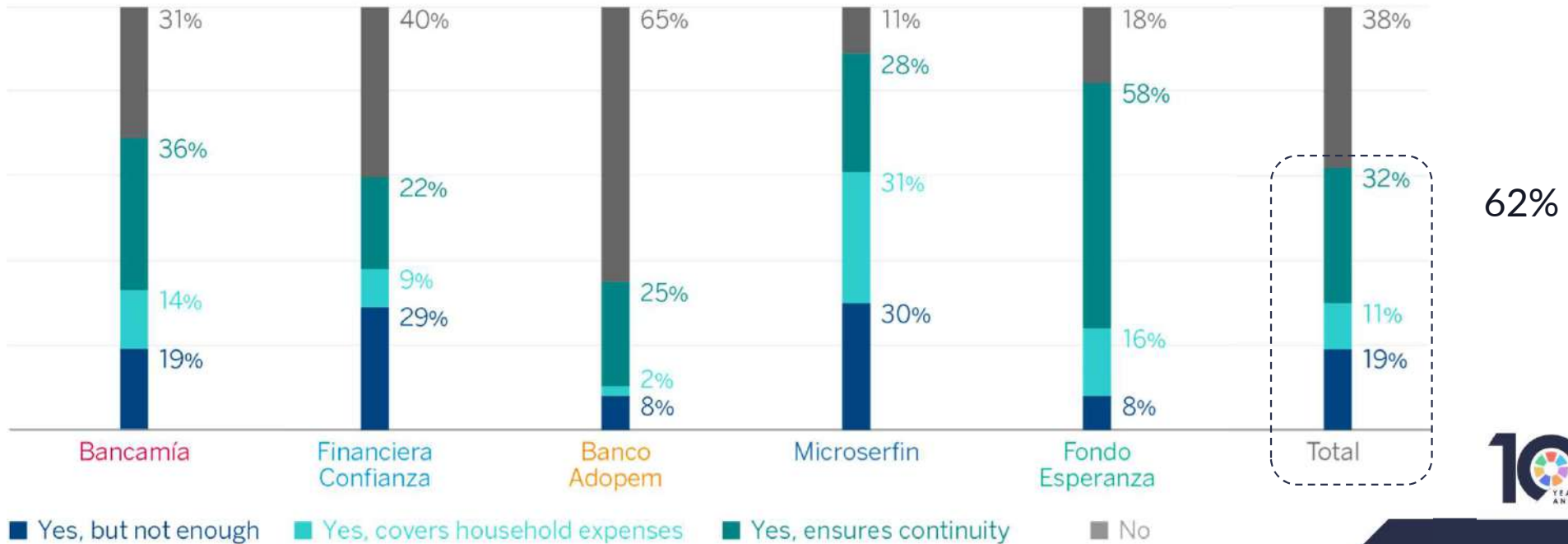
1 Time-lag

There is a lag between data insights and the ability for the FI to intervene

2 Link to value offering

Oucomes are not necesarrily linked to product/service offering. Also, MIS data shows different results

3 Heterogenity

We look at averages, at mass numbers, but there are many caveats in that analysis, and COVID-19 has increased differences across countries. Trends are not enough.

4 Complexity

Households make many informed decisions, but we just see a tiny piece of that. Once we acknowledge that, we can have more targetted interventions

5 Control groups

It is nearly impossible to have control groups. We need to find methodologies and studies that allow us to be agile

6 Inform 3rd parties

Our role is to be allies with other key players, to inform them on what is happening on the ground and find common solutions.

Question 5

- CERISE led an outcomes workshop yesterday to discuss a harmonized set of outcomes indicators to include in the SPI audit tool. Please summarize the main feedback.

Outcomes Management Workshop Series

Lessons Learned

LabODD

1. Providers seek support: capacity-building of staff, digital tools, dashboards = use the data

2. Improve the quality of existing data with incentives, training, internal audit, sharing results

3. Value of combination of data (MIS, complaints, quantitative survey/60Db type, qualitative approach)

4. Collective approach: standard indicators as a minimum, co-financing, sharing list of FSP with outcomes data, sharing data?

"If the Management values the data and is making business decisions based on this, then the quality of data can improve"

➔ **Income data**: poor recall from one year to the next, not in the MIS, volatile, overestimated

➔ **Engage with the provider** after the survey

➔ **Support Management Team**

➔ **Include key info on MIS**

➔ **Surveys on sample that allow for meaningful segmentation (gender, products, regions, etc.)**

Debate

- What is a good outcome?

- Is qualitative data useful?

- Is it fair for an FSP to define its own desired outcomes for clients, even if they differ from what clients say they want?

Change in clients' business income
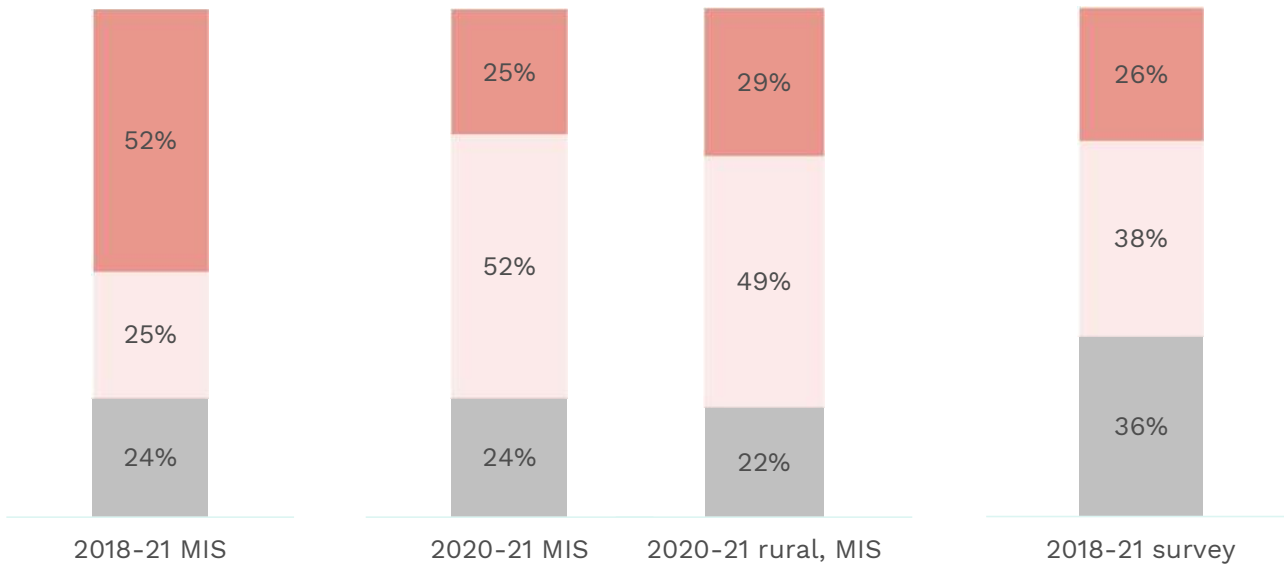
Questions and Answers

Have more to say? Please stay in touch!

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Thank you
for your
kind
attention
*Merci pour
votre
aimable
attention*