Friday November 25th Study Visit in ASHI

Please read this material in advance of coming to the Kick-off Workshop, as it will help you to better use the opportunity of visiting MFI within study tour (ASHI, Friday 25th). These are the brief descriptions of the tools used by ASHI within their SPM work.

It is also advisable to read the session 10 Assessing Social Performance as it gives broader overview about various tools used in assessing social performance in MFI.

November 2011.

1. **Audit Tool – QAT:**

The QAT is a practical diagnostic tool that supports managers in reviewing the status and effectiveness of an MFI's management processes in achieving social goals. It helps in ensuring if an MFI is on track towards achieving its social goals. The QAT helps identify strengths to be built on and gaps for improvement, while avoiding overloading management and staff. QAT is aligned with the Social Performance Management (SPM) approach developed by the Imp- Act Consortium.

The QAT focuses on:

- examining process management
- assessing the status and effectiveness of internal systems in supporting achievement of social goals
- acknowledging good social performance practice up to date (strengths) and
- identifying gaps (weaknesses)
- identifying and prioritizing necessary actions to improve social performance

The QAT may be implemented by internal staff or with an external consultant, although the MFC recommends that the tool be implemented for the first time with an external consultant.

There are four steps of the QAT process:

1. Gap analysis conducted with senior management as an initial social audit.
2. In-depth follow-up, to gathering more detailed information to verify and better understand the gap analysis.
3. Analysis and draft report that examines the material collected in detail and highlights the strengths and weaknesses of the organization in each of the dimensions covered by the gap analysis.
4. Audit panel, to present findings to a group of key organizational stakeholders, agree on the final results, and win organization-wide buy-in to improvement actions. Following detailed discussions on the improvement action plan, a final audit report is produced.

Outputs

The QAT yields a concise report on the strengths and weaknesses of an MFI in each dimension of social performance management. The report also provides key supporting evidence and prioritizes activities to be undertaken by the MFI in order to improve social performance management by addressing identified gaps and building on identified strengths.

More information can be found here:

2. Rating Tool - MicroFinanza Rating

MicroFinanza Rating designed its Comprehensive social rating (with client survey) tool to provide an external, credible assessment of an MFI's institutional capacity to implement its social mission and achieve commonly accepted development goals. The rating tool provides an objective judgment of an institution's social performance, enabling benchmarking with other MFIs worldwide. The main areas covered by the social rating are:

- socioeconomic context: social and economic framework in the country
- mission, strategy, and systems: mission clarity and dissemination, governance
- and commitment, social strategy, and alignment of systems
- outreach: areas of operation and socio-economic profile of clients reached
- quality of service: variety of services and their appropriateness to client needs
- social responsibility: sensitivity to the needs of personnel, clients (including consumer protection principles), community, and the environment

MicroFinanza Rating offers two kinds of services: a Standard social rating (without client survey) and a Comprehensive social rating (with client survey). The Comprehensive social rating (with client survey) collects and uses detailed and reliable data on the socio-economic profile of clients and their satisfaction using client surveys and focus group discussion. The higher value of the rating is reflected in higher cost. Only Comprehensive social ratings (with client survey) were evaluated for this User Review.

Outputs

MicroFinanza Rating's Comprehensive social rating (with client survey) provides a thorough social rating report of 25–30 pages that provided a rating grade on a scale of AAA to D. The report includes:

- Strengths, weaknesses and concise assessment by area of analysis
- Brief MFI presentation and analysis of the country's socioeconomic context
- Detailed analysis of each area: social performance management system, social
- responsibility, outreach, and quality of the services
- Annexes with social performance indicators and statistics

ASHI rating report is available here:
http://www.microfinanzarating.com/ratings/reports/ASHI,%20Philippines,%20Social%20Rating,%20Final%20Report,%20eng,%20Sep%202008.pdf

3. Client poverty assessment Tool – PPI

The Progress out of Poverty Index (PPI), developed by Grameen Foundation is a simple and accurate tool that measures poverty levels of groups and individuals. Using the PPI, MFIs can better determine their clients' needs, which programs are most effective, how quickly clients leave poverty, and what helps them to move out of poverty faster.

MFI field staff visit the homes of clients to collect key information. Using a practical list of ten indicators such as family size, the number of children attending school, the type of housing and others, staff members interview clients while observing their households. Each indicator receives a score that reflects client response, and all ten indicators receive a total score.

PPI is developed for specific countries and they can be used only for the specific country they were prepared for. PPI for Romania cannot be used for Rwanda. The reason for this is that each country has its own specific characteristics of poverty. In one country having an old car would be indication of poverty. In the other country having a bike mean you are pretty well off.

Field staff match the total points from a client's PPI to a poverty level estimate using a simple chart. In this way, individuals are ranked according to the applicable poverty line. Using this analysis, institutions can assess the poverty likelihood of clients by branch, by rural or urban setting and by client history (new or current).

PPI by Country

- Bangladesh
- Bolivia
- Brazil
- Burkina Faso
- Cambodia
- Colombia
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Ethiopia
- Ghana
- Guatemala
- Haiti
- Honduras
- India
- Indonesia
- Jordan
- Kenya
- Malawi
- Mali
- Mexico
- Morocco
- Nepal
- Nicaragua
- Nigeria
- Pakistan
- Palestine
- Peru
- Philippines
- Romania
- Russia
- Rwanda

- [Senegal](#)
- [Sierra Leone](#)
- [Sri Lanka](#)
- [Syria](#)
- [South Africa](#)
- [Tanzania](#)
- [Timor-Leste](#)
- [Uganda](#)
- [Vietnam](#)
- [Yemen](#)