



Social Performance Indicators Initiative

Auditing the Social Performance of Microfinance Institutions

SPI QUESTIONNAIRE

Version 3.1

Compatible with the
Social Performance
Standards reported
to MIX Market

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QUESTIONNAIRE AND COMPANION GUIDE AVAILABLE FOR FREE ONLINE
IN FRENCH, ENGLISH, SPANISH
<http://www.cerise-microfinance.org>

Social Performance Indicators Initiative

Auditing the Social Performance of Microfinance Institutions

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and members of ProsperA (<http://www.cerise-microfinance.org/-prospera-network->)

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Contact information

Name of the MFI: _____

Country: _____

- Self-assessment (date: ___/___/___)
- Accompanied self-assessment (date: ___/___/___)
- Self-assessment with external audit (date: ___/___/___)
- External audit (date: ___/___/___)

Name of the person in charge of the SPI audit in the MFI:

Contacts: Tel: _____

Email: _____

Name of the person in charge of the external audit/review:

Contacts

Organization / Country: _____

Tel: _____

Email: _____

Methodological guidelines

The SPI tool is designed to **assess the intentions, actions and corrective measures** implemented by an MFI to achieve its social mission. It is composed of three main elements:

- A **description of the MFI** to situate it within its peer group. **Key financial performance data** are including in this description, to balance the social performance results.
- Part One collects data on the MFI's **context, social mission and strategy**.
- Part Two uses a series of indicators to assess **the organizational processes underlying four dimensions** of social performance: 1) outreach to the poor and excluded; 2) adaptation of products and services to target clients; 3) improvement of the economic and social situation of clients and their families; and 4) social responsibility.

EXAMPLE OF AN INDICATOR FROM PART TWO:

Error! Reference source not found.
Error! Reference source not found.

0= does not know/less than 10% of the total number of active clients
 1= less than 30% of the total number of active clients
 2= more than 30% of the total number of active clients

If score is 1 or 2, indicate source of data: _____

*Specify the percentage of outstanding loans using this definition:
 If possible, specify percentage of clients who have graduated from group loans during the reporting year:
 Specify **number** and **percentage** of clients who are indigenous people or ethnic minority, if applicable:*

SPS
13b-d

A green background indicates the question also appears in the Mix Core Social Performance Standards (SPS) with the corresponding SPS number

A yellow box gives definition of the key concept and sometimes examples

Additional information required

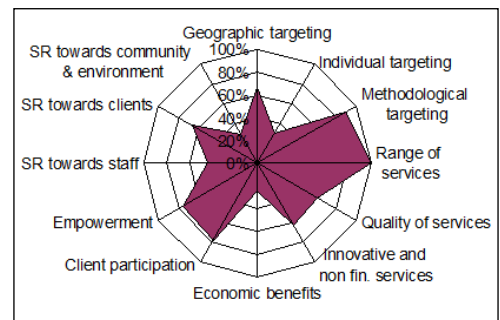
The SPI tool draws on data available at MFI level. Primary sources are staff interviews and data from the Management Information System (MIS). The tool can be administered in different ways:

1. Internally: management may apply the tool alone or together with branch staff; client feedback may also be sought.
2. With an external review: the tool is applied with the support of an external stakeholder (affiliate network, professional association, donor, investor, TA provider, national supervisory authority, etc.).
3. By an external auditor.

When administered by management only, the tool can be completed in a day. A participative approach involving branch staff and/or clients takes longer, but affords a more in-depth analysis.

Results are represented graphically and can serve as a basis for discussions with board members, strategic planning, peer-group comparison or sharing information with external stakeholders.

PLEASE REFER TO THE **OPERATIONAL GUIDE AT EACH STAGE OF IMPLEMENTATION. IT CONTAINS FORMULAE, RATIONALE AND EXTENDED DEFINITIONS FOR EVERY INDICATOR.**



Any questions concerning the tool should be addressed to: cerise@cerise-microfinance.org

PART ONE: MFI, CONTEXT AND SOCIAL STRATEGY

Part One is based on data from the MIS and discussions with management and, if possible, other stakeholders. The information collected here is used to understand the MFI's strategy and evolution in terms of its social goals. This is particularly important as each dimension of the SPI is evaluated on the basis of the MFI's own social objectives.

Part One aims to contextualize (historically, geographically, socio-economically) the social performance indicators collected in Part Two and thus facilitate analysis.

1. Basic details of the MFI

a. Name of the MFI : _____

b. Country of operations : _____

c. Year microfinance operations began: _____

d. Legal form: Bank, Rural bank, NBF, NGO, Cooperative/Credit Union

e. Report for Year ended (day – month – year): _____

f. Number of loan accounts: _____

g. Number of currently active borrowers (not loan accounts): _____

h. Number of savings account: _____

i. Number of currently voluntary savers (not savings accounts): _____

j. Total number of members (if applicable): _____

k. Total number of staff: _____

SPS (i)

2. Financial performance

- a. Gross Loan Portfolio (in US\$): _____
- b. Savings (in US\$): _____
- c. Total Assets (in US\$): _____
- d. Return on Assets (%): _____
- e. Financial Expense Ratio (%): _____
- f. Operating Expense Ratio (as a % of average portfolio): _____
- g. Loan Loss Provision Expense Ratio (%): _____
- h. Write Off Ratio (%): _____
- i. Operational Self-Sufficiency (%): _____
- j. Portfolio at risk 30 days: _____ 90 days: _____
- k. Average loan size (US\$) (2a./1f.): _____

Complementary information for peer grouping

(See Definition of Peer Groups in the Operational guide)

Financial intermediation	No voluntary savings	Voluntary savings < 20% of total assets	Voluntary savings > 20% of total assets	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Outreach	Number of borrowers >30,000	Number of borrowers >10,000 and < 30,000	Number of borrowers < 10,000	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Lending Methodology	Individual	Solidarity Group	Individual/Solidarity	Village Banking
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPS 3b

[Optional table below if SPS report not filled up]

- Active borrowers receiving individual loans	
- Active borrowers receiving group loans	
- Women active borrowers receiving individual loans	
- Women active borrowers receiving group loans	

SPS 13a

Status	Registered as a for profit institution	Registered as a non profit institution		
	<input type="checkbox"/>	<input type="checkbox"/>		
Scale (Outstanding Loan Portfolio in USD)	Latin America	> 15 million	4 million to 15 million	< 4 million
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Rest of the world	> 8 million	2 million to 8 million	< 2 million
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Zone of intervention	Principally rural	Principally urban	Balanced	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. Intent and social strategy

3.1 Ranking of the social strategy

a. What is your MFI's social mission?	SPS 1a-b
<hr/>	
b. In which year was the mission statement formulated (or updated)? _____	

The MFI's organizational culture (history, values, social objectives, culture of social performance) and context determine its strategic choices and shed light on its ability to achieve its strategy. An MFI may implement its strategy easily in a favorable context, or on the contrary, struggle to attain social objectives in a more difficult one. The following table summarizes the institution's strategy according to the four dimensions of the SPI questionnaire. The MFI must define its strategy by prioritizing the four dimensions and analyzing each one in terms of its economic, legal, social and cultural environment. Among the different dimension of Social Performance, some of them may be central, or on the contrary, minor. It is the own choice of the MFI. The SPI tool will analyze the social indicators from Part II according to the own strategic choices of the MFI.

Table: How would the MFI rank the 4 dimensions of the SPI tool in terms of social priorities?

		<u>Comments:</u> How does the MFI environment and history facilitate or limit the implementation of a strategy in each dimension? Justify why each dimension is important or only a minor objective
<p>Dimension 1: Targeting and outreach Microfinance was developed to serve populations excluded from the conventional financial sector: is targeting the poor and/or excluded an important objective for the MFI?</p>	<p><input type="checkbox"/> 1. Not an objective <input type="checkbox"/> 2. Minor objective <input type="checkbox"/> 3. Important obj. <input type="checkbox"/> 4. Major objective</p>	
<p>Dimension 2: Products and services Providing high-quality services that are well-adapted to clients requires innovative rollout techniques and a proactive strategy combining access to financial and non-financial services. Is this dimension important for the MFI?</p>	<p><input type="checkbox"/> 1. Not an objective <input type="checkbox"/> 2. Minor objective <input type="checkbox"/> 3. Important obj. <input type="checkbox"/> 4. Major objective</p>	
<p>Dimension 3: Benefits to clients Economic benefits alone justify access to financial services, but MFIs may also seek to strengthen social networks, build client capacity or involve clients in governance. Are benefits to clients a core preoccupation for the MFI?</p>	<p><input type="checkbox"/> 1. Not an objective <input type="checkbox"/> 2. Minor objective <input type="checkbox"/> 3. Important obj. <input type="checkbox"/> 4. Major objective</p>	
<p>Dimension 4: Social responsibility Social responsibility refers to an MFI's commitment to accountability and ensuring its activities do not have negative effects. Is this a current preoccupation for the MFI?</p>	<p><input type="checkbox"/> 1. Not an objective <input type="checkbox"/> 2. Minor objective <input type="checkbox"/> 3. Important obj. <input type="checkbox"/> 4. Major objective</p>	

3.2. Mission and social goals (optional section if SPS report is not filled up)

c. What is the poverty level of the clients that your institution aims to reach (Check all that apply):

- Very poor clients
- Poor clients
- Low income clients
- Not a specific focus/all population

SPS
1c-g

d. If you checked the boxes " very poor or poor clients", which reference point/benchmark do you consider appropriate for estimating the poverty level of your clients? (Check all that apply):

Very poor clients:

- Persons in the bottom 50% of those living below the poverty line established by the national government
- Persons living on less than the US\$ 1.00 a day international poverty line
- Other (please specify): _____

Poor clients:

- Persons living below the poverty line established by the national government
- Persons living on less than the US\$ 2.00 a day international poverty line
- Other (please specify): _____

e. What is the target market of your institutions (Check all that apply):

- Women
- Adolescents and youth (below the age of 18)
- Indigenous people and ethnic minorities
- Clients living in rural areas
- Clients living in urban/semi-urban areas
- No specific target/all population
- Other (please specify): _____

f. What kind of enterprises does your institution support? (Check all that apply):

- Microenterprises
- Small enterprises
- Medium enterprises
- Large enterprises

g. Which development objectives does your institution specifically pursue through its provision of financial and non financial products and services? (Check all that apply):

- Poverty reduction
- Employment generation
- Development of start-up enterprises
- Growth of existing business
- Income and productivity growth
- Adult education improvement
- Children schooling
- Health improvement
- Gender equality and women's empowerment
- Other (please specify)): _____

3.3 Governance (optional section if SPS report is not filled up)

a. Are Board members' responsibilities and terms of services specified by the Institution's bylaws? (Check all that apply):

- Yes
- No

SPS
2 a-h

b. If not, in which ways are the procedures documented?

- Board Minutes
- Committees Minutes
- Manual of procedures
- Other (Please specify): _____

c. How is your institution's Board composed?(Check all that apply):

- Government representatives and community leaders
- Representatives of not for profit organizations
- Representatives of private financial institutions
- Clients
- Other (Please specify): _____

d. What are the areas of expertise of your institution's Board members?(Check all that apply):

- Financial and Banking
- Legal
- Development / Social services
- Other (Please specify): _____

e. What is the total number of your Board members? _____

f. What is the number of women on your Board? _____

g. If you have representatives on your Board of your target market (as reported in question 1e) which categories of clients are represented? _____

h. How does your institution reinforce Board members' knowledge of, and commitment to, social performance? (Check all that apply):

- We have a standing social performance committee that regularly reviews social performance issues
- We organize staff and client visits to help Board members understand how operations are achieving mission
- We ensure that social performance issues are identified as components of the MFI's strategic and business planning
- Other (Please specify): _____

**PART TWO:
SOCIAL PERFORMANCE INDICATORS**

Dimension 1:
Targeting and outreach
(Maximum: 25 points)¹

¹ The number of possible points under this dimension totals more than 25 but one MFI usually does not cumulate three targeting strategies (see Operational Guide)

Geographic targeting (9 points)

This criteria evaluates whether the MFI provides services in poor or isolated areas, or in areas where no other formal financial services are available.

1.1 Does the MFI select operating areas based on criteria of poverty/exclusion?

Definition: *Poor or excluded areas: areas with a percentage of poor people that is higher than the national average; areas that lack access to basic services such as water, electricity, education, health, sanitation, infrastructure; areas with basic services but that are far removed from urban centers. May include remote rural areas characterized by poor infrastructure (roads, markets), lack of access to public services, and subsistence farming; or urban areas characterized by a high concentration of poor people, lack of access to public services, high unemployment (such as migrant settlements).*

- 0 = not a criteria
- 1 = one of the criteria but not the most important one
- 2 = one of the most important criteria, reflected in the strategic planning of the MFI

If score is 1 or 2, specify the indicators the MFI takes into account to assess whether a geographic area is "poor" or "underdeveloped":

1.2 What percentage of clients come from underdeveloped areas?

- 0 = do not know/less than 10 % of the total number of active clients
- 1 = less than 50 % of the total number of active clients
- 2 = more than 50 % of the total number of active clients

If score is 1 or 2, specify the source of information?

1.3 How does the MFI verify the poverty level of areas where it operates?

- 0= no verification is done
- 1= informal verification (e.g. feedbacks from staff or stakeholders)
- 2= formal surveys on poverty conditions and exclusion in the areas or use of national data confirming poverty levels

If score is 1 or 2, specify method of verification: _____

1.4 Does the MFI serve clients living in rural areas?

SPS 11a

Definitions: *Rural areas:* Settled places outside towns and cities, such as villages, hamlets, where most livelihoods are farm based. Farm includes both crop and noncrop agriculture, livestock, fishing, etc. *Semi-urban areas:* Residential areas on the outskirts of a city or town with strong presence of non-farm economy. *Urban areas:* Areas constituting a city or town with higher density of population in comparison to the surrounding areas, where the majority of people do not depend upon agriculture as main economic activity.

- 0= do not know/less than 30% of total number of active clients
 1= yes, more than 30% of total number of active clients living in rural areas

If score is 1, specify source of information:

Give the precise definition used by the MFI for rural, urban and semi-urban:

Please specify:

	Clients living in urban areas	Clients living in semi-urban areas	Clients living in rural areas
Number of clients for the reporting year			
Percentage			

1.5 Does the MFI have regular service points located in areas where there are no other MFIs or bank branches?

SPS 11b-f

Definitions: A regular service point includes MFI branches, mobile banking agencies or delivery devices operating at least one day a week. An area is considered to have no other MFI or bank branches when a service point is located at least 50 km (or more than 2 hours) away.

- 0= No branch or less than 5%
 1= Yes, less than 30 % of the branches
 2= Yes, more than 30% of the branches

Please specify:

Number of clients served in these areas: _____

Number of service points in areas without other banks/MFIs: _____

Percentage of clients served in these areas

Percentage of service points in these areas: _____

Individual targeting (10 points)

This criteria evaluates whether the MFI selects and/or screens out clients based on poverty level or exclusion.

1.6 Does the MFI use a targeting tool to select poor clients?

Definition: a targeting tool refers to any method used to improve outreach to the poor by collecting information on living standards, so as to screen out the “rich” or select the “poor”. It is not considered “targeting” if poverty measurement is done once the client is selected (see 1.8). Examples of tools: PPI, USAID-IRIS PAT, Housing Index, Participatory Wealth Ranking, Means Test, etc. (see the Operational Guide for more information).

- 0= for less than 10% of new clients over the last year
- 1= for less than 50% of new clients over the last year
- 2= for more than 50% of new clients over the last year

Please specify: If score is 1 or 2, specify the targeting tool: _____

Number of new clients targeted with a targeting tool over the last year: _____

Total number of new clients over the last year: _____

Percentage of “screened” clients: _____

1.7 How does the MFI ensure that the tool is properly used by loan officers?

- 0 = Nothing is done
- 1= All loan officers are trained in the use of the tool and/or accuracy and reliability verified through cross checking of information collected by loan officers

If score is 1, specify method of verification: _____

1.8 Does the MFI measure the poverty levels of its entering/recently joined clients (less than one year in the program)?

SPS 14a

- 0 = Nothing is done to measure poverty levels
- 1= Yes, either a sample survey was conducted (less than 2 years ago) or systematic client surveys are carried out regularly

[Optional, needed for SPS report: If no, do you plan to do so in the future? Yes No _____]

If the MFI measures the poverty levels of entering/recently joined clients, please specify which methods the MFI uses (Check all that apply):

Poverty levels benchmarked to a poverty line (or lines)

- Progress Out of Poverty Index (PPI)
- Poverty Assessment Tool (PAT)
- Per Capita household expenditure
- Per Capita household income

Poverty levels that are not benchmarked:

- Housing Index
- Participatory Wealth Ranking (PWR)
- Means test
- Food security index

SPS
14b

- Per Capita household expenditure
- Per Capita household income
- Own Proxy Poverty Index
- Other (please specify)

1.9 What percentage of all entering/recently joined clients are estimated to be below the poverty line, at the end of the reporting year?

SPS
20

- 0= does not know / less than 10% of the new clients are poor
- 1= more than 10% are poor
- 2= more than 30% are poor

What poverty line(s) does your institution consider when measuring the poverty levels of your entering/recently joined clients? (Check all that apply):

- National Poverty line
- US\$ 1.00 a day international poverty line
- US\$ 2.00 a day international poverty line
- Other (please specify): _____

SPS
20 a-g

Please specify, what exact percentage of all entering/recently joined clients are estimated to be below the poverty line, at the end of the reporting year? _____

What percentage of all entering/recently joined clients are estimated to be in the bottom 50% of the poverty line, at the end of the reporting year? _____

Specify – see list in 1.8 – which poverty tool(s) is used to calculate this data: _____

Was this data gathered from a sample of clients / all clients? If from a sample, provide details on the size, period and sampling methodology: _____

Which poverty line(s) does the MFI consider appropriate given its MFI context and social objectives?

1.10 What percentage of clients are women?

- 0=does not know/less than 10% of the active clients
- 1=less than 50% of the total number of active clients
- 2=more than 50% of the total number of active clients

Please specify:

Number of women active borrowers: _____

Percentage of women active borrowers: _____

Number of women voluntary savers: _____

Percentage of women voluntary savers: _____

Women clients = (women bor+wom savers)/total clients: _____

SPS
12a-d

1.11 What percentage of clients are from socially marginalized and/or vulnerable groups?

Definition: Excluded groups may be defined by race, caste, ethnicity or religion, and may include persons with disabilities, homeless, internally displaced persons or refugees. Also may include persons often excluded from microfinance such as farmers or young people between 16-25 years of age.

The data must be less than two years old.

Indicate the definition of groups considered socially marginalized or vulnerable in the MFI country, and indicate the definition used by the MFI: _____.

- 0=does not know/less than 10% of the total number of active clients
- 1=less than 30% of the total number of active clients
- 2=more than 30% of the total number of active clients

If score is 1 or 2, indicate source of information:

Specify number of clients who are indigenous people or ethnic minority, if applicable:

Specify number of clients from indigenous people/ethnic minority: _____

Specify other target groups and number of clients:

Target group: _____ Number of clients: _____

Target group: _____ Number of clients: _____

Target group: _____ Number of clients: _____

Target group: _____ Number of clients: _____

SPS
13c-e

Pro-poor methodology (9 points)

This criteria examines the specific design of services that target the poor or excluded, including forms of guarantee and loans and deposits size.

1.12 Does the MFI provide unsecured loans?

Definition: “Unsecured loans” = Loans secured only by “social” collateral such as group solidarity or a recommendation by trusted third party, or by physical guarantees that have a commercial value inferior to the loan amount.

Locked-in savings are not considered a social guarantee because they reduce the borrower’s liquidity and increase the effective interest rates.

- 0 = For less than 10% of the total number of active borrowers
- 1 = For less than 50 % of the total number of active borrowers
- 2 = For more than 50 % of the total number of active borrowers

Specify the form of social guarantee(s) used by the MFI: _____

Percentage of the active borrowers: _____

[Optional, needed for SPS report: If possible, state the percentage of clients who have graduated from group loans [to individual loans] during the reporting year: _____

SPS
13b

1.13 Does the MFI provide loans with alternative forms of collateral in order to facilitate productive loans?

Definition: Forms of collateral that facilitate productive loans include collateral that is backed by client production or assets acquired with the loan, instead of pre-existing assets, such as leasing, warehouse credit, factoring, etc.

- 0 = less than 10% of the total number of active borrowers are covered with such guarantee
- 1 = more than 10% of the total number of active borrowers are covered with such guarantee

Specify the form of collateral: _____

Percentage of active borrowers secured with such collateral: _____

1.14 Does the MFI provide small loans ($\leq 30\%$ GNI per capita) to facilitate access for the poor?

Definition: A loan is considered small when the annualized loan amount is less than 30% of annual GNI per capita. *Example:* In a country where GNI per capita is 1000 USD, any 12-month loan under 300 USD would be considered small. Likewise, a 6-month loan under 150 USD would also be considered small. See Appendix for the list of GNI per capita for each country.

- 0 = small loans $< 30\%$ of the total number of active borrowers
- 1 = small loans $< 50\%$ of the total number of active borrowers
- 2 = small loans $\geq 50\%$ of the total number of active borrowers

Please specify:

(1) GNI per capita of the country: _____ USD

(2) Exchange rate: 1 USD = _____ (local currency) as of _____ (date)

(3) GNI per capita in local currency (1)x(2) = _____ (local currency)

(4) Small loans = 30% of GNI = (3) x 0,3

What is the percentage of active borrowers, below (4): _____?

1.15 Does the MFI authorize small installments (<1% GNI per capita)?

Definition: *Small installments are $\leq 1\%$ of GNI per capita, on monthly basis. Example: In a country where GNI per capita is 1000 USD, monthly repayment ≤ 10 USD, Weekly repayment ≤ 2.5 USD. Must apply to at least 5% of the loans.*

0 = minimum installment is more than 1% GNI (monthly basis)

1 = minimum installment is less or equal to 1% GNI (monthly basis)

Specify the size, in local currency, of the minimum installment amount for loans with monthly repayments?

1.16 Does the MFI allow the opening of saving accounts with very small amounts ($\leq 1\%$ GNI)?

Definition: *A small amount is $\leq 1\%$ of GNI per capita. Example: In a country where GNI per capita is 1000 USD, minimum amount to open an account ≤ 10 USD. If the MFI doesn't offer saving services but actively links clients to another institution in order to save, make note of the minimum amount of this institution.*

0 = Minimum amount $> 1\%$ GNI

1 = Minimum amount $\leq 1\%$ GNI

Specify minimum amount in local currency: _____

1.17 Does the MFI encourage solidarity between the different branches of the institution or between the different loan products?

Definition: *Solidarity among new branches, among branches operating in difficult environments, cross-subsidization to facilitate service provision for the excluded. Examples: (i) The surplus of the most profitable branches are used to sustain branches that are less profitable, either because they are new or located in very poor or remote areas. (ii) The surplus of profitable products are used to offset losses of less-profitable products that are less profitable, but meet an important social need. (iii) A profitable branch covers the costs of training loan officers of other branches.*

0 = No

1 = Some degree of solidarity, but informal mechanisms

2 = Yes, through formal strategy (funds, difference in interest rates, etc.)

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

Dimension 2
Products and Services

(25 points)

Range of traditional services (7 points)

This criteria evaluates the diversity of the traditional services (savings and loans) offered by the MFI.

2.1 How many different types of loan products does the MFI offer?

Definition: Products are considered different when at least two of the following characteristics are different: purpose, disbursement conditions, minimum-maximum amount, term, collateral, interest rate and repayment schedule. *Example:* An MFI offers two loans. One has a 3 month term, the other a 5 month term. The purpose, minimum and maximum amounts, collateral, interest rates and schedule are the same for both. In this questionnaire, these two types of loans must be considered as a single product.

- 0 = Only one or two
- 1 = More than two

2.2 Does the MFI provide emergency loans?

Definition: An emergency loan is disbursed rapidly (in 1 or 2 days), does not require a specific purpose, or is officially allowed for consumption, social use, or an emergency.

- 0 = No
- 1 = Yes

Specify the type of loans:

- Loans for immediate household needs
- Lines of credit (for consumption)
- Other, please specify: _____

SPS 3a

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

- 0 = No specific loan products
- 1 = One or more specific loan product

Specify the type of loans:

- Education loans
- Housing loans
- Other, please specify: _____

SPS 3a

2.4 Does the MFI provide loans specifically tailored to clients' productive needs?

- 0 = No specific loan products
- 1 = One or more specific loan product

If score is 1, check all that apply

- Microenterprise loans
- SME loans
- Lines of credit (for business)
- Long term loans (more than one year)
- Agricultural loans

SPS 3a

2.5 Does the MFI allow local branches to adapt their products and services to clients' needs?

- 0 = No, all procedures are set by headquarters
- 1 = Some flexibility is allowed in the local definition of products (changes may be subject to headquarter approval)

2.6 Does the MFI propose voluntary savings products, directly or in partnership with other institutions, or actively promote savings?

Savings services may be proposed by the MFI or actively facilitated through partnership with a regulated financial institution if the MFI is not allowed to collect savings.

- 0 = No voluntary savings products (or voluntary savings concerns either less than 5% of clients or less than 5% of the volume of the loan portfolio)
- 1 = Voluntary savings services are provided by the MFI, or through an operational partnership with another financial institution. Or, the MFI provides information or training sessions to promote savings (in conjunction with savings institutions).

Specify types of savings products proposed by the MFI (directly):

- Checking accounts
- Savings accounts
- Fixed term deposits
- Special purpose accounts
- Other, please specify: _____

SPS 3a

2.7 Does the MFI (or a partner financial institution) provide voluntary savings specifically tailored to clients' social needs?

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

Specify:

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

Describe conditions:

Quality of services (9 points)

This criteria evaluates quality through objective and verifiable proxies.

2.8 To what extent are the MFI's operations decentralized?

Definition: Degree of decentralization is calculated simply by taking the sum of squared client shares per branch. A high number indicates that operations are concentrated in a small number of branches, while a small number suggests a more homogeneous distribution of operations across branches

Example: An MFI has 2 branches that serve 70% and 30% of clients respectively.
Decentralization ratio = $0,7^2 + 0,3^2 = 0,49 + 0,09 = 0,58$

- 0 = Low degree of decentralization (ratio ≥ 0.5)
 1 = High degree of decentralization (ratio < 0.5)

Specify

Name of branch	Number of clients served by the branch	Share of clients served (branch clients/total clients)	Squared (x^2) share
Total clients:		Total squared shares	

2.9 Timely delivery: On average, how long does it take to disburse a first loan?

Definition: This refers to the average time it takes for the first loan to be disbursed, once the application is submitted, for all new clients over the last 12 months. Should include any required training and unexpected delays due to constraints such as liquidity shortages, lack of availability of loan officers, etc.

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

Specify how long it takes the MFI to disburse? _____ days

2.10 What is the effective interest rate of the main loan product?

Definition: Main loan product is the loan product currently used by the largest number of clients.

Cost of funds: For MFIs that do not offer savings = Refinancing rate. For MFI that mobilize savings: interest rate on time deposits + 4%

- 0 > cost of funds + 30 %
- 1 < cost of funds + 30 %
- 2 < cost of funds + 20 %

Specify:

What is the main loan product the MFI offers?

What percentage of the portfolio does it represent?

Provide the effective annual interest rate for the main loan product (using the methods developed by Micro-finance Transparency to obtain the APR- Annual Percentage Rate, with the APR calculation tool:

<http://www.mftransparency.org/>): _____

[Optional, needed for SPS report

Does the MFI know the percentage of its clients that are borrowing from other institutions?

If yes, provide estimated percentage: _____

Does the MFI know the percentage of its clients that are borrowing from moneylenders?

If yes, provide the estimated percentage: _____]

Formula chosen for the calculation of the EIR: _____

Average cost of funds for the MFI (see 2.ee in Part I): _____ Portfolio yield: _____

Average loan size (local currency): _____ Annual inflation rate: _____

SPS
9b-f

2.11 Does the MFI use market research to identify the needs of clients and potential clients?

SPS
6a-c

- 0 = No specific procedure
- 1 = Informally: feedback obtained through field staff interactions
- 2 = Formal market research: client satisfaction surveys, focus group discussions, interviews with exiting clients

[Optional, needed for SPS report

If score is 0, is it planned in the future: Yes No. If not, please explain why not: _____]

How does your institution identify the needs of clients and potential clients? (Check all that apply):

- Market Research for development of new products
- Client satisfaction assessment (interviews, surveys, focus groups, etc.)
- Interviews with exiting clients
- Other (Please specify: _____)

How often does the MFI do market research?

- Regularly/ Ongoing Semiannually Annually Biannually Occasionally/from time to time
- Never Planning to start

If score is 1 or 2, describe tools, size of surveys, etc.: _____

2.12 What percentage of clients dropped out of the MFI during the last accounting year?

Definition: A drop-out is any client who has had no transaction with the MFI for the last 12 months.

Drop out rate:

$$\frac{(\text{Total number of clients (borrowers and savers) at beginning of reporting period} + \text{Total number of new clients who joined during the reporting period} - \text{Total number of clients (borrowers and savers) at end of the reporting period})}{(\text{Clients at beginning of period} + \text{clients at end of period}) / 2}$$

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

To calculate the drop out rate, provide the following:

Total number of clients (borrowers and savers) at the beginning of the reporting period: _____

Total number of clients (borrowers and savers) at the end of the reporting period: _____

Total number of new clients who joined during the reporting period: _____

What is the drop out rate for the MFI over the last accounting year? _____

SPS 7a

2.13 How does the MFI obtain feedback from dropouts on their reasons for leaving?

- 0 = No study of the reasons for departure or informal feedback through field staff interactions.
- 1 = Formal exit surveys or regular exit interviews by field staff

If score is 1,

How often does the MFI conduct or commission exit surveys or receive informal feedback from exiting clients?

- Regularly/ On going,
- Semiannually,
- Annually,
- Biannually,
- Occasionally-from time to time,
- Never,
- Planning to start

SPS
7b-c

If any major event has occurred, external to the institution, that may have affected the drop-out rate, please report it here:

Innovative and non-financial services (9 points)

This criteria evaluates the MFI's efforts to adopt innovative approaches and adapt its services to a wide range of client needs.

2.14 Does the MFI provide innovative financial services to more than 5% of its clients (directly or via other specialized organizations)?

- 0 = No
- 1 = one innovative service
- 2 = more than one innovative service

Which of the following does the MFI provide:

- Life insurance (for credit life insurance, see question 4.14)
- House insurance
- Livestock and agriculture insurance
- Other insurance, specify : _____
- Debit/credit card
- Savings facilitation service
- Money transfers
- Payments by check
- Other, specify: _____

SPS 3a

2.15 Mobile banking: for regular financial transactions, do loan officers have to leave the MFI's premises to visit clients or can the clients conduct transactions without coming to the MFI (via visits or new information technologies)?

Definition: *Regular transactions may include loan application, loan disbursement, loan repayment or deposits. Visits only related to recovery of default loans do not apply. New information technologies permitting clients to conduct transactions without coming to the MFI may include ATMs, point of sale terminals, internet, mobile phone banking and use of Personal Digital Assistants.*

- 0 = For less than 30 % of the clients
- 1 = For more than 30% of the clients (visits with traditional services)
- 2 = For more than 30% of the clients (visits and/or use of new information technologies allowing flexibility for more than 5% of clients)

If score is 1 or 2, please provide a short summary of the products or services:

2.16 Has the MFI developed linkages with other sectors and/or other actors outside the microfinance sector in order to improve services provided to clients?

Examples: *Linkages to farmers' organizations, commercial banks, local NGOs, private enterprises, health or education services, etc.*

- 0 = No
- 1 = Formal exchanges and collaborations with other sectors or actors

If answer is 1, please specify: _____

2.17 Does the MFI (or partnering institution) offer services related to enterprise management?

SPS
3c

Definition: *Such services may be offered directly by the MFI or facilitated through formal partnership with another organization that offers these services.*

- 0 = No
 1 = Yes

[Optional, needed for SPS report If score is 0, does the MFI plan to do so in the future? _____]

Enterprise services: Number of clients served for the reporting year: _____

- Enterprise skills development
 Business development services
 Other (please specify)

2.18 Does the MFI (or partnering institution) offer services that address social needs?

- 0 = No
 1 = Yes

[Optional, needed for SPS report If No, does the MFI plan to do so in the future? _____]

Which other non-financial services does the MFI offer to clients:

Adult education: Number of clients served for the reporting year: _____

- Financial literacy
 Basic health-nutrition education
 Other (please specify)

SPS
3c-d / 17a

Health services: Number of clients served for the reporting year: _____

- Basic medical services
 Special medical services for women and children
 Other (please specify)

If score is one for 2.17 or 2.18, specify how services are delivered:

- Directly offered
 Offered through negotiated alliance with third parties

List the organizations that are part of these negotiated alliances: _____

2.19 Does the MFI ensure that the non-financial services are adapted to its clients' needs?

- 0 = No
 1 = Yes, informally through discussions with clients and field staff
 2 = Yes, in a formal and systematic way

Please specify any kind of study regarding the effectiveness on your target market of the financial/and or non-financial products and services: _____

SPS
17b

Dimension 3
Benefits to clients

(25 points)

Economic benefits for clients (8 points)

This criteria evaluates the systems designed to promote and measure improvement in clients' economic situation.

3.1 Does the MFI track changes in the poverty levels or economic status of clients over time?

SPS
14c-d

Definition: Economic status refers to data on assets, income, housing conditions, education, food security, access to services, vulnerability, etc.

- 0 = No information collected on changes to the economic status of clients; only anecdotal evidence of changes; not systematic use of information or low quality
- 1 = Regular monitoring giving clear and useful information on changes of the economic status of clients

[Optional, needed for SPS report If score is 0, does the MFI plan to do so in the future? _____]

How often does the MFI track changes? Regularly/ On going, Semiannually, Annually, Biannually, Occasionally-from time to time, Never, Planning to start

If score is 1, specify the types of changes the MFI aims to observe: _____

Has the MFI conducted impact studies over the last 3 years?

3.2 Did any of the staff participate in training or orientation sessions related to any aspect of social performance management, during the reporting year?

SPS
4a

- 0 = No
- 1 = Yes

[Optional, needed for SPS report If score is 0, does the MFI plan to do so in the future? Yes No _____]

If not planning, please explain why not: _____]

Which staff have received some kind of training on social performance management during the reporting year? (Check all that apply):

- Board members
- Top management
- Middle management
- Loan officers
- Back office staff (MIS, accounting administration)
- Other (please specify) : _____

On which areas related to social performance does the institution offer staff training?

- Over-indebtedness prevention
- Communication with clients of product pricing, terms and conditions
- Acceptable practices of payment collection
- Collecting good quality social information
- Policy and procedures on safeguard of clients' data
- Referring clients complains to those responsible for handling and resolving them
- Being responsive to clients' needs
- Gender sensitivity
- Other (please specify): _____

SPS
4b-c

3.3 Does the MFI conduct performance appraisals of staff in relation to social performance management? Does the MFI have a staff incentives scheme related to social performance goals?

SPS
5a-c

- 0 = No
 1 = Yes, either appraisals or incentives scheme or both

[Optional, needed for SPS report *Staff appraisal* : Yes No No, but planning in the future
 If not, and not planning, please explain why not: _____]

Areas that the MFI appraises:

- Ability to attract new clients from target market
 Outreach of remote rural communities
 Gender sensitivity skills
 Quality of interaction with clients
 Social data quality
 Retention/drop-out rates
 Portfolio quality
 Other (please specify)

SPS
5b,d,e

Staff incentives: Yes No No, but planning in the future

[Optional, needed for SPS report *If not, and not planning, please explain why not:* _____]

Areas that the MFI rewards:

- Ability to attract new clients from target market
 Outreach of remote rural communities
 Gender sensitivity skills
 Quality of interaction with clients
 Social data quality
 Retention/drop-out rates
 Portfolio quality
 Other (please specify)

Which staff members qualify for these incentives? (Check all that apply)

- Top management
 Middle management
 Loan officers
 Back office staff (MIS, accounting administration)
 Other (please specify)

3.4 Has the MFI taken corrective measures (like modifying products) due to negative impacts on social cohesion or client welfare? (does not include problems with indebtedness, addressed in dimension 4)

Example: *After becoming aware of the negative impact of the loan collection procedure on relationships among community members, MFI XYZ resolved to change its collection strategy.*

- 0 = no changes made so far / no information collected on negative effects
 1 = changes made after identification of a problem / no problems identified

If score is 1, describe the changes: _____

3.5 Does the MFI have an explicit strategy to reduce costs of services as much as possible (without compromising quality) ?

- 0= no explicit strategy to reduce costs of services
- 1= efforts to reduce costs of services while maintaining quality integrated into the operational strategy of the MFI

If score is 1, specify the policy dealing with operational cost reduction and whether it has led to a drop in interest rates: _____

Please indicate:

Operating Expense Ratio for the last reporting year:

Operating Expense Ratio three years ago:

3.6 Does the MFI have a formal policy on how clients benefit from profits generated by the MFI?

Definition: *A formal policy is explicit and written into the strategic planning of the MFI.*

Examples of policies: *reducing interest rates, investing part of the profits in the community, etc.*

- 0= no formal policy regarding how clients benefit / profits shared only among shareholders and/or kept in the MFI's reserves
- 1= no formal policy but occasional decisions have been made in favor of clients (involving <15% of profits)
- 2= formal, open and transparent policy to allocate profits to the direct benefit of the clients (involving >15% of profits), in particular in reducing interest rates

If score is 1 or 2, specify the policy:

Give figures in case of interest rate reduction: _____

3.7 Does the MFI adopt special measures or have special funds in case of collective disaster?

- 0 = No measures or funds exist / measures taken on a case by case basis
- 1 = Funds or reserves are earmarked in case of collective disaster

If score is 1, specify the measures:

Client participation (9 points)

This criteria analyzes to what extent clients are involved in decision-making (at the client level as well at the MFI level).

3.8 Can MFI clients participate in decision-making?

a) Decision-making at the client level (for instance, within the self-managed group, joint liability group, or self-help groups)

- 0 = No
- 1 = Yes

b) Supervision and decision-making at MFI management level

- 0 = No
- 1 = Yes

Does the MFI have regular all-member meetings? Yes / No / Not Applicable

3.9 Are there elected client representatives at the governance level (board of directors)?

- 0 = No
- 1 = Yes

Are board elections in compliance with the MFI's by-laws ? Yes / No / Not Applicable

3.10 Is there an effective system to determine the rotation of client representatives at the client or management level?

- 0 = No
- 1 = Yes

If score is 1, specify the policies: _____

3.11 What percentage of all client representatives are women?

- 0 = No women representatives or less than 20%
- 1 = More than 20% of women among the client representatives

Specify actual number and percentage: _____

3.12 At the client level or management level, does the MFI provide training and capacity building for elected representatives to help them perform their governance role effectively?

- 0 = No
- 1 = Yes, on an irregular basis (or only at the client level)
- 2 = Yes, on a regular basis, in accordance with a defined policy

If score is 1 or 2, specify the policies regarding capacity building of elected client representatives.

3.13 Are these participatory bodies effective?

Definition: *To be considered effective, these bodies must have already influenced decisions and incurred changes. The representatives of these bodies must fulfill their role independently, without any external influence of staff or board members.*

- 0 = No, either they do not exist or they are more symbolic than active or they are not effective
- 1 = They are mostly effective but members lack training, are insufficiently informed or do not have enough opportunities to meet / they are mostly informal / they are only effective at the clients' level
- 2 = Yes, they are effective

If score is 1 or 2, specify the measures/criteria in place to ensure that member governance is effective:

Social capital/client empowerment (8 points)

This criteria assesses activities designed to strengthen social capital of clients, i.e.: activities that reinforce social ties and client capacities, such as group formation, collective action, working together to reach common goals, fostering links with other programs and facilitating access to previously inaccessible services.

3.14 Does the MFI help clients resolve problems beyond access to financial services?

Examples: Refers to any actions taken by the MFI that help clients foster relationships among themselves, with other socioeconomic actors in the community or local networks. May include creating forums to address common problems regarding access to public services (e.g.: health, education, electricity) and public goods (e.g.: natural resources, pasture lands) or addressing legal and security issues in the community, for instance.

- 0= No
- 1= Anecdotal evidence
- 2= Yes regularly

If score is 1 or 2, describe the problems dealt with: _____

3.15 Does the MFI or partnering institution offer support services that specifically aim at women's empowerment ?

Definition: An MFI may target women to involve them as clients (i.e.: a neutral objective that implies no specific strategy beyond capturing female clients) or may have the mission to identify and address constraints facing women (such as mobility, market access, literacy, access to skills training), by offering them opportunities for income generation or leadership (i.e.: a transformative objective). See companion guide for more information and examples.

- 0 = No, offers services for women but none that aim at empowerment (neutral objective)
- 1= Yes, offers one or two products/services designed for women with a “transformative objective”
- 2= Yes, offers more than two products/services designed for women with a “transformative objective”

If score is 1 or 2, specify the products/services

Financial services

- Special Loan Products for women*
- Special timing and repayment procedures*
- Special type of collateral concessions*
- Special health insurance products for women clients or client spouses*
- Special strategies for graduation to higher loans*
- Special Savings products for women*
- Other: _____*

Non financial services:

- Business training to enhance women's market opportunities*

- Women leadership training
- Training on rights and responsibilities as leaders in participative models
- Women's rights education/Gender issues (training for men and women)
- Counseling/legal services for women victims of violence
- Other (please specify) _____

3.16 Does the MFI have effective strategies in place to communicate policy decisions to clients / ordinary members?

Examples: *Effective strategies may include regular meetings with clients (or client representatives) or disseminating material adapted for client communication.*

- 0 = No
- 1 = Yes, general publications accessible on the web (via MIX, affiliate networks) or available from the MFI upon request
- 2 = Communication through means specifically adapted to client: workshops, general assemblies, presentations, leaflets, etc.

If score is 2, describe the communication strategy:

3.17 Has the MFI sought to increase clients' influence with local or national government (either individually or through participation in MFI networks)?

Examples: *Lobbying for more streamlined administrative procedures for opening a business, advocating for access to basic services, etc.*

- 0= No
- 1= Indirectly, as this is a minor objective
- 2= Directly, as this is a major objective

If score is 1 or 2, describe what has been done, with which networks, and with what objective:

Dimension 4:
Social Responsibility

(25 points)

Social responsibility to employees (9 points)

This criteria evaluates working conditions of the MFI.

4.1 Does the MFI have a clear salary scale based upon market salaries?

SPS
10a

Definition: A salary table or salary scale defines the salary ranges for each position and is available to any employee.

- 0= No
 1= Yes

Describe the MFI's human resource policy, including information on career management, incentives, etc.:

Has the MFI included in its human resources policy equal pay for men and women with equivalent skill levels?

- Yes No

4.2 What percentage of staff is employed with a long-term contract?

Definition: Total staff includes all persons who worked more than 1 month during the year: employees (long and short-term contracts) consultants, interns, etc.

Long-term contract = Open-ended or > 1 year

- 0 = less than 40 %
 1 = more than 60 %
 2 = more than 80 %

Please specify number and percentage of staff with a long-term contract: _____

4.3 Are training programs accessible to all types of employees?

Definition: Different types of employees include loan officers at the branch level; back-office staff at the different levels (local, regional, or headquarters); senior management; in some cases, voluntary workers may also be included. Training programs may be provided by the MFI or an external entity, either paid by the MFI or subsidized.

- 0= less than 50% of the staff is concerned
 1= more than 50% of the staff is concerned, with each staff member receiving an average of at least 2 days of training

Complete the following chart

Type of employees	Total nb of empl. by type (1)	Total nb of days of training over last 12 mo. (2)	Average nb of days (2)/(1)

4.4 Can the employees participate in decision-making regarding strategic decisions of the MFI?

- 0 = No or through informal mechanisms such as meetings between staff and senior management
- 1 = Through a formal mechanism, such as an elected consultative body or another governance mechanism

If score is 1, specify the policies: _____

4.5 Does the MFI provide health coverage for all its employees?

Definition: National health care plans do not apply. Coverage must be in addition to any universal system.

- 0 = No
- 1 = Yes

[Optional, needed for SPS report

Has the MFI included in its human resources :

- policy pension contribution? Yes No
- practices and procedures which ensure safety of the staff? Yes No
- anti-discrimination policy? Yes No
- anti-harassment policy? Yes No]

SPS
10a

4.6 Does the MFI have a specific policy with regard to women staff?

- 0 = No
- 1 = Yes

Specify the policies in place to support women staff (Check all that apply):

- Equal opportunity policies for staff
- Set quota for women staff
- Worktime adapted to family constraints
- Maternity leave policies
- Specific policies that support women's mobility in the field
- Other (please specify)

SPS
10b

Presence of women staff (for reporting year):

	Total staff	Top managers	Middle managers	Loan officers
Total number (men and women)				
Number of women				
Percentage				

SPS
10c-g

4.7 What percentage of the MFI staff left the MFI during the last 12 months?

Definition: *Percentage should be calculated on the basis of the average number of employees and should include voluntary departures, dismissals as well as staff at the end of contract.*

- 0 = more than 15 %
- 1 = less than 15 %
- 2 = less than 5%

Total number of staff at the end of the current reporting period:
Total number of staff at the end of the previous year reporting period:
New staff contracted during the current reporting period:
Staff turnover rate:

Does the MFI monitor employee satisfaction?

- Yes, No,

[Optional, needed for SPS Planning in the future

If not, and not planning, explain why: _____]

How does the MFI monitor employee satisfaction?

- Assessments of employee satisfaction and/or satisfaction as part of regular staff appraisal
- Periodic systematic surveys of employee expectations and/or satisfaction
- Established system to address staff grievance
- Interview with exiting staff
- Other (please specify): _____

**SPS 10j,
10h,10i**

Social responsibility to clients (9 points)

This criteria evaluates six principles of consumer protection widely accepted in the micro-finance sector: prevention of over-indebtedness, cost transparency, collection practices, employee conduct, grievance procedures and client confidentiality²

4.8 Prevention of over-indebtedness: What does the MFI do to avoid client over-indebtedness?

- 0 = Nothing in particular
- 1 = Some efforts made
- 2 = Efforts made to prevent over-indebtedness and measures have been taken after identification of over-indebtedness

If score is 1, which of the following efforts have been made:

- MFI's written credit policies give decision makers (loan officers, supervisors, etc.) explicit guidance regarding borrower debt thresholds
- The credit underwriting process includes an evaluation of client ability to repay the loan
- The credit underwriting process includes checks on client credit history and existing debt
- Loan product options are flexible enough to fit client business and/or household needs
- The institution does not rely solely on guarantees for repayment
- Management regularly obtains information about debt levels among its clients
- Peer assessment (in group methodologies)

SPS
8a

If score is 2, which of the following measures have been implemented

- Clients receive training/guidance on evaluating their own debt capacity
- Staff incentives to avoid irresponsible lending
- Linkages to a credit bureau with to check client debt levels and repayment history
- other, specify

If score is 1 or 2, please provide a short summary of the policy: _____

If score is 2, what is being done to ensure these measures are effective? _____

4.9 Cost transparency: Does the MFI ensure transparent communication with clients about prices, terms and conditions of financial products?

- 0 = No written statement; information is unclear/incomplete
- 1 = Complete information is made available to customer in clear language that is not misleading and that the customer is able to understand.

Specify how the MFI states the interest rate: Flat Declining

Specify how the MFI ensures transparent communication with clients about prices, terms and conditions of financial products (check all that apply):

- Contracts and information use plain language and provide full disclosure of prices, terms and conditions (including interest charges, insurance premiums, minimum balances required on savings and transaction accounts, all fees, penalties, and whether those can change over time)
- Interest rates (including fees and commissions) or other product prices are published, displayed and provided to clients
- Penalty and pre-payment fees are disclosed before loan contracts are signed

SPS
8b, 9a

² This section draws on the work done by Beyond Codes and the Center for Financial Inclusion of Accion International, based on the document "Getting Started: Client Protection Questionnaire" (June 2009): <http://www.centerforfinancialinclusion.org/Document.Doc?id=606>

- Amortization schedule in loan contract separates principal, interest, fees, and shows amount and due dates of installments
- Communication addresses client literacy limitations (e.g., reading contracts out loud, materials in local languages)
- Clients have an opportunity to ask questions and receive information prior to signing contracts
- Clients receive transaction receipts and regular, clear, accurate account statements
- Training sessions for clients on the costs of products
- Senior management creates a culture of transparency within the organization and develops systems, controls and incentives to support it.
- The organization submits audited financial statements to the appropriate authorities, membership, and interested parties, and publishes such information in the media.
- Prior to sale: Prices and terms of products are published, enabling customers to compare various offers.
- The financial institution follows truth-in-lending laws and required APR or effective interest rate calculation formulae.
- Other (please specify): _____

If score is 1, please provide a short summary of the policy: _____

4.10 Credit conditions and collection practices: Does the MFI explain the customer's rights, responsibilities and the collections process before the loan is disbursed?

- 0 = No, there is no systematic procedure
- 1 = Some efforts made
- 2 = Yes, the MFI maintains high standards of ethical behavior even when clients fail to meet their contractual commitments.

In which of the following ways does the MFI ensure that appropriate collections practices are followed (check all that apply):

- A code of acceptable and unacceptable debt collection practices is in place
- The code of ethics requires all clients to be treated with dignity and respect, even when they fail to meet their contractual commitments.
- The code forbids subjecting a borrower to abusive language or threats by collection agents.
- The code forbids harassing borrowers at their place of work or worship, or at unreasonable times of the day or night.
- The code forbids forcible entry to borrowers' dwellings and seizing property without court order or in violation of the law
- Debt collection procedures and time frames (e.g., ties/locations when collections are appropriate, etc.) are clearly outlined a staff rule book [or credit procedure manual]
- Loan contracts explain what the borrower should expect in case of late repayment or default
- Efforts are made to negotiate reasonable repayment plans prior to seizing assets
- The institution monitors staff and any third party debt collections to agents to ensure compliance with acceptable practices
- The institution provides debt counseling services
- There is recognition that accurate analysis of a borrower's repayment capacity is a first step to preventing delinquency, and the organization may hold some responsibility for borrowers' failure.
- Specific step-by-step procedures and time frames are outlined for late payment recovery and how to proceed when borrowers are in default.
- Collections staff receive training in acceptable debt collections practices and loan recovery procedures. Practices and procedures are followed widely in the organization and monitored by the internal audit department. Violations are sanctioned.
- The institution has a policy on acceptable pledges of collateral, including not accepting collateral that will deprive borrowers of their basic survival capacity.
- If you have other policies or practices designed to protect clients and ensure their fair treatment, please provide details here: _____

SPS
8c, 8g

If score is 1 or 2, please provide a short summary of the policy: _____
 If score is 2, what is being done to ensure these measures are effective? _____

4.11 Code of conduct: Does the MFI ensure staff ethical codes of conduct are consistently followed?

- 0 = No, no specific code of conduct; exists but not applied.
- 1 = Yes, the MFI ensures safeguards are in place to prevent, detect, and correct corruption or mistreatment of clients.

Specify how the MFI ensures staff ethical codes of conduct are consistently followed? (check all that apply):

- A Board-approved code of ethics defines organizational values and ethical standards expected for staff
- Staff rules describe acceptable/unacceptable behavior and sanctions that can result in employment termination
- Hiring procedures assess employees for compatibility with organizational values and ethics
- All staff sign annual pledges to follow ethical codes
- Anti-corruption policies are in place, provided to each staff member and enforced by decision-makers
- Internal audit for risk management detects corruption and code violations
- Senior management creates a corporate culture which values and rewards high standards of ethical behavior and customer service.
- Other (please specify)

SPS 8d

If score is 1, please provide a short summary of the policy: _____

4.12 Grievance procedures: Does the MFI have a grievance procedure for clients that is explained to them?

Definition: The grievance procedure must allow the client to meet someone else other than a loan officer or a cashier, in case the conflict deals with this type of employee.

- 0= No grievance procedure; exists but not communicated to clients
- 1= Grievance procedure exists and is widely shared/explained to the clients

If score is 1, which of the following is included in the grievance procedure:

- A written policy requires customer complaints to be taken seriously, investigated and resolved in a timely manner
- Specialized personnel are designated to handle customer complaints and problem solving
- Customers are informed appropriately of their right to complain and know how to submit a complaint [to the appropriate person]
- Complaints and their resolution are tracked and used to improve products, sales techniques and customer interactions
- Internal audit or other monitoring systems check that complaints are resolved satisfactorily
- Suggestion boxes are provided in each place of business
- Hotline or call center with toll free access is available
- A ready mechanism to handle customer complaints, problems, and feedback is in place and accessible to customers.
- Staff is trained to handle complaints and refer them to the appropriate person for investigation and resolution.
- Complaints are fully investigated and decisions are made consistently and without bias.
- Customers have the opportunity to seek independent third party recourse in the event that they cannot resolve the problem with a financial institution, such as an ombudsman or mediator with the power to make binding decisions.
- Other (please specify)

SPS 8e

If score is 1, please provide a short summary of the policy: _____

4.13 Client confidentiality: Does the MFI safeguard privacy of clients' data?

- 0 = No, no formal protection mechanism
- 1 = Yes, the MFI ensures the integrity and security of client information, and seeks the client's permission to share information with outside parties.

If yes, explain how the MFI safeguards privacy of clients' data (check all that apply):

- A written policy and procedures regarding treatment of client personal data [gathering, processing, use, and distribution]*
- Internal audit reviews security of locations and electronic systems where client data is stored*
- The IT system is secure and password protected [with various levels of authorized access to information and access to data modification adjusted to the tasks and needs of the user]*
- Staff explains to clients how their data will be used [and seeks client permission for use]*
- Client consent is required prior to sharing data outside the institution*
- Clients may review and correct the information [and the financial institution provides assistance in this regard.]*
- Clients are instructed on how to safeguard access codes and PIN numbers*
- Systems are in place and staff trained to protect the confidentiality, security, accuracy, and integrity of customers' personal and financial information.*
- Clients have the option of not having their information shared.*
- The organization ensures the accuracy of information shared and requests customer consent for use of data in a Credit Registry or Bureau. .*
- Customer consent is required for use of information in promotions, marketing material and other public information. Clients are asked to express their written agreement for use of their personal information, such as pictures and business and personal stories in the organization's publications, promotional material, and any information shared with external audience.*
- Other (please specify)*

SPS 8f

If score is 1, please provide a short summary of the policy: _____

4.14 Does the MFI provide some type of loan-insurance in case of death of the borrower?

Definition: *Insurance on the loan that frees the family from the burden of debt in case of death of the borrower*

- 0 = No or only on a case by case basis
- 1 = Systematic write-off procedure or loan insurance

If score is 1, does the MFI provide credit life insurance: Yes No

SPS 3a

Specify which types of loans come with insurance: _____

What is the cost for the client? _____

How is this information disclosed to clients: _____

Social responsibility to the community and environment (7 points)

This criteria evaluates the actions of the MFI in terms of local economic, social and cultural development as well as environmental protection.

4.15 Does the MFI have a policy defining social responsibilities to the community?

SPS
15a

Examples: *Through socio-anthropological studies, discussions with local authorities or key resource persons; working with loan officers who can speak the local language and know the local culture; active participation in the community.*

- 0 = No, Policy under development or planned
- 1 = Informal policy reflected in operations
- 2 = Yes, a formal, written policy

If score is 1 or 2, please provide a short summary of the policy: _____

4.16 Is the MFI proactive in promoting local social and economic development?

- 0 = No or on an irregular basis (less than 5% than portfolio)
- 1 = Yes, on a regular basis and in accordance with a planned strategy

If the score is 1, give details:

- Formal collaboration with local development actors,
- Initiatives to promote the creation of local employment (does not include self-employment and income generating activities),
- Funding of risky but innovative local activities,
- Members of top management come from zones the MFI services,
- MFI avoids credit for enterprises with negative social value
- Promotes transparency and anti-corruption
- Promotes decent working conditions for employees in business financed by the MFI
- Supports local communities in the event of emergencies
- Supports women's leadership
- Takes measures to eliminate forced labor
- Takes measures to eliminate child labor
- Finances activities employing minorities, disabled, indigent people, widows, etc.
- Finances activities with high social value, such as health care or prevention services, culture, community infrastructure, etc.
- Other policy, specify: _____

SPS
15b-c

If score is 1, please provide a short summary of the policy: _____

4.17 Does the MFI have an environmental policy for clients/microenterprises it finances?

- 0 = No, Policy under development or planned
- 1 = Informal policy reflected in operations

2 = Yes, a formal, written policy

If score is 1 or 2, specify types of environmental policy directed at enterprises the MFI finances:

- Raise client awareness of environmental impacts
- Train/educate client regarding environmental improvements
- Specific clauses in the loan contract are included to mitigate specific social and environmental risks
- Identify enterprises with environmental risk
- Lending lines linked to alternative energies
- Other (please specify)

SPS
16a-c

If score is 2, please provide a short summary of the policy: _____

4.18 Does the MFI have an environmental policy for its own organization's practices that includes both headquarters and branches (energy, water, paper, waste)?

- 0 = No, Policy under development or planned
- 1 = Informal policy reflected in operations
- 2 = Yes, a formal, written policy

SPS
16d

Please specify:

- Minimize use of conventional electricity
- Minimize use of conventional fuels
- Minimize use of water, recycle water
- Minimize use of paper, recycle paper
- Other: _____

SPS
16e

If score is 2, please provide a short summary of the policy: _____

Appendix: Growth National Income per capita 2008 in USD (Atlas Method)

Albania 3,840	Dominican Republic 4,390	Liberia	São Tomé and Príncipe 1,020
Algeria 4,260	Ecuador 3,640	Libya 11,590	Saudi Arabia 15,500 a
Angola 3,450	Egypt, Arab Rep. 1,800	Liechtenstein .. a	Senegal 970
Antigua and Barbuda 13,620	El Salvador 3,480	Lithuania 11,870	Serbia 5,700
Argentina 7,200	Equatorial Guinea 14,980	Luxembourg 84,890	Seychelles 10,290
Armenia 3,350	Eritrea	Macao, China 35,360 a	Sierra Leone 320
Australia 40,350	Estonia 14,270	Macedonia, FYR 4,140	Singapore 34,760
Austria 46,260	Ethiopia	Madagascar 410	Slovak Republic 14,540
Azerbaijan 3,830	Fiji 3,930	Malawi	Slovenia 24,010
Bangladesh 520	Finland 48,120	Malaysia 6,970	Solomon Islands 1,180
Belarus 5,380	France 42,250 b	Maldives 3,630	South Africa 5,820
Belgium 44,330	Gabon 7,240	Mali 580	Spain 31,960
Belize 3,820	Gambia, The 390	Malta 16,680 a	Sri Lanka 1,780
Benin 690	Georgia 2,470	Marshall Islands 3,270	St. Kitts and Nevis 10,960
Bermuda .. a	Germany 42,440	Mauritania 840 a	St. Lucia 5,530
Bhutan 1,900	Ghana 670	Mauritius 6,400	St. Vincent and the Grenadines 5,140
Bolivia 1,460	Greece 28,650	Mexico 9,980	Sudan 1,130
Bosnia and Herzegovina 4,510	Grenada 5,710	Micronesia, Fed. Sts. 2,340	Suriname 4,990
Botswana 6,470	Guatemala 2,680	Moldova 1,470 e	Swaziland 2,520
Brazil 7,350	Guinea 390 a	Mongolia 1,680	Sweden 50,940
Brunei Darussalam 26,740 a	Guinea-Bissau	Montenegro 6,440	Switzerland 65,330
Bulgaria 5,490	Guyana 1,420	Morocco 2,580	Syrian Arab Republic 2,090
Burkina Faso 480	Haiti 660	Mozambique 370	Tajikistan 600
Burundi	Honduras 1,800	Namibia 4,200	Tanzania 440 f
Cambodia 600	Hong Kong, China 31,420	Nepal 400	Thailand 2,840
Cameroon 1,150	Hungary 12,810	Netherlands 50,150	Timor-Leste 2,460
Canada 41,730	Iceland 40,070	New Zealand 27,940	Togo 400
Cape Verde 3,130	India 1,070	Nicaragua 1,080	Tonga 2,560
Cayman Islands .. a	Indonesia 2,010	Niger 330	Trinidad and Tobago 16,540
Central African Republic 410	Iran, Islamic Rep. 3,540 a	Nigeria 1,160	Tunisia 3,290
Chad 530	Ireland 49,590	Norway 87,070	Turkey 9,340
Channel Islands 68,640 a	Isle of Man 43,710 a	Oman 12,270 a	Turkmenistan 2,840
Chile 9,400	Israel 24,700	Pakistan 980	Uganda 420
China 2,940	Italy 35,240	Palau 8,650	Ukraine 3,210
Colombia 4,660	Jamaica 4,870	Panama 6,180	United Kingdom 45,390
Comoros 750	Japan 38,210	Papua New Guinea 1,010	United States 47,580
Congo, Dem. Rep. 1,970	Jordan 3,310	Paraguay 2,180	Uruguay 8,260
Congo, Rep. 1,970	Kazakhstan 6,140	Peru 3,990	Uzbekistan 910
Costa Rica 6,060	Kenya 770	Philippines 1,890	Vanuatu 2,330
Côte d'Ivoire 980	Kiribati 2,000	Poland 11,880	Venezuela, RB 9,230
Croatia 13,570	Korea, Rep. 21,530	Portugal 20,560	Vietnam 890
Cyprus 22,950 a, d	Kuwait 38,420 a	Qatar .. a	Yemen, Rep. 950
Czech Republic 16,600	Kyrgyz Republic 740	Romania 7,930	Zambia 950
Denmark 59,130	Lao PDR 740	Russian Federation 9,620	
Djibouti 1,130	Latvia 11,860	Rwanda 410	
Dominica 4,770	Lebanon 6,350	Samoa 2,780	
	Lesotho 1,080	San Marino 46,770 a	

.. Not available. Note: Rankings include all 210 World Bank Atlas economies, but only those with confirmed GNI per capita estimates or those that rank among the top twenty for the Atlas method are shown in rank order. Figures in italics are for 2007 or 2006. a. 2008 data not available; ranking is approximate. b. Data include the French overseas departments of French Guiana, Guadeloupe, Martinique, and Réunion. c. Estimate is based on figures are extrapolated from the 2005 International Comparison Program benchmark estimates. d. Excludes Turkish Cypriot side. e. Data exclude Transnistria. f. Data refer to mainland Tanzania only. g. Estimated to be low income (\$975 or less). h. Estimated to be upper middle income (\$3,856 to \$11,905). i. Estimated to be high income (\$11,906 or more). j. Estimated to be lower middle income (\$976 to \$3,855).

Source: World Bank

In case you need more recent or precise data, please refer to World Bank statistics website: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf> or <http://go.worldbank.org/B5PYF93QF0>

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<http://finsol.socioeco.org>**

Background to the SPI 3.1

2002-2003: The first version of the SPI tool was developed by Cécile Lapenu (CERISE), Manfred Zeller (Goettingen University, Germany) and Martin Greeley (International Development Studies IDS-Imp-Act, UK), with support from Syed Hashemi (CGAP), Renée Chao-Beroff (CIDR/CERISE) and Koenraad Verhagen (Argidius Foundation). Authors also drew on findings of the Solidarity Finance working group (a group of practitioners working on "Microfinance and Social Ties," supported by FPH). The SPI 1.0 was finalized in September 2003 and revised based on input from the Solidarity Finance workshop in October 2003. The SPI 1.1 was released in November 2003.

2004-2005: The SPI 1.1 was field tested by CERISE, members of the Solidarity Finance working group, and further revised with the support of Hansruedi Pfeiffer (Swiss Development Cooperation), Ruth Egger (Swiss Intercooperation), Philippe Amouroux (FPH), Koenraad Verhagen and Manfred Zeller. The SPI 2.0 was finalized in early 2005 and revised based on the input of the SPI Initiative's partners, producing SPI 2.1, released in June 2005.

2006-2008: The SPI 2.1 was applied by more than 200 MFIs around the world. A database with 150 results provides a rich overview on social performance and financial performance by types of MFIs, region, size, maturity, etc.

The version SPI 3.0 has been under development since January 2008.

This version 3.1, released in January 2010 differs from the earlier versions in that some questions have been rephrased and indicators refined. These modifications are based on the comments from users of the MFIs and networks who used the 3.0 version of the tool.

The version 3.1 is fully compatible with the MIX core Social Performance Standards (SPS) and takes into account the MFI's social responsibility to the community and environment.

For more information:

<http://www.cerise-microfinance.org/>

<http://finsol.socioeco.org>