

Opportunity International

Interim Social Performance Report

2013



Working to ensure best practices in serving our clients and understanding our outreach and impact



Opportunity International empowers people living in poverty to transform their lives, their children's futures and their communities. We respond to Jesus Christ's call to love and serve the poor, and we serve all people regardless of race, religion, ethnicity or gender.

We work in **22 countries**, and through more than **40 local partners**, we provide financial and nonfinancial services to our clients.

All numbers in this document are correct as of December 2012, unless otherwise stated.

**Active insurance policies held with MicroEnsure.*

Total number of loan clients:

2.8 million

*(with a loan portfolio of **US\$573 million**, **93%** of our loans are **made to women**)*

Total number of voluntary depositors (savers):

1.1 million

*(with **US\$127 million** on deposit)*

Total number of insurance policyholders*:

2 million

Total number of lives insured:

4.2 million

Our Social Performance Management (SPM) focus

- 1** To better understand who our clients are
- 2** To better understand how we impact clients' lives
- 3** To help partners implement best practices
- 4** To develop and test innovative tools
- 5** To collaborate with others to improve outcomes across the sector

1 2 4
Reporting and accountability
 (Page 18)

1 2 3
SPM strategy and dashboard
 (Page 1)

5
Social Performance Taskforce (SPTF) Conference 2013 - Panama
 (Page 15)

3
Latin America CEO SPM workshop
 (Page 15)

4
Electronic data capture pilot (Ghana)
 (Page 13)

1 2 3
SPM Africa
 (Page 12)

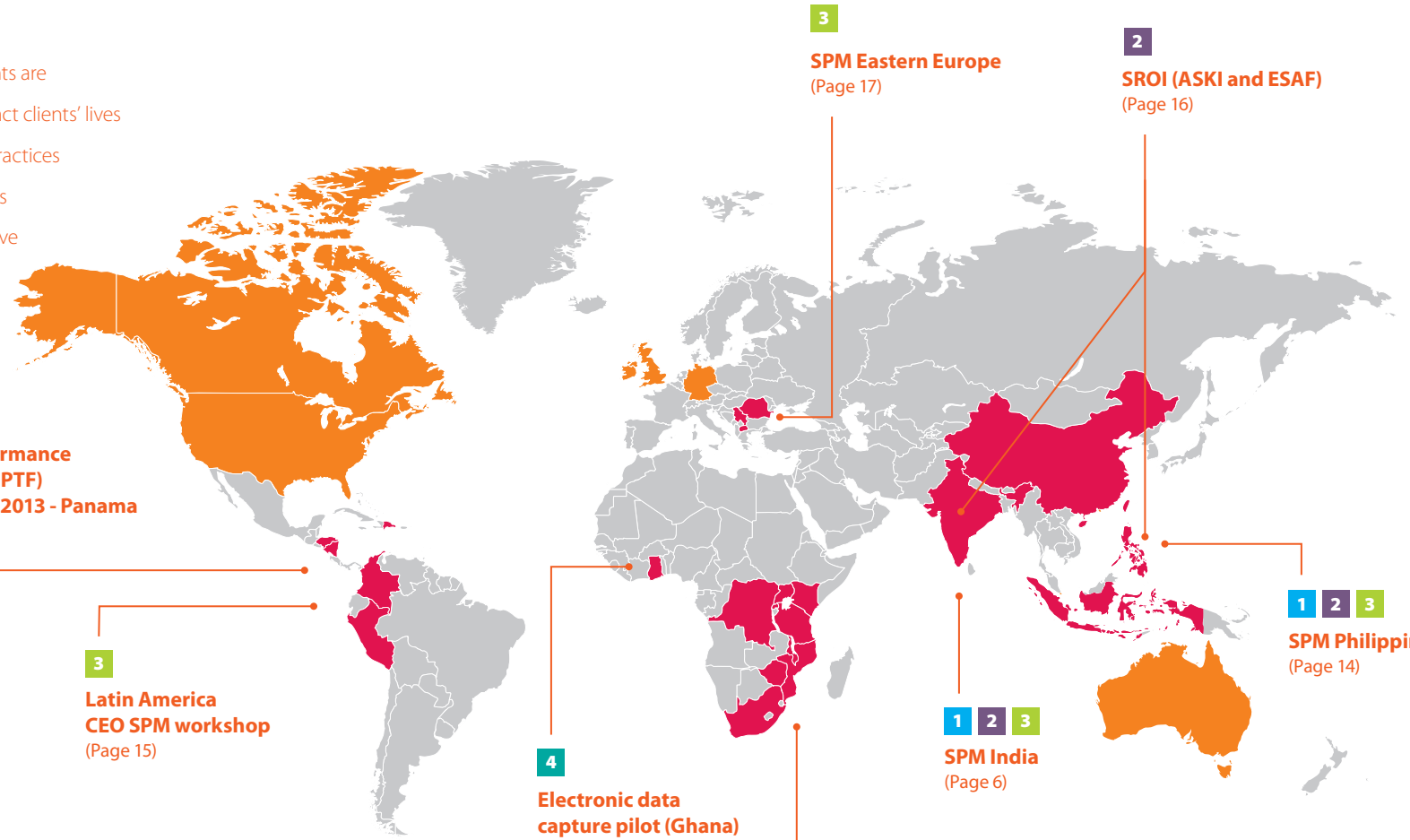
1 2 3
SPM India
 (Page 6)

1 2 3
SPM Philippines
 (Page 14)

3
SPM Eastern Europe
 (Page 17)

2
SROI (ASKI and ESAF)
 (Page 16)

 Support members
 Opportunity International Network programs



A note from the Chairman, Opportunity International Network

Opportunity International's Mission: By providing financial solutions and training, we empower people living in poverty to transform their lives, their children's futures and their communities.

In my three years as chairman of Opportunity International Network, I have had the privilege of meeting thousands of clients. I am always reminded that each one of those clients is an individual, and that, ultimately, everything we do must be about improving outcomes for these individuals, their families and their communities—individuals such as Edward (pictured), an electronics technician in Accra, Ghana, who received eight years of training in his trade in anticipation of opening his own business. Through Opportunity Ghana, Edward took out several group loans in a row before graduating to the individual loan program. He currently has three shops and 10 salaried employees, all of whom are able to support their families. Edward provides an inspirational example of how Opportunity International's programs respond to clients' growth and expand to meet their changing needs.

Social Performance Management (SPM) is the discipline of ensuring that we consistently refine and improve products and services across our network to responsibly serve our clients, just as in Edward's story.

Our SPM strategy, as set out in this report, covers our global network of partners and consists of the following five key elements.



First of all we need to **better understand who our clients are**. In the Philippines, our partner ASKI has embedded a poverty scorecard into their standard client application forms, which allows them to efficiently estimate income levels for all new clients and monitor how well they are reaching the poor.

To maximise impact, we also need to **better understand how we impact clients' lives**. Our Social Return on Investment (SROI) project is helping us design longitudinal surveys that will enable us to report on how clients' lives are changing across our network of partners.

There is a vast store of knowledge in the microfinance sector about what works and what doesn't when it comes to reaching and serving people living in poverty. We are helping our partners **implement best practices**, build on the work of others in the microfinance sector and pioneer standards that we believe effectively improve services for clients and keep client protection at the heart of what we do.

We are committed to using **innovative solutions** to overcome the challenges of collecting, using and reporting detailed individual client data, and ensuring consistent performance across diverse regions and countries. We are also committed to **collaborating with others**, being cost-effective and unified in our solutions, and promoting more client-focused microfinance across the sector.

In this, our first Interim Social Performance Report, we proudly showcase the progress Opportunity International is making in improving the lives of clients living in poverty around the world.

We hope this report gives you a clear picture of how we are working to better meet the needs of some of the 2.5 billion people in our world who lack access to formal financial services. While we realise this is a work in progress, we hope it demonstrates our commitment to improving the lives of our clients. We appreciate your support as we continue this journey.

A handwritten signature in black ink that reads "David Simms".

David Simms
Chairman

Opportunity International Network



Social Performance Management strategy

- **Data is crucial to understanding our clients better. We have chosen a core set of measures to ensure we collect and report data consistently across our network of partners.**
- **We are rolling out our SPM program gradually across regions and partners, learning how to best implement the strategy as we go. We made good progress in 2013 by collaborating with others and developing our own innovative solutions, shared in this report.**

Core set of measures across network

Opportunity International's SPM team, with input from representatives across the Opportunity Network, developed a core set of measures that are relevant to all partners (taking account of variances in specific products and services offered, and circumstances and business opportunities facing clients). We want to strike the right balance between gathering robust, meaningful and complete data, while keeping the difficulty and cost of data collection low. We hope that client surveys will become part of regular business for partners, delivering a powerful breadth of data without interfering with their daily activities.

A key benefit of core measures is the potential to develop effective SPM implementation tools that can be shared across the Opportunity International Network. The establishment of a common set of SPM measures promotes collaborative learning between partners and should increase communication around impact.

Common measures will also enable partners to compare progress, while donors and investors can review cumulative reports.

Key aims of our strategy

Forty microfinance institution (MFI) partners across the network will have the local capability to collect consistent social data from clients. They will:

- Collect outreach data on an ongoing basis and report quarterly: Are we reaching the right clients? What are our clients' income levels and other key characteristics?
- Collect data on client transformation on an ongoing basis and report annually: How are clients benefitting from the services Opportunity International partners deliver? How are their lives changing?

Opportunity International Network partners will be encouraged to implement highest industry standards for delivering microfinance products and services. By using SPM best practices, our partners will keep the client at the centre of everything they do, including: designing products and services that meet clients' needs; adopting high ethical standards in client treatment; and using social data to adjust and improve what they do and how they do it.

SPM Strategy

Social Performance
Dashboard



Capacity building
in members for
collecting, analysing
and reporting data



Assist members in
adopting best practices

SPM strategy: working to ensure best practices in serving our clients and understanding our outreach and impact.

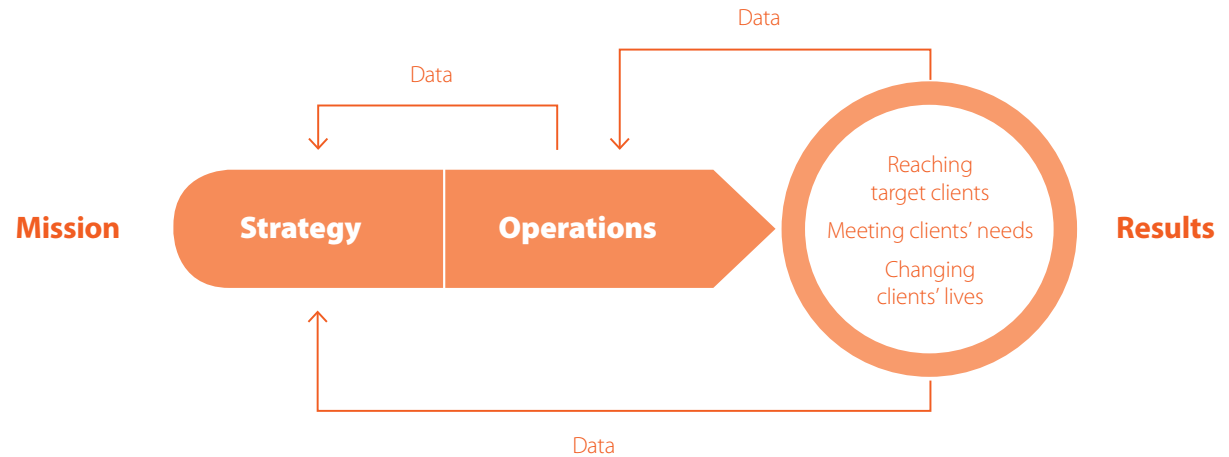
Social Performance Management strategy *(continued)*

Social data to be used by members in decision making

This will enable our microfinance institution (MFI) partners to consistently improve products and services for clients based on quantitative measures. Improving client outreach and impact is the key driver for this project.

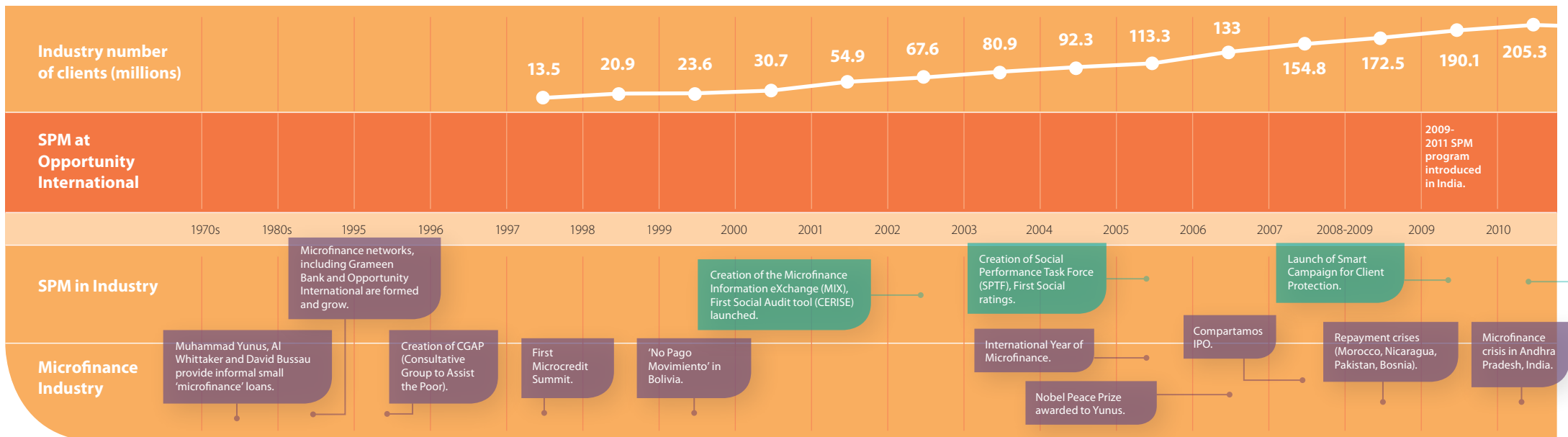
Social data for reporting purposes

The Opportunity International Network will be able to consistently report on performance against our social mission. Data will be more accurate, more comprehensive and more timely. This report is one example of the level of reporting we can achieve, demonstrating that Opportunity International is committed to being a leader in Social Performance Management in the microfinance industry.



Strategy = growth strategy, design of products and services
Operations = delivery of products and services

Timeline of the microfinance industry and SPM initiatives

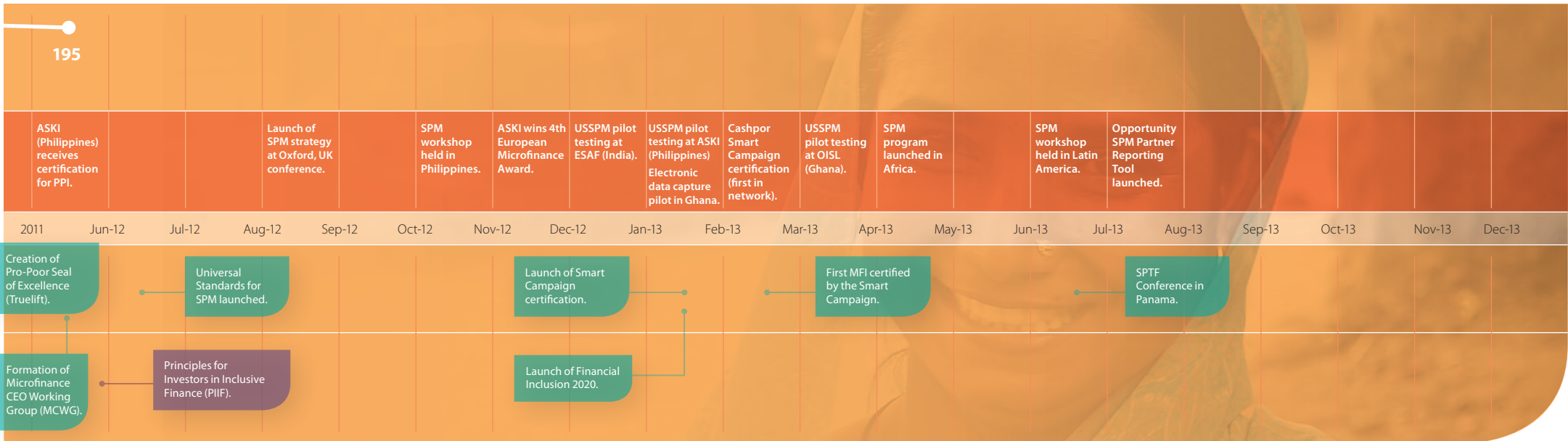
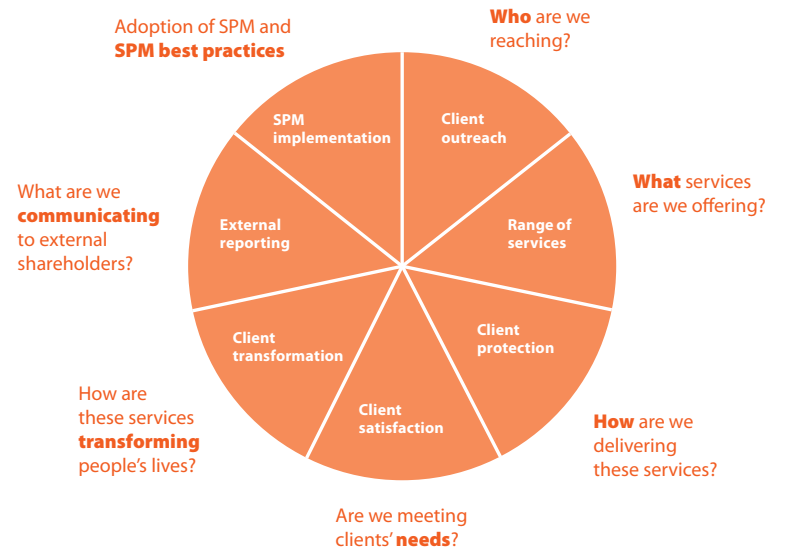




Social Performance Dashboard

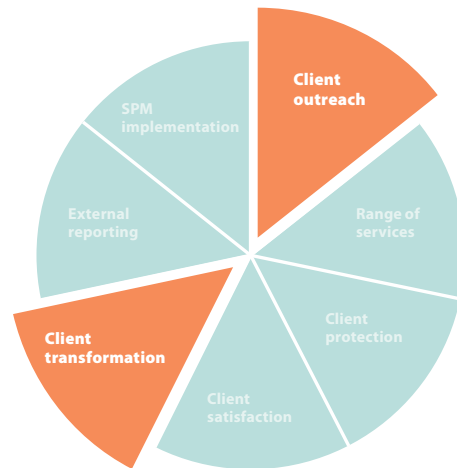
Our dashboard focuses on answering some key questions: What services do our members provide? How do they deliver these services? Are they implementing best practices?

The two most data-intensive questions are: Are we reaching the right people, and are we changing their lives? We need data from individual clients to answer these questions. We want to measure changes in client status over time through survey questions that correspond to job creation, change in income and access to certain essential services.



Social Performance Management strategy *(continued)*

Client level indicators – outreach and transformation



Client Outreach

Income levels – % of new clients who are:

- Moderately poor <\$5 per day
- Poor <\$2 per day
- Extremely poor <\$1.25 per day

The Progress out of Poverty Index (PPI) is the preferred tool for income assessment

Gender – % of female clients

Targeted Minority – % of clients from excluded groups (defined by member)

Rural/urban – % of rural clients

Unserved Clients – % of clients who had never had access to formal financial services

Client Transformation

Economic

- Change in income levels
- Number of jobs created

Personal

- Access to appropriate health services
- Access to sanitation facilities
- Decreased vulnerability

Social

- Access to education for their children
- Participation in key household and community decisions

Spiritual

- Increased love for God and neighbour (client reported)

Institutional level indicators



Range of services

- Number of financial services offered
- Number of nonfinancial services offered
- % of clients receiving financial education

Client protection

- Responsible pricing of products (more/less than average interest rate in the country)
- Client retention (%)
- Staff retention (%)

Client satisfaction

- Client satisfaction mechanisms (complaint process, exit interviews, product/service changes driven by client surveys)
- Client satisfaction measure

External reporting

- Number of external reports submitted to Mix Market, the Social Performance Task Force, MicroFinance Transparency, Social Ratings

SPM Implementation

- Self assessment rating on Universal Standards for SPM

SPM tools and initiatives developed through industry collaboration

The Progress out of Poverty Index (PPI)

As a preferred tool for income level assessment, Opportunity International uses the Progress out of Poverty Index (PPI), as developed by the Grameen Foundation.

'The PPI is a poverty measurement tool for organizations and businesses with a mission to serve the poor. The PPI is statistically sound, yet simple to use. The answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line – or above by only a narrow margin. With the PPI, organizations can identify the clients, customers or employees who are most likely to be poor or vulnerable to poverty, integrating objective poverty data into their assessments and strategic decision making.'

Source: www.progressoutofpoverty.org/

The benefit of the PPI is that robust data can be collected quickly and inexpensively through just 10 survey questions. Surveys can be issued through standard organisational activities across many branches instead of to just a small sample of individuals. Opportunity International will assess client income levels with 17 country-specific scorecards.



Triple Crown Initiatives

The Microfinance CEO Working Group (MCWG) consists of eight socially focused microfinance support networks: ACCION, FINCA International, Freedom from Hunger, Grameen Foundation USA, Opportunity International, Pro Mujer, VisionFund International (World Vision's microfinance arm) and Women's World Banking. The MCWG promotes the Triple Crown—three key initiatives that encourage best practice in social performance.

1. The SMART Campaign

The SMART Campaign was formed to protect clients from harm and to ensure minimum standards from microfinance institutions. The SMART Campaign consists of seven Client Protection Principles: appropriate product design and delivery, prevention of over-indebtedness, transparency, responsible pricing, fair and respectful treatment of clients, privacy of client data and mechanisms for complaint resolution. The SMART Campaign asks microfinance institutions to endorse its campaign and complete a SMART Campaign certification.

2. MicroFinance Transparency

MicroFinance Transparency (MFT) promotes disclosure of interest rates, fees, and other terms and conditions on financial products, both to clients and online.

3. Social Performance Task Force

MFIs are encouraged to register as members of the Social Performance Task Force (SPTF) and show a commitment to improving microfinance's social outcomes. SPTF membership is also a commitment to implement the Universal Standards for Social Performance Management (USSPM).

USSPM is a set of management standards and practices that apply to all microfinance institutions that measure financial and social performance. Meeting the standards signifies that an institution practices strong SPM. To achieve this, institutions must:

1. Define and monitor social goals
2. Ensure board, management and employee commitment to social goals
3. Treat clients responsibly
4. Design products, services, delivery models and channels that meet clients' needs and preferences
5. Treat employees responsibly
6. Balance financial and social performance

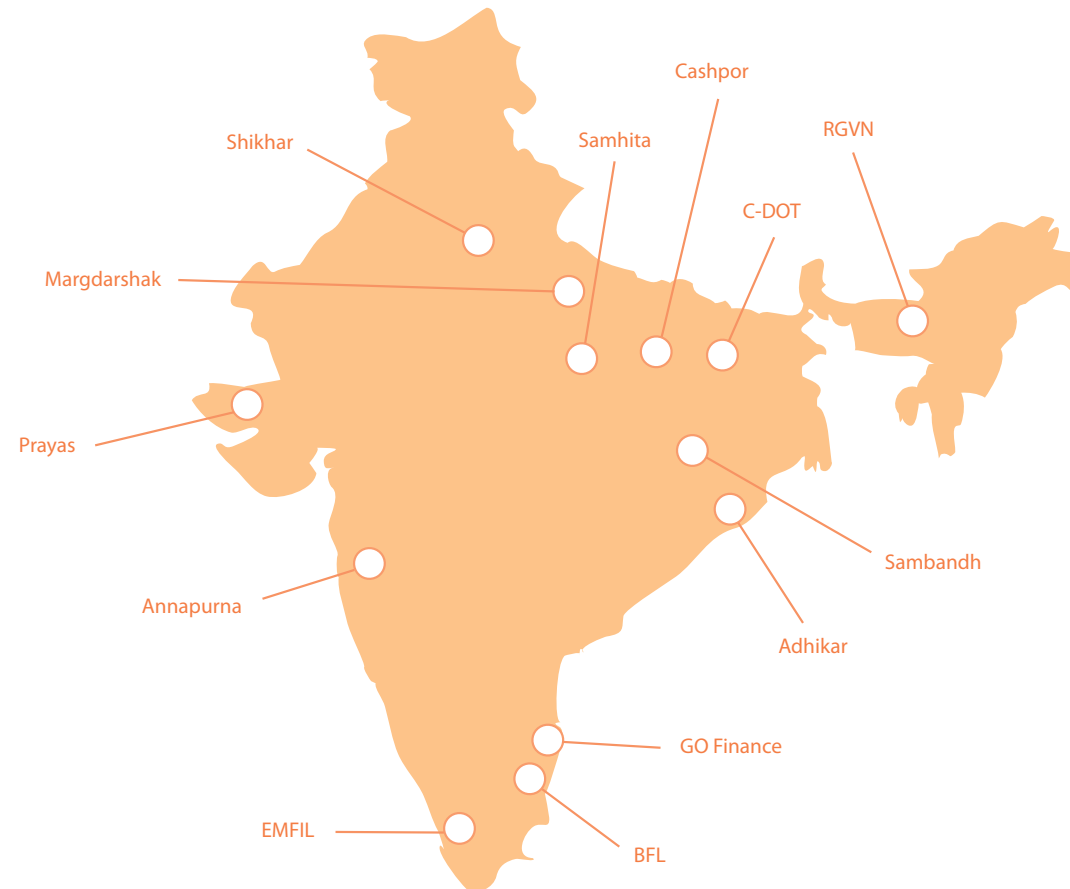
These six categories contain 99 essential practices and 33 additional good practices that SPTF member organizations should strive to meet.

SPM in India

- Opportunity International's SPM strategy was piloted in 2009 among our 13 partners in India. Lessons from this pilot informed Opportunity International's global SPM strategy.
- This strategy yielded a breadth of data (more than 30,000 client surveys) that will enable partners to improve services while reporting details on client outreach.
- We continue to work closely with our partners to ensure they gather complete and robust data while effectively managing social performance.

Our partners in India are at various stages in their SPM work. We work closely with EDA Rural Systems to provide many of our partners with technical assistance. We applied globally lessons about the support that partners need to implement data management systems and best practices. Funding for our SPM program in India is provided through our partnership with Macquarie Group Foundation. Please see page 22 for more details on this partnership.

Our partners in India



In 2013, our SPM strategy focused on building a baseline of social data from our partners. Achieving this involved rolling out the Progress out of Poverty Index (PPI) scorecard and other measures to our Indian partners and further building their capacity to collect and report SPM data.

PPI is a great tool to estimate our clients' poverty status, as it gives us an estimate of their daily income. However, poverty encompasses much more. The SPM program also collects data on other social measures to better capture the profile and characteristics of our client base.

Additional measures in India are:

- **Caste** – percentage of clients from lower castes (Scheduled Tribes and Scheduled Castes)
- **Water** – percentage of clients with no access to safe drinking water
- **Sanitation** – percentage of clients with no access to a toilet facility

- **Empowerment** – percentage of households where women are the decision makers
- **Education** – percentage of households sending their girls to school

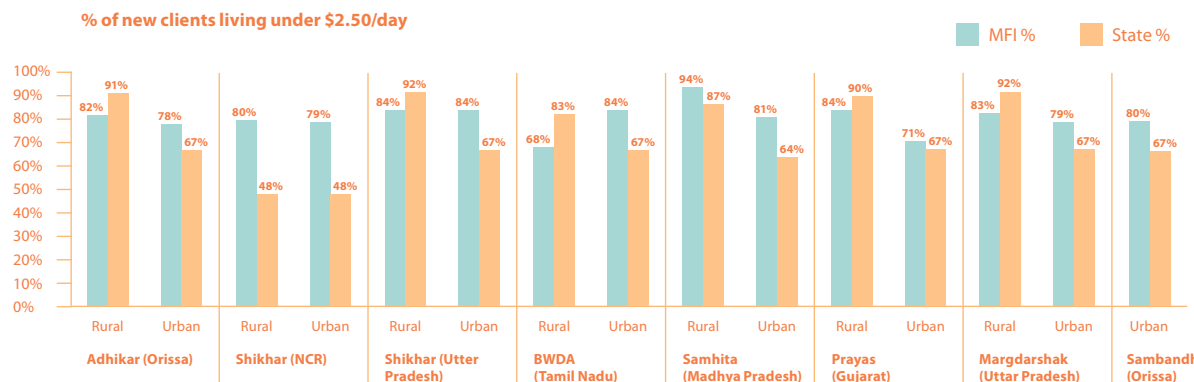
The table on the right summarises the initial findings from seven partners that are in the early stages of collecting and reporting data. This data is preliminary and subject to further analysis. However, we present it here to illustrate how such information can improve outreach and services, and therefore improve the degree to which we are able to transform our clients' lives.

The data shows the percentage of new clients surveyed who, by PPI estimates, live below the US\$2.50 poverty line. In simple terms, these figures show how successful the partners have been in targeting the poor. Economics can vary significantly by state, so as a benchmark, we have compared the poverty rates among partners' clients with average poverty rates for the population in those states, using National Sample Survey Office (India) data. Poverty rates also vary between rural and urban areas, so results for rural and urban clients are shown separately.

Partner	State	Total clients	Sample size	% of clients
Adhikar	Orissa	38,355	18,013	47%
Shikhar	NCT	20,414	624	3%
Shikhar	Uttar Pradesh	20,414	238	*
BWDA	Tamil Nadu	59,807	257	*
Samhita	Madhya Pradesh	48,642	297	*
Prayas	Gujarat	15,687	1,200	7%
Margdarshak	Uttar Pradesh	36,014	9,751	27%
Sambandh	Orissa	13,386	627	5%

* = pilot stage

- The poverty rate is higher among clients of all seven MFIs than the state poverty rate benchmark in urban areas. However, in rural areas Adhikar, BWDA, Prayas and Margdarshak client poverty rates are slightly below the state benchmark. This can be explained by their focus on reaching urban instead of rural areas, something we can now analyse with each organisation.
- Samhita, operating in Madhya Pradesh, has been most successful in reaching the poor in both urban and rural areas: 94% of new rural clients and 81% of urban clients are estimated to be living on less than \$2.50 a day, which is greater than the state poverty rates of 87% for rural areas and 64% for urban areas.
- Shikhar has been particularly successful in reaching the poor in National Capital Territory (NCT), with 80% of both rural and urban clients reporting to be living on less than \$2.50 a day. If we compare this against the state's poverty rate of 48% (for both rural and urban), we can conclude that Shikhar's outreach to the poor is significant.



SPM in India *(continued)*

The PPI can be included in standard processes, which reduces the cost of collecting data and means it can be widely gathered. This has allowed Margdarshak to survey almost 10,000 clients and assess outreach by area, branch and loan officer. This is something that would not be possible with smaller sample sizes.

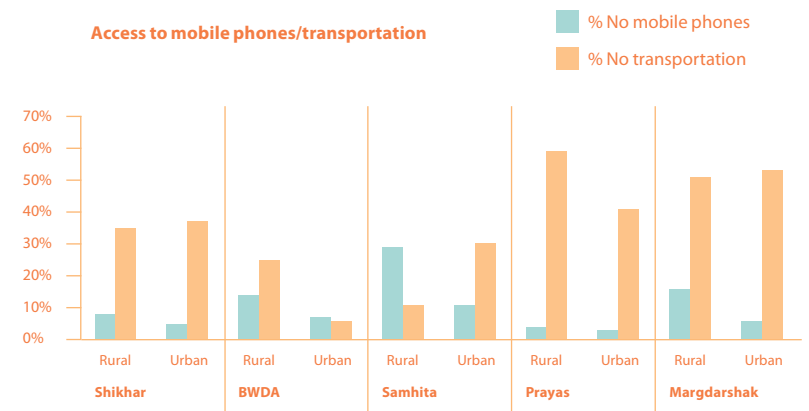
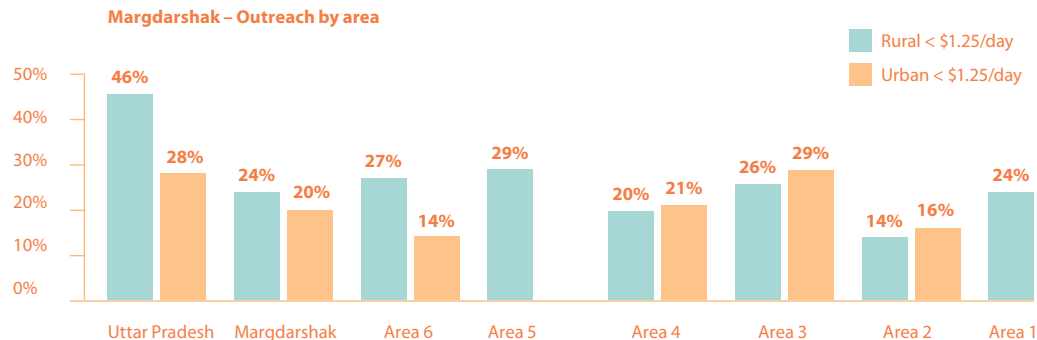
The chart to the below left is an example of Margdarshak's outreach by area, defined at the US\$1.25 poverty line.

This information can help management regularly monitor branch performance and better reach poor clients. Combined with information on poverty levels by area, this could allow for deeper analysis.

Though Margdarshak underperforms in outreach compared to the state poverty rate, particularly for rural clients, there is a wide variance by area. Areas 2 and 6 have the lowest reach. Areas 3 and 5 seem to be high performing when compared to the other branches, both among rural and urban clients. However, we need more information before we can draw strong conclusions. That said, Margdarshak is likely to already understand the differences among areas, which would apply some context to the data.

Individual indicators from the PPI questionnaire can help partners better understand specific client needs and problems, enabling them to design products and services accordingly. Tracking clients over time using the PPI will allow us to understand if some of these measures have improved. The chart below right illustrates the clients' need for mobile and transportation access.

- For example, close to 60% of Prayas rural clients do not have a mode of transportation. This may mean that the MFI needs to bring microfinance services as close to their rural clients as possible, since they have limited mobility.
- Similarly, a significant minority (29%) of Samhita's rural clients do not own a mobile phone. This may impact both the delivery of services to Samhita's clients and the clients' ability to partake in activities that require a mobile phone.



Notable findings from additional social indicators:

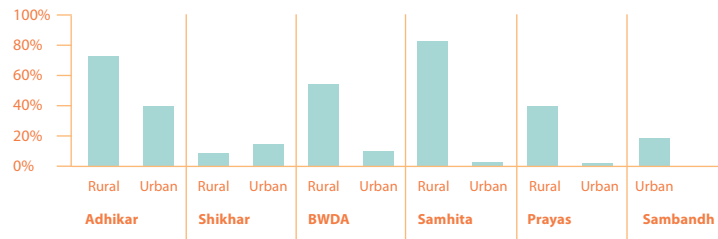
- Rural clients at Adhikar and Samhita have the worst access to toilets, with 75% and 85% of their clients reporting not owning or having access to a toilet facility. Their client base also presents the highest rates of girls not attending school—23% and 29% respectively. This type of information can inform the MFIs about clients’ needs and enable the product to be tailored to them.

Note: Samhita data was collected on a pilot basis, so it is not strictly comparable with Adhikar data.

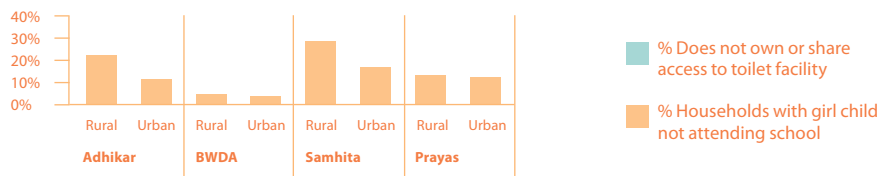
- Urban clients from all the MFIs report better access to toilet facilities than rural clients. This type of knowledge, and in particular branch-by-branch data, will allow MFIs to offer specific products only where they are needed. For example, Adhikar would promote sanitation loans mostly with its rural clients, rather than its urban clients.



Access to sanitation



Access to education



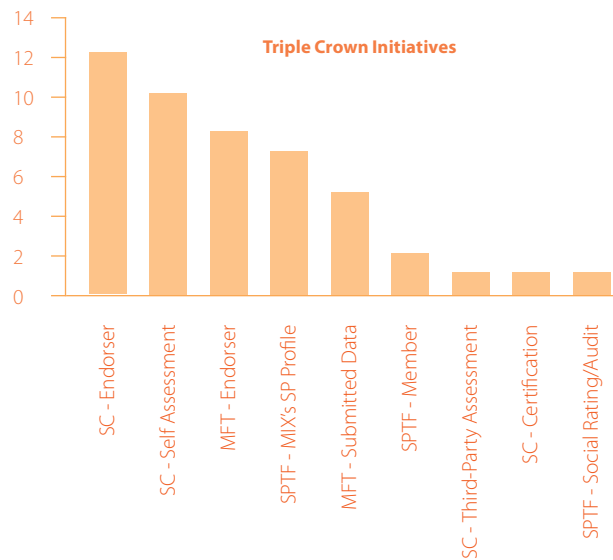
■ % Does not own or share access to toilet facility
 ■ % Households with girl child not attending school

SPM in India *(continued)*

Best Practice in SPM in India

Our Indian partners are gradually making progress on achieving the Triple Crown Initiatives. To date, 12 partners have endorsed the SMART Campaign, 10 have completed a self-assessment and eight have endorsed the MicroFinance Transparency initiative. Our Indian partners are also showing progress in collecting and reporting social data. As shown below, seven partners have submitted a social profile to the Microfinance Information Exchange (MIX), and five have submitted pricing data according to the MicroFinance Transparency initiative.

We strongly encourage our partners to continue working toward meeting these initiatives, as we provide assistance wherever needed.

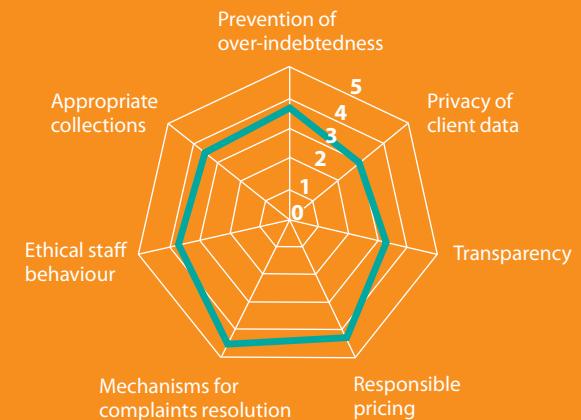


Cashpor case study

Cashpor has improved its funding potential as it leads our partners in India in client protection and best practices. It received a $\Sigma\alpha$ social rating from M-Criil in November 2012 (the second highest of eight grades). This rating indicates that Cashpor shows strong social commitment, very good systems and evidence of good adherence to social mission and values. In December 2012, the Smart Campaign issued Cashpor a Client Protection Principles assessment. Cashpor scored adequate to more than adequate on all the principles for prevention of over-indebtedness, transparency, responsible pricing, appropriate collections, ethical staff behaviour, mechanisms of complaint resolution and privacy of client data. It has exemplary practices on complaint resolution and responsible pricing.

Cashpor was one of the first six MFIs globally to receive Smart Campaign certification in February 2013. This achievement was the culmination of a great deal of hard work by Cashpor to achieve best practice in microfinance soon after the certification process was launched in January 2013.

Cashpor was recognised by Truelift at the Manila Microcredit Summit as a leader in poverty outreach and transformation. The recognition reflects Cashpor's strong measurement systems and significant results.



Cashpor scores by area of client protection

ESAF case study

ESAF is our second largest MFI partner in India, and globally, with more than 400,000 clients.

ESAF was the first MFI to undergo the certification process for PPI implementation, achieving advanced status. The PPI has been included in all credit application forms and ESAF is making good progress in implementing the PPI as a targeting and monitoring tool.

Opportunity International engaged EDA Rural Systems to conduct a pilot test of the Universal Standards for SPM at ESAF, which found it is already compliant with 38% of the essential practices. As a result, ESAF drew up an action plan and is working toward compliance with the remaining essential practices.

In May, EDA Rural Systems held a management workshop to define the social indicators that it will report in the future.

ESAF promotes the Client Protection Principles, endorsed the SMART Campaign and conducted a self-assessment of the SMART Campaign Client Protection Principles. One of its key initiatives was to

raise client and staff awareness by translating the Client Protection Principles into seven languages to be displayed in its branches.

Opportunity International conducted an SROI analysis of ESAF in 2011 (*see page 16*).

ESAF endorses the MicroFinance Transparency (MFT) initiative and submits pricing data to it. It was recently awarded the MFT Transparency Seal of Pricing Transparency for its commitment to consumer protection and responsible microfinance.

Paul Thomas, CEO of ESAF, says, 'We are committed to the fundamental principles that determine Social Performance Management and believe that we cannot shy away from being responsive, transparent and client centric to promote an inclusive microfinance. We are conscious of the fact that the poor of our country can be trusted, and we need to keep our promise to transform their lives for good. Good SPM can only lead us closer to our vision and mission.'



SPM in Africa

- The CEOs of Opportunity International's African (and Eastern European) partners attended an annual conference in Mombasa, Kenya, in late September. It is clear that members have adopted SPM as an important project and are making significant progress in embracing best practices, including endorsing and implementing the Triple Crown Initiatives.
- All partners have assessed their practices against the Universal Standards for Social Performance Management (USSPM). OISL in Ghana has a detailed plan to work toward compliance.
- Two partners began developing a plan in mid-2013 for implementing the Opportunity International's Dashboard of social indicators.
- In 2014, we will continue to develop innovative digital solutions for data capture, management and reporting. We hope most partners will begin to report regularly on Opportunity International's SPM Dashboard. We will assist partners where possible in implementing best practices to achieve SMART Campaign Certification.

Our partners in Africa



We launched our SPM program in Africa in March 2013 following our November 2012 CEO workshop in Tanzania.

MicroSave is providing technical assistance to Sinapi Aba Trust (SAT) in Ghana, Opportunity Bank of Uganda (OBUL) and Opportunity International Bank of Malawi (OIBM). Its external consultants completed a gap analysis and USSPM compliance assessment with SAT and OBUL.

Current funding for our SPM program in Africa will allow us to support six of our nine African members over the next two years.

Electronic data capture pilot (Ghana)

Our SPM program is designed to collect data through paper-based surveys. However, we will get better results from a digital solution that allows us to electronically capture client data. Smartphones or tablets collect data more efficiently (which is key to keeping client interactions manageable). The data itself is more robust and easier and quicker to manage and report.

One of Opportunity International's partners in Ghana, OISL, launched a Mobile Enterprise Open Sky (MEOS) data capture pilot that facilitates the collection, processing and reporting of both agricultural and nonagricultural financial and social data.

MEOS is a mobile application built on an Android platform usable on both smart phones and tablets. It operates in both online and offline mode, which means that users do not need to have an Internet connection to capture and save the data.

The loan officer captures client data in the field using a tablet. When back in a mobile service area, the loan officer can upload the data onto the client's official record. MEOS

was developed to upload field data directly into the institution's core banking system so that no additional data repositories are required.

Two more African partners are nearing the final stages of MEOS implementation. With sufficient funding, we hope that most of our partners in Africa and other regions will eventually have an electronic data capture option available to them.

Pilot testing USSPM at OISL

During pilot testing, OISL found USSPM to be extremely helpful. The assessment showed that OISL is compliant with 37 of the 99 essential practices. OISL's action plan commits the organisation to compliance with all essential practices within 12 months. Work has already begun to comply with two of the six sections. Example activities include:

- Clarifying guidance to staff on communicating key information to clients
- Creating and implementing an effective grievance redressal mechanism
- Introducing quarterly reporting on reasons for client exit.

USSPM self assessments in Africa

In 2013, we encouraged all of our African partners to complete our USSPM self-assessment tool (see page 18). The overall results for our eight partners who have completed the assessment show they are already achieving 68% of the essential practices and could meet a further 17% within 12 months. In 2014, we will work with all of our partners in Africa to help them meet any essential practices that require more work.



SPM in the Philippines

MicroSave launched our SPM strategy with our Filipino partners—TSKI, TSPI and OK Bank—in October 2012 with an introductory SPM workshop. ASKI is already well advanced in SPM – see case study on the right. After the workshop, each Filipino partner underwent an assessment to better understand its current SPM implementation levels. Following the initial assessment, each organisation devised an SPM implementation plan, which is now underway, partially funded by Opportunity International. Key milestones are expected to be achieved by mid-2014.

Opportunity International is now supporting ASKI in further progressing on its SPM journey. ASKI was chosen to take part in two key projects in 2013 as part of this support:

1. To participate in a USSPM pilot test (*see page 15*).
2. To be the second MFI to undergo SROI analysis. Results from this SROI pilot will be finalised and shared at a later point (*see page 16*).

Opportunity International will continue supporting its Filipino partners in their SPM work over the coming months, including assisting them in reporting capabilities through the Opportunity International SPM Dashboard. ASKI and TSKI are the first partners to have partially reported through the Opportunity International reporting tool, which is showcased in the *Reporting and accountability* section (*see page 18*).

ASKI case study

ASKI's engagement in SPM started in 2008, when it agreed to be among the first group of MFIs to use the Progress out of Poverty Index (PPI). In 2010, ASKI surveyed 5,083 clients that had remained in its program since 2008. The data showed that 310, or 14.6%, of the clients crossed the national poverty line within those two years. Toward the end of 2010, ASKI also surveyed 76,422 clients, of which 16.4% were below the national poverty line. In 2011, ASKI became the first MFI in the Philippines to have its PPI implementation certified in all three levels: basic, advanced and tracking over time.

ASKI has promoted best practices since December 2010 by implementing the SMART Campaign's Client Protection Principles. In addition, ASKI participated in the Social Performance Task Force (SPTF) meetings, which SPTF organizes annually to support the SPM agenda.

Most recently, MicroFinanza Rating gave ASKI a high social rating of A-.

ASKI was recently awarded the European Microfinance Award specifically for its agricultural initiatives; the MFTransparency Seal of Pricing Transparency; and Most Outstanding NGO in the Philippines by the National Livelihood Development Corporation.



Other developments in our SPM program

Social Performance Taskforce Conference 2013 – Panama

As part of our SPM strategy, we are collaborating with other microfinance networks and the international microfinance sector to share knowledge and experiences about best practices. Opportunity International doesn't work in isolation, and there is much we can learn from our peers' experience. We also think that our SPM can inform others who have just started their journey.

In June 2013, Opportunity International representatives, alongside some of our partners from India and the Philippines, represented the Opportunity International Network at the Social Performance Taskforce Annual Conference in Panama, the premier annual event for social microfinance experts and practitioners (pictured). Over two days, close to 400 participants from more than 30 countries shared their experiences with key global SPM initiatives. Achievements from the event included:

- Positioning Opportunity International as a social investor that has made significant progress in its commitment to SPM over the past 18 months.
- Enabling the SPM team to present findings from USSPM pilot tests, sharing the lessons learned and participating in key discussions on taking SPM forward.

The SPM team took the opportunity in Panama to launch the strategy with our six Latin American partners. An Opportunity International SPM workshop created a dialogue around the relevance of SPM and helped us gauge our Latin American partners' interest in implementing the strategy. The partners showed a willingness and commitment to implementing SPM.



Pilot testing of the USSPM

USSPM, launched in mid-2012, is the first comprehensive list of best practices for managing social performance, which goes beyond client protection to cover the full breadth of MFI activity.

As one of eight socially focused networks committed to promoting USSPM with network partners, we commissioned EDA Rural Systems to help test those standards with three members, including OISL in Ghana, ASKI in the Philippines and ESAF in India.

USSPM is extensive, with 99 essential practices and more than 30 additional practices. Our partners' pilot testing comprised:

- Understanding the standards and what compliance with the essential practices might mean
- Comparing current practice to best practice to identify where work is required to meet the standards
- Developing a plan to achieve compliance with all standards.

Even the first of these three parts can be challenging and requires time and attention from management for proper completion.

The pilot test was a valuable exercise. MFIs learned it was best to have a segmented approach during which departments reviewed specific sections that concern them.

The exercise resulted in an action plan that assigned various departments responsibility for addressing gaps. All MFIs were receptive to the plan and committed to implementing it.

Other developments in our SPM program *(continued)*

While developing an action plan is very valuable to these partners, it is also important for them to maintain realistic expectations of timeframes and progress.

In July 2013, the Microfinance CEOs Working Group (MCWG) published a report highlighting the lessons all eight networks learned during the pilot testing exercise.*

Opportunity International also presented the results of its pilot testing to the sector at the SPTF Conference 2013 in Panama.

Our Social Return on Investment

Our mission is client transformation—to provide opportunities to people living in poverty that change their lives. Understanding the metamorphosis our clients experience through our programs is critical to our SPM strategy. But understanding, measuring and monitoring how we transform our clients' lives remains a challenge.

Opportunity International looks at innovative ways to address the questions, "How are we transforming? What is our social impact?" so that we can clearly communicate our findings to our broader stakeholders. The SPM strategy uses new, innovative methodologies such as Social Return on Investment (SROI), a principle-based framework for understanding, measuring and reporting on the value created by an organisation or activity—in our case, microfinance. SROI shows how measuring social, economic and environmental outcomes through monetary values creates change. The end result is an index or ratio that compares monetised outcomes to the investment required to generate them.

SROI enables us to understand what our clients value and what major changes they experienced as a result of our services. Tatiana Peralta, project coordinator at Opportunity

International Australia and member of the SPM team, is an accredited SROI practitioner.** In 2011-12, Tatiana conducted a pilot SROI study with Opportunity International's partner ESAF in India. This study demonstrated an SROI ratio of 3.19:1 (the ratio of benefits to costs), predicting the potential social value created by ESAF's programs. The analysis showed that EMFIL's (the microfinance arm of ESAF) holistic approach in offering services achieves a range of outcomes that goes beyond improving the client's economic situation. In fact, some of the most significant outcomes were related to a greater sense of empowerment and social connectedness, as described by the clients themselves. Though income is the most easily quantifiable outcome, the analysis found that stakeholders value many other key changes.

SROI informed the broader SPM strategy by enabling us to better understand the type of measures that will help us test, confirm and fully assess our social impact. We will continue applying the methodology in other areas, with different microfinance partners—Tatiana is in the process of finalising a second SROI pilot with ASKI, one of our partners in the Philippines.

* centerforfinancialinclusionblog.files.wordpress.com/2013/05/insights-from-e2809cbeta-testinge2809d-the-universal-standards-for-social-performance-management.pdf

** By the SROI Network www.thesroinetwork.org



SPM in Eastern Europe

Opportunity International's members in Romania and Serbia made significant progress in 2013 in adopting best practices in social microfinance.

Opportunity Microcredit Romania (OMRO), with support from the Microfinance Centre (MFC) in Europe, engaged an expert consultant to review its practices against the USSPM and have since drawn up a plan to meet the standards, including achieving SMART Campaign certification in 2014.

Opportunity Stedionica (Opportunity Bank Serbia) has worked toward SMART Campaign certification with MicroFinanza Rating's support. The senior management team believes that the process has significantly improved the client-service culture at Opportunity Serbia, to the ultimate benefit of the clients.



Reporting and accountability

- We emphasize data reporting and collection because statistics help our partners be more client focused.
- The data shows our partners are making progress on adopting best practices. For example, 70% of our partners have endorsed the SMART Campaign, 65% have endorsed the MicroFinance Transparency initiative and 37% are members of the Social Performance Task Force.
- Innovative tools help us collect consistent data efficiently and report regularly to stakeholders.
- It will take time for all our partners to be able to report on the Opportunity International SPM Dashboard. We are providing technical assistance to partners as funding becomes available to assist them in collecting and reporting data.

Social data reporting is a key part of our SPM strategy. Our partners must report social data to management, their boards and Opportunity International. In turn, Opportunity International will report that data externally to donors, government bodies and industry groups.

In this section, we showcase some of the reporting tools we developed and some of the reporting we are doing or have concrete plans to do in the future.

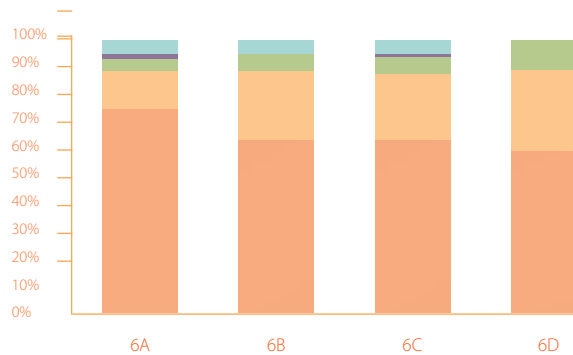
USSPM self-assessment tool

Our USSPM self-assessment tool is key in assisting partners achieve best practices in social performance. This tool was adapted from one developed by VisionFund.

It is designed for partners to assess their compliance with USSPM. This provides a useful starting point for Opportunity International to assess the technical assistance that we provide to our partners. We have so far sent the self-assessment tool to our partners in Africa, Eastern Europe, Latin America and ASKI in the Philippines. The image to the right is an example from Section 6 of USSPM, as completed by one of our African partners. The chart below shows an example of how our partners assess their compliance with each of the 99 essential USSPM practices.

Once our partners complete these self assessments, we can analyse where there are gaps in their social performance.

The screenshot shows a web-based assessment form for 'SECTION 6: BALANCE FINANCIAL & SOCIAL PERFORMANCE'. The main heading is 'STANDARD 6A: Growth rates are sustainable and appropriate for market conditions, allowing for high service quality.' Below this, there are sub-sections '6a.1', '6a.2', '6a.3', and '6a.4'. The selected section '6a.1' contains the text: 'The institution sets sustainable target growth rates for all branches/regions and for all products, considering both internal factors (e.g., staffing, information systems, financing) and external factors (e.g., competition, market saturation, client over-indebtedness)'. The form includes a 'STATUS?' section with radio buttons for 'We meet this standard', 'We could meet it within 12 months', 'External support needed to meet this standard' (checked), 'It is not a priority to meet this standard', and 'We don't know how to measure this standard'. There is also a 'CONSULTATION' section asking 'Did you consult with relevant staff in responding to this question?' with 'YES' checked and 'NO' unchecked. A 'DATA' section asks 'Is there data available that confirms your response?' with 'YES' unchecked and 'NO' checked. A 'COMMENTS' text area and a yellow 'DONE!' button are at the bottom.

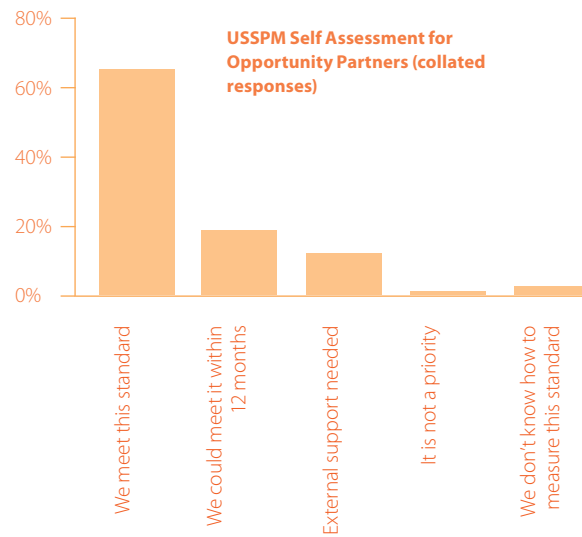


Standard 6-Balance Financial and Social Performance

- We meet this standard
- We could meet it within 12 months
- External support needed
- We don't know how to measure this standard
- It is not a priority

From this analysis, we can conclude that the partner shown on the previous page, which meets only a small percentage of essential practices in Standard 6 and needs considerable help to meet its goals, still has progress to make in achieving best practices.

The overall results for all of our partners who have completed the self-assessment in Africa (eight partners), Eastern Europe (two partners) and Latin America (two partners) are listed below. Based on our partners' self-assessments, they have achieved 65% of the essential practices and could meet 15% more within 12 months.



Partner reporting tool

As detailed in the *(SPM strategy)* section, we are asking all of our partners to report on a core set of measures from the Opportunity International SPM Dashboard. We created a tool in August 2013 to assist partners in reporting these measures. We have sent the reporting tool to several of our partners and are hoping to have at least five partners complete it before the end of 2013 and many more in 2014 and beyond. ASKI and TSKI have already completed a large portion of the report.

The output page, shown on the following page, provides an overview of partner social performance by measure. It is a useful reference page for the MFI board and management and Opportunity International.



Reporting and accountability *(continued)*

Example of SPM Reporting Template, showing ASKI's results

ASKI

Home

Partner Social Performance Overview



Mission statement and social goals

To promote socio-economic development through client-focused financial and non-financial services anchored on Christian principles.

The organisations social goals are:
 - To reach yearly poverty profile of 40% for the group and agri loans, 20% for individual loan and 60% for community development group. To reach at least 85% client retention rate by 2014. To reach ___ client satisfaction rate by _____.
 - Annual poverty movement of _____.

Range of services

	Offered	% of clients	
Credit/loan services	Group loans	YES 45%	
	Individual loans	YES 33%	
	SME loans	YES 0%	
	Agricultural loans	YES 21%	
	Educational loans	YES 0%	
	Health loans	NO 0%	
	Emergency loans	NO 0%	
	Other	YES 1%	
	Other financial services	Savings	YES- Offered Directly 26%
		Compulsory insurance	NO 0%
Non compulsory insurance		YES- Offered Directly 93%	
Pensions		YES- Via Third Party 15%	
Remittances		NO 0%	
Complementary services	Education/Literacy programs	Available to <5% of clients or portfolio	
	Skills/business training	Available to <5% of clients or portfolio	
	Livelihoods programs	Available to <5% of clients or portfolio	
	Health education	Have concrete plans	
	Healthcare	Have concrete plans	
	Water and sanitation	Available to <5% of clients or portfolio	
	Other	↓	

Client transformation

	Baseline	Follow up
Sample size	Number of surveys completed 42635	0
Poverty band change	% of Moderately poor clients (<\$5/day)	0% 0%
	% of Poor clients (<\$2/day)	0% 0%
	% of Extremely poor clients (<\$1.25/day)	0% 0%
Job creation	Average number of jobs created by 1000 clients	0 0
Access to health	% of clients who experienced a serious illness in the last 6 months	0% 0%
	% of clients who were able to access a health facility for a serious illness in last 6 months	0% 0%
Access to sanitation services	% of clients who have access to a toilet (own or community shared)	0% 0%
Vulnerability	% of clients have been unable to provide adequate food for their family in the last 6 months?	0% 0%
Decision participation	% of clients who participate in key household decisions	0% 0%
School participation	% of clients who have school age children who attend school regularly	0% 0%
Community participation	% of clients who feel able to participate in key community decisions	0% 0%
Spiritual-God	% of clients who feel increased spiritual support since joining the program	0% 0%

Client Outreach Jul 12 to Jun 13

% of new clients sampled		100%		
	Targets?	% of active borrowers	Tools used to measure	
Poverty level	Moderately poor (<\$5/day)	YES- Secondary Focus	64%	PPI
	Poor (<\$2/day)	YES- Primary Focus	31%	PPI
	Extremely poor (<\$1.25/day)	YES- Secondary Focus	8%	PPI
Outreach	Female	YES	73%	PPI
	Rural	YES	86%	PPI
	Minorities	YES	0%	↓
	Financially excluded	YES	0%	↓

Universal Standards of SPM

Number of essential practices (total 99)	Section 1	Section 2	Section 3	Section 4	Section 5	Section 6
Do you meet the standard	67%	42%	56%	70%	81%	92%
Will meet standard in next 12 months	24%	58%	33%	15%	13%	8%
Need external support to meet standard	9%	0%	11%	15%	6%	0%
It is not a priority to meet standard	0%	0%	0%	0%	0%	0%
Don't know how to measure the standard	0%	0%	0%	0%	0%	0%

Reporting

The partner reports regularly to or is rated by the following external bodies:		Frequency	
Mix Market	YES- BOTH	Highly transparent, regular reporting	
MF Transparency	↓	↓	
Local Social Reporting (e.g. Saadhan in India)	↓	↓	
Other	↓	↓	
Social Ratings	YES	A-	MicroFinanza Dec-12
Financial Ratings	YES	BB+	MicroFinanza Dec-13

Client protection

Responsible pricing	EIR for most prolific group loan	68%
	Average rate in country for group loan	N/A
Client retention		41%
Staff retention		78%

Conclusions

Client satisfaction

Do you have formal mechanisms in place to handle and respond to client complaints?	Yes, we have these formal mechanisms in place.
Exit interviews are undertaken with clients that leave	Client exit interviews consistently done and thorough
Product designs and services are informed by clients through surveys, focus groups etc;	Imminent project to modify products based on client feedback
Standard measure of client satisfaction	YES

SPM work planned in next 6 months

Triple Crown Initiatives

Opportunity International's SPM team also collects data and reports to our board on our partners' progress in complying with the Triple Crown Initiatives. This is yet another example of how we remain accountable to our board, supporters and other stakeholders. Given our social mission, we feel it is important that our partners progress toward these best practices, which are recognized across the microfinance sector.

We monitor each of our partners' performance, while offering guidance on how to progress further. We also track Opportunity International's performance as compared to other networks.

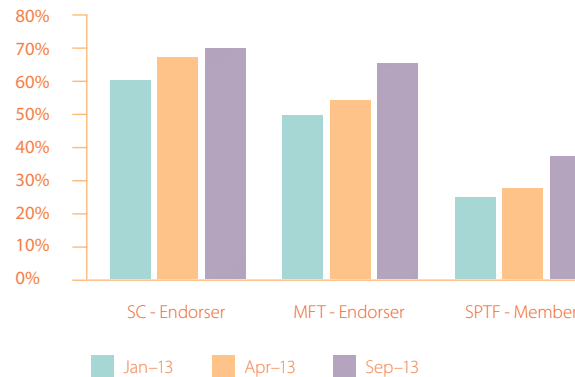
In the short term, we set a goal for as many of our partners as possible to achieve the following initiatives:

- SMART Campaign (SC) endorsement
- MicroFinance Transparency endorsement
- SPTF membership

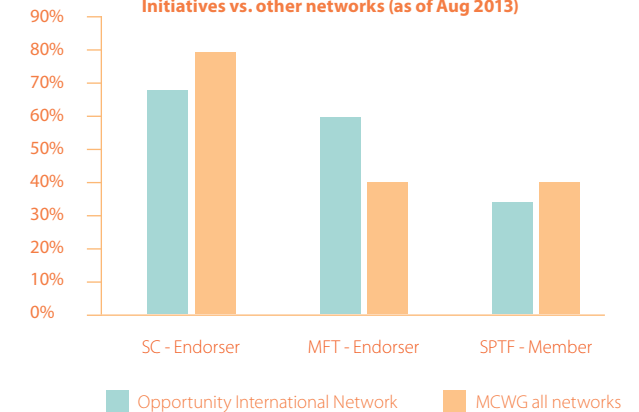
The following chart shows the progress made since the beginning of this year on these three initiatives.

Relative to other networks in the MCWG, we are doing well in some areas, while looking to improve our efforts in others. We will continue to encourage and support our network partners as they progress on these initiatives.

Opportunity International's progress on short-term target initiatives



Opportunity International's progress on Triple Crown Initiatives vs. other networks (as of Aug 2013)



SPM project sponsors and delivery partners

Sponsors

Macquarie Group Foundation awarded funding to Opportunity International's SPM program in 2012. This funding covers two full years of support to our SPM India program.

"Measuring the impact of a particular initiative yields information that can be usefully leveraged for future programs. That's why the Macquarie Group Foundation is pleased to be an early investor in Opportunity International's innovative Social Performance Management tool. SPM is relevant to anyone who is committed to impact. It provides Opportunity International with a more nuanced understanding of the communities it serves, and we expect it to lead to longer-lasting benefits for so many people living in poverty."

– Lisa George, global head, Macquarie Group Foundation

The UK government's **Department for International Development (DFID)** provided matching funding for Opportunity UK's fundraising campaign at the end of 2012. This resulted in funding to support the launch of Opportunity International's SPM program in Africa. DFID supports capacity building projects, including those that aim to improve monitoring and evaluation of interventions that benefit the poor.

AusAID has financially supported Opportunity International's SPM Program since 2009. In 2013, AusAID funded two projects: SPM implementation among three Opportunity International partners in the Philippines and USSPM pilot testing at three network partners.

Delivery Partners

EDA Rural Systems has helped develop Opportunity International's SPM strategy since 2008. EDA Rural Systems' support in the past few years has focused on helping build capacity to implement SPM with partners in India. EDA Rural Systems also supported Opportunity International in USSPM pilot testing, helping three partners understand the standards, compare current practices to best practices and develop action plans to meet the standards.

MicroSave is working with Opportunity International in Africa to better understand client outreach and impact, and promote best practices in social microfinance. MicroSave will work with at least six of Opportunity International's African partners over a two-year term until early 2015. MicroSave has also provided SPM support to two of our Filipino partners and will begin working with a third partner at the end of 2013.

In October 2013, Opportunity International partnered with **MicroFinanza Rating** to promote best practices and client focus across our partners. MicroFinanza Rating is Opportunity International's preferred partner for SMART Campaign certification. The group worked with two Opportunity International partners in Eastern Europe in 2013—OMRO and Opportunity Serbia—to prepare them for certification. MicroFinanza Rating combines social ratings with the certification process at a discounted rate. Opportunity International expects to help at least six more members become certified through the partnership in the next 12 months.



A photograph of a man standing in a rural, outdoor setting, surrounded by several cows. The image is overlaid with a semi-transparent orange filter. The man is wearing a dark polo shirt and light-colored trousers. The background shows trees and a dirt path.

At its heart SPM is about demonstrating our commitment to transforming lives. Over the past few years, we developed a strong framework for measuring impact and improving our delivery of socially focused microfinance. We look forward to expanding this initiative globally.

To achieve this, we need more funding from like-minded supporters who value our commitment to transformation.

With additional support, we will be able to continue delivering client-focused microfinance services across 22 countries, through more than 40 partners, helping millions of clients living in poverty.



The Opportunity International Network is a global coalition of organisations dedicated to using microfinance to provide opportunities for people in poverty to transform their lives.



Implementing Members (IMs)

More than 40 implementing members provide microfinance services to clients in 22 countries.

Supporting Members (SMs)

Our seven Supporting Members raise funds to support the growth of our implementing members.

Opportunity United States

www.opportunity.org

Opportunity Australia

www.opportunity.org.au

Opportunity Canada

www.opportunityinternational.ca

Opportunity Deutschland

www.oid.org

Opportunity Hong Kong

www.opportunity.org.hk

Opportunity Schweiz

www.opportunity-schweiz.ch

Opportunity United Kingdom

opportunity.org.uk

Network Board

This is our central governing body, responsible for strategic direction and oversight. The Network Board consists of microfinance and banking professionals representing each region of the Opportunity International Network.

Global Microfinance Operations (GMO)

The GMO is a global team of microfinance experts who support our members in areas such as risk management, internal audit, HR, staff training, finance and IT. The GMO is accountable to the Network Board.

Opportunity International Social Performance Management team

Head of team: Calum Scott, Program Impact Director
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Team members: Tatiana Peralta, Kate Saunders, Emily Archer, Rojith De Silva.

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