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CASE STUDY



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FONDO ESPERANZA

Using Outcomes Data to Drive Performance

Executive Summary

- Fondo Esperanza serves more than 117,000 entrepreneurs with training, networking, and financial (credit and micro-insurance) services in over 261 *comunas*, or counties, across Chile. In 2017, its outstanding loan portfolio exceeded 81 million USD.
- In 2010, Fondo Esperanza started measuring social outcomes. Now, the institution embraces the philosophy of using measurement as a means of understanding clients' progress toward their social goals, and it is working to integrate analysis of outcomes data into management decisions, in order to achieve greater social outcomes for clients.
- Currently, Fondo Esperanza tracks 32 social performance indicators for each client across four focus areas – Business Development, Family Well-Being, Empowerment, and Social Capital.
- Fondo Esperanza collects client data when a client joins the institution and 1.5 years thereafter.
- The outcomes management system has many elements:
 - Data are collected by Communal Bank Advisors, who manage the relationship with clients and hold regular meetings with them for collections, business counseling, and training.
 - Quality control occurs in three stages: 1) in the field, during data collection; 2) in the field, after the data are collected, and 3) at headquarters, after data have been entered into the database.
 - The Deputy Manager of Social Performance analyzes the data.
 - The Deputy Manager of Social Performance creates monthly social performance reports based on this data analysis. Each report is shared with the board, General Manager, the department of product and service development, the quality control department, and the network of Fondo Esperanza branch offices. The latter two supervise performance in the field. Reports are shared with other stakeholders as appropriate.

“Medir para corregir”

Fondo Esperanza measures outcomes to inform its strategic decisions and make sure it is meeting its social goals. Anecdotal stories of client improvement do not provide sufficient insight. Tracking outcomes for all clients to understand who is benefiting and who is not, and in what ways, suggests adjustments to policies and products. Fondo Esperanza's motto emphasizes the usefulness of outcomes data: *“medir para corregir”* or “measure it to correct it.”

FONDO ESPERANZA Using Outcomes Data to Drive Performance

- Clients receive a personalized letter with their results, comparing their level of development when they started in Fondo Esperanza and 1.5-years later, in each of the four focus areas. The letter also allows clients to set goals and for Fondo Esperanza to help track progress toward them. See Annex A for a sample letter to a client.
- In Fondo Esperanza, the analysis and use of outcomes data is a work in progress. The institution is continually learning how social data can provide insights that are relevant to strategic decisions, such as ways to improve operations and whether to launch new services.

Introduction

Fondo Esperanza is a Chilean microfinance institution that was founded in 2002 and has a strong commitment to its social mission: *supporting women and men entrepreneurs from vulnerable sectors through financial services, training, and networking, with the objective of contributing to the improvement of their living conditions, those of their families, and their communities.*¹

At the end of 2017, Fondo Esperanza had an outstanding loan portfolio of more than 81 million USD and had dispersed over 252 million USD in loans during the year. Of its 117,331 clients, 82% were women, 39% had basic / primary education or less, and 79% of the new clients were classified as vulnerable in Chile.²

To support its clients, Fondo Esperanza integrates training and the creation of networks within its microfinance services.

To know whether it is achieving its mission, and to enable its managers to make informed decisions on operations and strategies that will improve outcomes for clients, Fondo Esperanza systematically measures its social performance. One staff member puts it this way: "Financial performance is not enough."

Currently, Fondo Esperanza tracks 32 social performance indicators for each client, which are spread across four focus areas: Business Development, Family Well-Being, Empowerment, and Social Capital.

Group and Individual Microfinance Services

Fondo Esperanza's financial services include productive microfinance loans and micro-insurance for groups or individuals. Fondo Esperanza segments its clients in order to define what value it can offer to different types of clients. Understanding how much and what type of value is provided by its current products and services is critical to Fondo Esperanza's ability to create positive change in clients' lives.

¹ "Apoyar a mujeres y hombres emprendedores de sectores vulnerables a través de servicios financieros, capacitación y redes, con el objetivo de aportar al mejoramiento de sus condiciones de vida, las de sus familias y comunidades". Fondo Esperanza's mission statement, copied on 25 Jan 2017 from the webpage www.fondoesperanza.cl/somos/mision.

² Statistic based on a sample of new Communal Bank clients compared to the "social register of households" database overseen by the Ministry of Social Development of Chile.

CASE STUDY

FONDO ESPERANZA Using Outcomes Data to Drive Performance

“*Banco Comunal*” is the name for the product that uses the solidarity method as a guarantee, meaning client group members guarantee each other’s loans. Each group is composed of 18 to 25 entrepreneurs who live near each other and/or work in the same sector. *Bancos Comunales* are further divided into subgroups, typically, four groups of five clients. The amount of the loan depends on the number of loan cycles that the client has completed in the group, and with each cycle, the clients in the group can apply for a larger loan (see Table 1).

Table 1: **Banco Comunal Loan Product**

	Cycle 1	Cycle 2	Cycles 3-6	Cycle 7
Max Amount	US\$350	US\$516	US\$1,681	US\$2,164
Term	14 weeks	14 weeks	14-28 weeks	14-28 weeks
Repayment	Weekly or bi-weekly	Weekly or bi-weekly	Weekly or bi-weekly	Weekly or bi-weekly

The other credit product for groups is called “Opportunity Credit,” which is disbursed in parallel to the normal *Banco Comunal* loans and serves as a source of extra capital for businesses facing periods of strong demand, such as religious or national holidays. The maximum amount for this credit is US\$499.

For individuals who want to grow their businesses, the institution offers two individual credit products: the “Development Credit” and the “Working Capital Credit” (see Table 2). Individual credit clients can come from *Banco Comunal* groups or be new to Fondo Esperanza. To be eligible for individual credit, borrowers must have a strong business, have a guarantor, and pass an over-indebtedness test that relies on data from the national credit bureau’s records.

Table 2: **Individual Credit Products**

	First Loan	Subsequent Loans
Development Credit (DC) Loan		
Amount	US\$1,665 - US\$4,162	US\$8,323
Term	12-18 months	12-36 months
Repayment	Monthly	Monthly
Working Capital Credit Loan		
Amount	US\$166 – US\$4,162	US\$166 – US\$4,162
Term	1-18 months	1-18 months
Repayment	Monthly	Monthly

FONDO ESPERANZA Using Outcomes Data to Drive Performance

Additionally, Fondo Esperanza offers two micro-insurance products:

1. My Family Protected Plus – This insurance supports family members upon a client’s accidental death or disability. Benefits include funeral expenses. Fondo Esperanza introduced this product in 2015.
2. Credit Life for the Development Credit – This credit life insurance is for the Development Credit product only. It covers the outstanding loan balance for family members or guarantors in the event of a client’s death. Fondo Esperanza introduced this product in 2015.

Non-financial Services

Social services (or non-financial services) are an integral part of Fondo Esperanza’s offering. Specifically, Fondo Esperanza delivers trainings and co-creates social networks for its clients.

School of Entrepreneurship

Currently, *Banco Comunal* Advisors deliver training to each *Banco Comunal* through a program called the School of Entrepreneurship. The teaching methodology is based on three pillars: adult learning, experiential learning, and a pathway for learning achievements. The training is comprised of 18 modules, which collectively address four focus areas: Business Development, Family Well-Being, Empowerment, and Social Capital. Modules are taught periodically, based on interest and the pace of learning of its members. Trainings are scheduled during group meetings, during which the usual activities of counseling and payments also take place. As a complement to this in-house training, Fondo Esperanza links its clients to specialized courses offered by other institutions in cases where a client has either a Development Credit or a *Banco Comunal* Credit and is in her seventh loan cycle or higher.

In 2017, Fondo Esperanza launched the *EducaFE* project, with the goal of improving the design of holistic educational services for clients that would build their skills in all four focus areas. Feedback at all levels had indicated a need to gather additional information from *Banco Comunal* clients, Development Credit clients, and Fondo Esperanza staff, to re-structure the teaching methodology and to revise training content. In 2018, Fondo Esperanza is continuing to develop its educational strategy and to pilot test some prototypes.

Social Networks

Fondo Esperanza creates social networks to generate support and collaboration among public and private institutions and the entrepreneurs who are its clients, and also among entrepreneurs at local and national levels. The goal is to connect clients to additional resources and support services through collaboration in four priority areas: commerce, education, social protection, and community development.

CASE STUDY

FONDO ESPERANZA Using Outcomes Data to Drive Performance

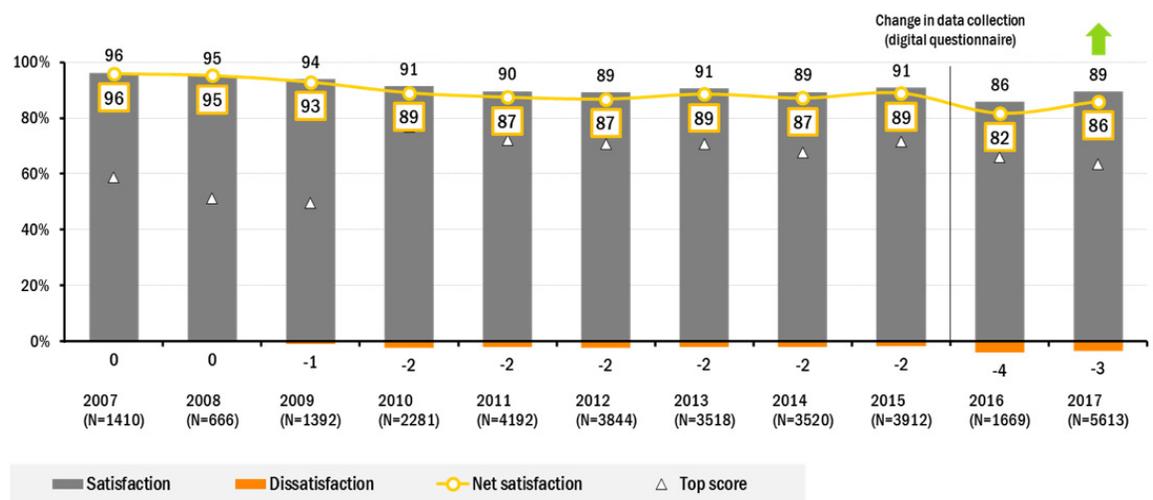
As part of network creation, Fondo Esperanza generates strategic partnerships with select allies, such as well-vetted local non-governmental organizations (NGOs), clients' suppliers, and educational institutions. These organizations deliver services to which many of Fondo Esperanza's clients, especially women, previously lacked access.

Another fundamental element for Fondo Esperanza is creating networks among its entrepreneur clients. Building strong support and collaboration among them increases their opportunities for development. The *Bancos Comunes* themselves offer a type of social network. Fondo Esperanza's interlocking group lending model creates a cohesive sub-group of 4-5 clients as well as a larger support group of 18-25 clients. These groups support each client, financially, commercially, emotionally, and organizationally in their daily lives. At the national level, Fondo Esperanza supports network creation through the application of *Somos FE*, an innovative tool that creates a virtual space for entrepreneurs to meet and exchange. In this application, everyone can share information, experience, and data, and can virtually display their products and services to the other entrepreneurs.

Client Satisfaction

Since 2007, Fondo Esperanza has systematically measured client satisfaction, surveying a representative sample of its primary client segment, the group loan clients. The results help Fondo Esperanza to create action plans to improve the quality of service and inform mid- and long-term strategic decisions.

Graphic 1: Evolution of Fondo Esperanza Client Satisfaction Data



Fondo Esperanza's client satisfaction rating is consistently high (see Graphic 1). Though the overall trend declined slightly from 2007-2011, perhaps associated with greater client maturity and higher expectations toward services, client satisfaction has always remained above the 80% benchmark. This surpasses the majority of public and private Chilean providers. In 2017, the client satisfaction rate was 89%.

FONDO ESPERANZA Using Outcomes Data to Drive Performance

In 2016, Fondo Esperanza changed its data collection methodology from a paper to a digital questionnaire. This has allowed Fondo Esperanza to increase the sample size, reduce costs, improve data accuracy, and reduce the time between data collection and reporting of results. In 2017, more than 5,600 clients responded via digital questionnaire.

Measuring and Managing Client Outcomes

Outcomes management begins with deciding what outcomes the institution expects its products and services to help clients achieve, and then selecting the indicators it will use to measure progress toward those outcomes. The process of collecting, analyzing, and using those data involves many people in many departments. As explained in detail below, Fondo Esperanza has implemented a comprehensive outcomes management system that emphasizes the collection of accurate, relevant data that are reported widely to both internal and external stakeholders.

Indicators

Fondo Esperanza collects data on 32 different social indicators across four focus areas, each of which has multiple sub-categories. These data are reported on a social indicator scorecard, summarized in Table 3. See Annex B for a list of the indicators used to measure results for the sub-categories shown below in the social indicator scorecard.

Table 3: Fondo Esperanza’s Social Indicator Scorecard

Focus Area	Sub-category	Description
Business Development	1. Business Skills	Expense control, budget management, accounting records
	2. Business Growth	Level of formalization, business growth in terms of human resources
	3. Business Earnings	Monthly sales minus costs
Family Well-Being	4. Per Capita Income	Per capita income in the household
	5. Social Security	Healthcare and pension fund
	6. Savings and Debt	Assets and liabilities
Empowerment	7. Self-esteem	Self-perception
	8. Locus of Control	Perception of how much control she has over her own future; seeing the responsibility for what happens in her life as internal or external.
	9. Skills and Decision-making Power in Business	Perception of her business skills and who has control over business decisions.
	10. Leadership	Perception of her leadership in the loan group or the community
Social Capital	11. Networks	Local social capital
	12. Confidence	In her local community
	13. Associativity	Participation in organizations

Steps for Collecting and Analyzing the Data

1 Gather data

Using tablets, *Banco Comunal* Advisors interview new Fondo Esperanza clients to gather baseline data on 33 social indicators across four focus areas: Business Development, Family Well-Being, Empowerment, and Social Capital. They are re-interviewed to gather follow-up data on these social variables after 1.5 years. Fondo Esperanza also periodically collects data on client satisfaction, education and network development indicators, quality of educational sessions delivered, and quality of financial services provided. These data are analyzed together and included in the board report.

2 Compile data

Banco Comunal Advisors upload data from the tablet to the central database when they return from the field to a place with an Internet connection.

Data Collection

The data collection process has multiple steps. During the *Banco Comunal* Advisors' orientation, Quality Coordinators teach them how to administer a client survey called *Ficha de Indicadores Sociales* (FIS), or Social Indicators Scorecard. When each entrepreneur first becomes a client in a *Banco Comunal*, the Credit Advisor administers this survey as part of the loan application process. The FIS has three goals: loan evaluation, social results measurement, and assessment of social and financial vulnerability. After approximately 1.5-years³ (when the client is applying for her fifth credit), if the person remains a client, the Credit Advisor again collects the client's responses to this survey as part of the loan application process for her next *Banco Comunal* credit.

Data Entry

Credit Advisors enter data directly into the digital "FIS" with a tablet, allowing them to do data entry in the field and then upload it directly to a central database once they reach an Internet connection. The original database was developed in-house, but in 2016-17, Fondo Esperanza invested in a core banking system called *Bantotal* that can house all of the social and financial data for its clients in one database. The migration to this core banking system simplified analysis considerably, since there is a single database now for all data relating to a client's credit and micro-insurance history, contact information, business and family finances, family well-being, level of empowerment, and social capital.

Data Verification and Quality Control Incentives

Data are checked both in the field and in local headquarters by Quality Coordinators. In the field, Quality Coordinators supervise the survey's application, accompany *Banco Comunal* Advisors during business visits, and give feedback (face to face and written) to both *Banco Comunal* Advisors and their supervisors. Quality Coordinators also review the clients' files in local headquarters to ensure the quality and completeness of their financial and non-financial records, as well as the group's book of minutes. Quality Coordinators check that the survey implementation followed Fondo Esperanza protocols (i.e., every question answered, coherent answers, supporting documents attached), while the Head of SPM and the Head of Quality check the quality of social data gathered through the indicators in the survey. Since Fondo Esperanza is part of BBVA Microfinance Foundation (BBVAMF)'s Group, BBVAMF headquarters also reviews the data for consistency and accuracy prior to analysis.

³ Fondo Esperanza originally collected client data every credit cycle, approximately every 4-5 months, but found the process too labor intensive. Therefore, it switched to an 18 month data collection cycle for these indicators. The longer cycle also provides a more realistic time frame over which to observe changes in the clients' financial and social performance.

CASE STUDY

FONDO ESPERANZA Using Outcomes Data to Drive Performance

3 Review data and correct errors

Quality Coordinators review the data in the field for accuracy. At headquarters, the Head of Social Performance Management and Head of Quality both review the compiled data to ensure it is consistent and coherent. BBVAMF headquarters also carries out a quality check on the data.

4 Analyze data

The Head of SPM is responsible for analyzing the data on client outcomes.

5 Create reports

The SPM Department produces monthly reports on the four focus areas (Business Development, Family Well-Being, Empowerment, and Social Capital). This report is presented to the board of directors and senior management. After 1.5 years, when their data are updated, clients also receive letters with their results, encouragement, and some recommendations on how to continue improving their social outcomes.

6 Use the data

Action is taken, as needed, given the results. For example, managers will work with *Banco Comunal* Advisors who have low client satisfaction scores.

Data Analysis

In 2010, Fondo Esperanza launched its Social Performance Management system, for group loan clients, with the construction and pilot testing of social indicators. This initial set of social indicators was developed with the Social Observatory of The Alberto Hurtado University of Chile, and the initial measurement compared clients' results to a control group of non-client peers⁴ to estimate the effects of Fondo Esperanza interventions on clients' lives. The results showed better outcomes for Fondo Esperanza clients than for control group members across all four focus areas.

Having demonstrated the value of measuring client outcomes, Fondo Esperanza decided to implement an internal Social Performance System, through which it collected its first results in 2012. Today, to assess whether its products and services are contributing to changes in clients' lives, Fondo Esperanza measures clients' current results against their own previous survey results in each of the four focus areas. Each month, the Head of SPM analyzes results from clients who just answered the survey for the second time, calculating the clients' level of change between the baseline data from 1.5 years ago and the current year's data. Recently, Fondo Esperanza has added another layer of data analysis, reviewing a small subset of key business variables such as revenue, expenses, and profits at each loan cycle, for ongoing monitoring of results of clients' businesses.

Data Reporting

The SPM Department produces several monthly reports, including one on Fondo Esperanza's social results for the board and senior management, as well as monthly reports for the branch offices that cover the four focus areas and all the social indicators. These reports are aimed at both staff and management to help them manage their activities toward improving client results.

After 18 months, clients receive a personalized letter from Fondo Esperanza's SPM Department with an update on their individual progress in each of the four focus areas. For example, the report states whether the client's savings and business profits have increased or decreased over the last year and a half and by how much, and whether her participation in organizations has changed. Also included in the letter are recommendations on how the client can improve her results, such as keeping accounting records for her business(es) separate from home accounting records. The letter invites clients to make a written commitment about their personal or business goals on these topics, to generate accountability among the clients, and to promote their empowerment. These letters are part of Fondo Esperanza's commitment to sharing information transparently with clients. An example of the type of letter sent to clients is provided in Annex A.

⁴ Fondo Esperanza created the control group using national data (Social Protection Survey, EPS, with free access), selecting individual non-clients with similar socioeconomic and geographic characteristics to actual clients. It used the control group to estimate what amount of change in its clients' outcomes could be attributed to its own provision of products and services.

Table 4: **Summary of Roles & Responsibilities**

Position	Roles & Responsibilities in the Outcomes Management Process
Banco Comunal Advisor	<ul style="list-style-type: none"> • Collects data in the field from new clients, and then again after 1.5-years, using tablets to enter data. Collection occurs during a client’s membership renewal. • Uploads data into central database. • Delivers to clients their individual progress reports and answers any questions they may have about the results, recommendations, or goals. • Reviews (with her/his team) monthly results of her/his branch office.
Quality Coordinator	<ul style="list-style-type: none"> • Trains the Banco Comunal Advisors on the Ficha de Indicadores Sociales (FIS). • Verifies in the field how the Banco Comunal Advisors are implementing the survey (provides supervision and feedback). • Verifies that client and group records are completed and done in accordance with Fondo Esperanza’s protocols.
Head of SPM	<ul style="list-style-type: none"> • Verifies that data in the central database accurately reflect the information in the client’s individual file. • Produces monthly reports about the progress of clients in the four focus areas after 18 months have passed since the baseline survey. • Coordinates with BBVA Microfinance Foundation to produce its quarterly and annual reports about progress of clients. • Generates training materials about FIS. • Trains new Quality Coordinators, new Banco Comunal Supervisors, and new Banco Comunal Advisors about the Social Performance System and their roles in it.
Banco Comunal Supervisors	<ul style="list-style-type: none"> • Analyzes, with her/his team, the monthly data from her/his Banco Comunal clients and makes decisions to improve results (e.g., improvements in survey implementation in the field, in data entry, or in the delivery of services, depending on which indicators are showing weaker results).
External Assistant SPM	<ul style="list-style-type: none"> • Creates client letters twice a year, to share results and offer tailored recommendations based on individual performance. • Mails letters to clients once their social performance data have been updated and analyzed.
Senior Management	<ul style="list-style-type: none"> • Reviews monthly reports with the board. • Incorporates insights from the reports into improved operations and strategy.

Putting the Data into Action

Fondo Esperanza has used insights gained from outcomes data and other sources to inform different strategic and operational decisions, notably the development of products and services, both financial and non-financial, which respond to clients' needs and ultimately help the institution to achieve its social mission.

Fondo Esperanza uses three criteria to prioritize its target client segments:

1. the potential for impact on the segment,
2. the size of the segment, and
3. the extent to which serving that segment would support the institution's other strategic priorities.

Fondo Esperanza then uses this information to make adjustments to existing products and services or to create new ones.

Examples of Decisions Made Based on Client Outcomes Data:

- Outcomes data have shown Fondo Esperanza that its interventions do tend to increase client empowerment, that clients value this change, and that in recent years, new clients to Fondo Esperanza begin with greater levels of empowerment. As a result, in the last few years, Fondo Esperanza has added additional indicators on empowerment to the Social Scorecard Survey, including "I am a leader in the groups in which I participate (*"soy líder de los grupos donde participo"*)". Additionally, Fondo Esperanza is now encouraging members of the *Bancos Comunales* who have been together for more than 1.5-years to take over active leadership of the group. Specifically, Fondo Esperanza empowers its *Bancos Comunales* by allowing group members to analyze data and make decisions on the other members' repayment capacity, decide the frequency of group re-payments (weekly, biweekly or monthly), and set certain pre-evaluation requirements. Additionally, client area managers assume some responsibilities related to education and the creation of social networks.
- Fondo Esperanza uses outcomes data as well as other sources of information to evaluate its staff performance and identify what adjustments are needed to both staff and client training, as well as to the design of products and services. For example, data on the effectiveness of the previous education curriculum, as well as requests from clients and the *Banco Comunal Advisors*, caused Fondo Esperanza to reformulate its educational strategy and launch, in 2017, the *EducaFE* project to improve and adapt financial education training to clients' current needs.
- Outcomes data have helped Fondo Esperanza refine its approach to social security. When data showed no positive change in the pension fund variable after 1.5 years, Fondo Esperanza concluded that the pension fund was

FONDO ESPERANZA Using Outcomes Data to Drive Performance

fundamentally a structural issue for vulnerable people in the country, and not a problem the entrepreneur on her own could solve. Given this insight, Fondo Esperanza began linking clients to the relevant state institutions and organizing local talks on social security, while also developing a more realistic understanding of the time and partnerships that will be involved to produce positive change in this variable.

Cost vs. Benefit

Fondo Esperanza invested time and resources into developing its data collection and evaluation systems because the institution sees outcomes management as something essential to its ability to achieve its mission.

Over the last eight years, the institution has moved from hiring external consultants for one-time external evaluations to using internal staff for continuous data collection, validation, analysis, and reporting. This has helped to reduce costs, while also building internal capacity and giving Fondo Esperanza greater insight into its clients, since it collects data on *Banco Comunal* customers every year. Furthermore, Fondo Esperanza has partnerships with local universities that provide pro-bono consulting or connect student interns to Fondo Esperanza to assist with data collection and analysis on a periodic basis.

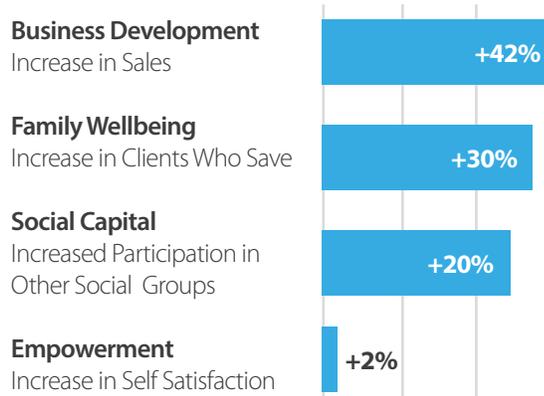
Many staff members play a role in Fondo Esperanza's outcomes data management system. In addition to the more than 350 *Banco Comunal* Advisors and 54 Branch Managers who spend a portion of their time collecting data and reviewing reports, there are 15 Fondo Esperanza employees across three departments who are involved in data collection, validation, analysis, and reporting. The staff who work on validation and analysis represent a mix of new hires and employees who have moved up through the ranks, meaning that data validation is done in part by former *Banco Comunal* Advisors. Managers and higher-level persons have some graduate-level study in finance, social studies or statistics to ensure they can effectively analyze the data and generate meaningful reports.

Though this outcomes management system requires significant investment, Fondo Esperanza finds that the benefits clearly outweigh the costs. Some of the principal benefits are attracting and retaining investment capital, improved client satisfaction and retention, and attracting and retaining quality staff. But the most important benefit is enabling Fondo Esperanza to achieve its mission. Outcomes data show Fondo Esperanza in what areas it is having success and should therefore continue on the same path, and in what areas its products and services are not having the desired results for clients, indicating the need for further analysis and improvements.

Fondo Esperanza sees the labor costs related to its data collection and analysis as an essential part of its core business and finds that the benefits of having outcomes data outweigh the cost of generating it.

FONDO ESPERANZA Using Outcomes Data to Drive Performance

Graphic 2 - **All Four Focus Areas Improved**
(client outcomes from 2016 compared to 1.5 years earlier)



Conclusion

Through the collection and analysis of client outcomes data, Fondo Esperanza can confidently claim that its work has positively impacted the lives of its clients in each of the four areas over which it measures outcomes (see Graphic 2). Furthermore, those positive changes are large: a 23.4% average improvement in its clients' scores across the four focus areas during 2016.

The institution has come a long way in developing its data collection, analysis, and reporting systems, but Fondo Esperanza is committed to deepening its work in this area. The changes the institution has already been able to make regarding client satisfaction, service quality, educational modules, social networks, and financial product offerings have all contributed to the positive impact Fondo Esperanza has on the lives of its clients. Additionally, its rigorous system of data monitoring and reporting makes Fondo Esperanza able, with relative ease, to share outcomes results confidently with external stakeholders.

Moving forward, Fondo Esperanza aims to maintain its high quality measurement and evaluation systems while strengthening its capacity to integrate insights learned from outcomes data into strategic and operational decisions. Fondo Esperanza's motto, "*medir para corregir*," is truly ingrained in its way of doing business and has led to better outcomes for the thousands of clients it serves.

CASE STUDY

FONDO ESPERANZA Using Outcomes Data to Drive Performance

Note: The letter to clients uses slightly different phrasing for the four focus areas than Fondo Esperanza uses in its internal reporting. Specifically, the letter says “Personal Development” instead of “Empowerment” and “Community Development” instead of “Social Capital,” because these terms are more easily understood by clients.

Annex A: **Sample Client Letter on Change in Outcomes**

Member: [Name of client and client number]

Communal Bank: [Name of communal bank to which the client belongs]

[Name of Fondo Esperanza branch office that serves this client’s communal bank]

[Date]

Dear [Name]:

We want to congratulate you for being with Fondo Esperanza for more than a year and a half. We would like to take this opportunity to recognize your development in your business, family, on a personal level and with your local community during this time.

Below is an analysis that compares the information you provided to your Community Bank advisor when you first entered Fondo Esperanza and answered the Social Indicators Sheet, and during your 4th cycle, when you updated your data on this same sheet.

In the case of negative results, we do not want you to be discouraged, but please use the information to know which areas to work on:

Development of your business:

- The earnings that you declared when you joined Fondo Esperanza were 300,000 pesos, and in the 4th cycle you declared 400,000 pesos. We congratulate you for increasing your business profits.
- Excellent, you write down your earnings. Keep it up!
- You separate the accounting of your business from that of your home. Well done! This is an excellent practice.
- You frequently review your expenses. Congratulations!

Family welfare:

- According to what you stated in the 1st cycle and during your 4th cycle, the total income of your household is the same. Do not be discouraged. Keep fighting for your family goals and count on us.
- According to what you stated in the 1st and 4th cycles, your savings increased. This is a concrete achievement in your development as an entrepreneur.

Personal development:

- We congratulate you for trusting your abilities to develop your business.
- We congratulate you for trusting in yourself.
- You have a lot of leadership capacity in the groups in which you participate, so you are helping to build a more participatory country.

FONDO ESPERANZA Using Outcomes Data to Drive Performance**Development with your local community:**

- We invite you to take the opportunity to meet your neighbors. This will expand your support network.
- We encourage you to participate in organizations in your community. This will contribute to your development as well as that of your environment.

We hope that this information will help you to continue moving forward with the Fondo Esperanza community. Our goal is to contribute to improving the quality of life of you, your family, and your community. You can count on us in your development process.

According to your results, we invite you to create a personal commitment to improve or maintain your results:

My commitment is:

In case you have doubts, please contact your Community Bank advisor.

If any of the above information does not match what you reported in the Social Indicators Sheet, please contact the Branch Manager.

Best regards,

Social Performance Sub-management
Fondo Esperanza

Annex B: Indicators Used to Measure Social Scorecard Results

Focus Area	Sub-category	Indicator
Business Development	1. Business Skills	I record my earnings in a notebook.
	1. Business Skills	I separate my household and business accounting.
	1. Business Skills	I keep track of my expenses regularly.
	1. Business Skills	I know how to make my business grow.
	1. Business Skills	I collect all possible information before starting a new project.
	1. Business Skills	I consider the chances of success or failure before I decide to act.
	1. Business Skills	I plan a big project by dividing it into small tasks.
	2. Business Growth	Number of persons who work in the business
	2. Business Growth	Number of family members who work in the business
	2. Business Growth	I have a municipal license or permit.
	2. Business Growth	I have begun reporting to the tax authority (<i>Servicio de Impuestos Internos, or SII</i>).
	3. Business Earnings	Amount of profits (sales minus costs)
	3. Business Earnings	Amount of fixed assets
	3. Business Earnings	Amount of inventory
Family Well-Being	1. Business Skills	I create a household budget.
	4. Per Capita Income	Per capita income
	5. Social Security	Contributions to insurance and pension funds (<i>aseguradoras de fondos de pensiones, or AFP</i>)
	5. Social Security	Health insurance provider
	6. Savings and Debt	I have a way to save.
	6. Savings and Debt	Amount of savings
	6. Savings and Debt	Amount of debt
Empowerment	7. Self-esteem	I feel satisfied with myself.
	7. Self-esteem	I believe that I have enough skills to develop a business.
	7. Self-esteem	My opinion is important in my family.
	8. Locus of Control	My future depends on me.
	9. Decision-making Power	I make the decisions about my business.
	10. Leadership	I am a leader in the groups in which I participate.
Social Capital	10. Leadership	I have influence in making my neighborhood a better place for living.
	11. Networks	Number of neighbors I know by name
	11. Networks	In cases of emergency, I can obtain funds equal to six times my monthly income.
	12. Confidence	Number of people I have confidence would help me if I had problems with my business.
	12. Confidence	Amount of confidence I have in my neighbors
	13. Associativity	I participate in organizations.