

SPTF Annual Meeting 2016: Plenary Day 2 Notes

Measuring and Reporting Client Outcomes (1 June 2016)

Speakers: Frances Sinha, [EDA Rural Systems](#); Lucia Spaggiari, [Microfinanza Rating](#); Margot Quaegebeur-De Brujin, [Anthos Asset Management](#), Daniel Rozas, [European Microfinance Platform](#)

Introduction:

The session started with a video from Opportunity International showing a successful story of a client. Frances asked: “Is this nice story enough to understand the change in clients life?”

Calum Scott of Opportunity International (OI) noted that the video is a true story and directly shows the voice of the client. However, we need to be careful in our analysis of it. The video illustrates the type of client that OI serves and one of the products OI offers, as well as the possible potential effect that microfinance can have on a client. But, we need to keep in mind that a video like this should be used as an illustration of outcomes for all clients. One client does not tell a full story. One story is not even an average of a market, not even of the clients of one of our partners. We know that there is a range of outcomes produced by the provision of financial services. Also, videos are usually selected by marketing departments, which means that the client portrayed usually is one with a very successful story. We cannot measure the effectiveness of what we are doing based on a client story. Increasingly our donors recognize that to understand the changes our clients experience, we need more than stories. We need data on client outcomes.

SPTF Outcomes Working Group (OWG):

The SPTF Outcomes Working Group was formed in 2014 with a goal to identify how to collect and analyze data in a way that is practical, realistic, credible, and affordable. The aim of the working group is to produce practical guidelines for measuring and managing outcomes. The working group is open to all, and to-date has had participation by many members of the SPTF. All recordings and presentations of past webinars are available on the SPTF website for download (<http://sptf.info/working-groups/outcomes>). The working group is developing two sets of guidelines for outcomes management: one for financial service providers (FSPs) and one for investors. In addition to the guidelines, the working group formed three sub-groups to develop short lists of common outcome indicators in three key areas: a) business entrepreneurship, b) economic poverty, assets and housing, and c) resilience and vulnerability. The drafts of indicators being considered are also available on the SPTF website for download. The working group

is in the process of sharing both the guidelines and indicators to obtain feedback from members.

Definition and Discussion of Outcomes and Outcomes Management:

- What do we mean by outcomes? The results hierarchy has five stages; it starts with inputs, leading to activities, then to outputs, then to outcomes, and finally to impact. Outcomes is the fourth step.
- The working group looks at what is practical and affordable. While there may be a case for conducting impact assessments, for practical reasons, the group is looking at tracking change in clients over time at a reasonable cost by using outcomes (which includes data gathered for outputs and outreach).
- Outcomes management considers outcome measurement as part of the process but goes beyond.

Overview of the Two Guidelines Being Written by the OWG:

The OWG is developing guidelines according to certain principles:

- Process being lean (not too expensive) and planning from the start – to have base data that can be used for comparison over the years
- Data being credible
- End-to-end systems – being part of a process
- Transparent reporting – being upfront about any limitations of the data, e.g., sample size
- Culture open to learn – accepting the results

The guidelines framework is based on a systems approach (not being a stand-alone, one off measurement/process, but being integrated into the operations of the institution). Engagement across the institutions (board, senior management, field staff) is key to ensure relevance and use.

Frances noted that investors and networks have increasingly shown interest in playing a role in outcomes measurement and management. This is the reason why the SPTF partnered with the European Microfinance Platform (eMFP) to work on specific guidelines for investors.

Daniel Rozas stated that eMFP decided to work on guidelines because of interest expressed by eMFP's investor members. The investor guidelines will help develop a common language for investors to use when talking to FSPs and also a common methodology among peer investors.

Lucia Spaggiari noted the spectrum of stakeholders concerned with managing outcomes: asset owners, fund managers, FSPs, and end-clients. Some investors acknowledge that making decisions based on outcomes – and being accountable to them- would be ideal. But, it is not yet possible based on the data they have.

As quoted by an asset manager (previously to the meeting) - *“If an asset owner asks me if one fund is more social than another, all I can say (as a proxy) is whether they are members of the SPTF or not”*. This shows the need for further clarification in the market.

Outcomes guidelines for investors:

The guidelines for investors for measuring and managing social outcome data are based on seven steps:

Objective

1. Coverage
2. Comparability of indicators (this has a trade-off between depth and breadth)

Implementation

3. Approach
4. Robustness of method
5. Source of data

Resources

6. Human resources
7. Budget

Lucia shared the examples of seven investors (Oikocredit, Triple Jump, BBVA MF, Root Capital, Acumen, Bamboo Finance) and how their approaches map to this seven-step decision framework.

Margot Quaegebeur (Anthos Asset Management) shared the experience of her organization, where it was actually the shareholders who demanded the use of outcome data to understand whether they were reaching their social goals, acknowledging that output data was not enough. Anthos has been working for a year now on measuring outcomes and is in conversations with all their fund managers to ensure their goals are aligned. This drives the key performance indicators (KPIs) that they select.

“We are building the plane as we fly. Collecting outcomes data is the easy part. Using the data for decision making is the challenge” (Root Capital – quoted provided to Lucia in advance of the meeting).

Margot agreed that while most are still trying to figure out how to manage outcomes, the interest is there. Furthermore, many investors invest across several sectors. The more information the financial inclusion sector can provide of proof of change, the more attractive that sector is to impact investors, whose objective is to allocate their assets to investments that can achieve both financial and social goals.

Calum Scott explained that Opportunity International is both an investor and an operator. Their funding comes from a wide range of sources (corporate, government, individual and family giving). Opportunity International does not yet see an agreement on what stakeholders are asking for in terms of client outcome

data. And while it's a work in progress, they believe they just have to start somewhere. A key success factor for outcomes management is the being meaningful for the people on the ground. Partners need to understand the importance and use of gathering data. Striking the right balance between quality and the ease of use is very important. Opportunity International works with a data analytics company to help automate the data collected in a way that is easy for FSPs to understand and elevate to their management.

Outcomes management tools:

Frances added that there are several options of tools to use for outcomes management:

1. Institutional management data – which will be addressed by the BBVA FM break out group discussion in the following session
2. Research (qualitative survey, qualitative stories) – which will be addressed by Equitas breakout group in the following session
3. Combination of both options above - which will to be addressed by Women's World Banking breakout group discussion in the following session