

**Universal Standards for Social Performance Management Implementation
Series
Section 1: Define and Monitor Social Goals - Notes
October 25, 2012**

Presenter: Leah Wardle, Social Performance Task Force

Guest speaker: Daniella Hawkins, MicroLoan Foundation (Malawi)

Leah introduced Section 1 of the Universal Standards: Define and Monitor Social Goals.

Daniella Hawkins, from MicroLoan Foundation shared MicroLoan's system for training loan officers on how to collect and report accurate social data. MicroLoan Foundation has a guide along with a training program that teaches Loan Officer about the importance of collecting social data as well as how to collect it accurately and in a way that is respectful for clients. This training guide is posted in the SPTF website, under the Resource Library section so that it can be downloaded and used by other institutions. <http://www.sptf.info/spmstandards/standards-resource-library>

Daniella focused on **Standard 1B: The institution collects, reports, and ensures the accuracy of client-level data that are specific to the institution's social goals.**

What type of social data does MicroLoan Foundation collect?

MicroLoan collects a range of social data, which includes food security, exit rate, client complain, savings, progress out of poverty (PPI).

- Food security data: While MicroLoan still needs to analyze this data in further detail, it will enable MicroLoan to know the extent to which their clients are able to overcome vulnerable periods (e.g. rainy season, which is the hungry season in Malawi) and whether there is a general trend towards less vulnerability to shocks over the period of time they have spent being a client of MicroLoan.
- Exit rate information: Allows MicroLoan to track whether there are unexpected peaks, (e.g. in a branch, for a particular member of staff, for a particular product, at a certain time of year etc) and hence allows the institution to respond accordingly. Also, MicroLoan has trained all their branch managers to carry out a monthly exit interview, and discuss the results with their team, so staff are aware of the issues contributing to client exit, and can think about what they can do at branch level to remedy them. It is not just about collecting the data but taking action with the information they gather.
- Client complains: MicroLoan has a client hotline and a monthly report which categorizes the type of complaint and allows to identify the branch involved and what action was taken to solve the issue. Then MicroLoan follows up with clients to check whether they consider the issue to be resolved.

- Savings: Allows MicroLoan to track the extent to which clients are building savings in order to plan for expected outgoings (e.g. school fees, housing improvements, the planting season etc).
- PPI (Grameen Foundation's Progress out of Poverty Index).

This data is very useful for an MicroLoan (as well as for any institution) to make informed business decisions.

How did MicroLoan Foundation decide to collect this data?

The first step was thinking about what data MicroLoan needed and how it related to its social goals; as well as how it was going to work practically and hence what training would be needed. Before starting to think about data collection, MicroLoan wanted to be very clear about what data they needed in order to know if they were achieving their social goals (essential practice 1a.3) and reaching their target clients (essential practice 1a.2). MicroLoan's social mission is to work with the poorest women and enable them and their families to move out of poverty. To know if they were succeeding in achieving their social mission the first thing they needed to know was if they were reaching the poorest (i.e. what their poverty outreach was). As it might be the case for a number of MFIs, MicroLoan was not all that clear about what "the poorest" actually meant so they didn't really know if they were succeeding in reaching them. The second thing they needed to know was whether clients were moving out of poverty (i.e. what their poverty change was). After MicroLoan identified what data to collect, and before we thinking about staff training, they considered the logistics of the data collection. They thought carefully and also tested out which poverty assessment tool they would use. They chose the Grameen Foundation's Progress out of Poverty Index (PPI). They also carefully thought through who would collect the data, how it would be collected, who would enter it into their systems, how the IT systems would work, how quality control would work, who would analyze and report on the data, and the crucial aspect of how it would be integrated into management discussions so that they could action all the information they were selecting.

Why did MicroLoan think it was important to train the field-level staff on data collection?

The second step, once MicroLoan was clear on what data was needed and what processes were going to be involved, was to obtain staff buy-in. Staff training is crucial so that staff understand how activity links to the social mission and also for getting buy-in. MicroLoan's focus on social data collection went hand-in-hand with a program of general staff development and buy-in which started well in advance of the actual data collection training. In that way, they tried to avoid resistance further down the line since they have the Loan Officers collect the data, which means a bit of extra work the Loan Officers. Being clear from the outset on the reasons and the importance of this data collection was key.

MicroLoan has done staff workshops each year for the last three years at management level and at field level. Topics have included from staff defining what the social mission is, to more specifics where MicroLoan fed back initial data showing they could be reaching poorer clients, and getting feedback from staff on how to action this.

This process been crucial to getting staff buy-in and to ensuring that staff really understand how the data collection links to MicroLoan's social mission.

The third step was training the staff in actually doing the data collection. MicroLoan used the training courses to go through the actual detail of what the data collection involved, to ensure consistency and quality of data. This is detailed in the facilitator guide, which is available in the SPTF resource library and can be accessed through the following link <http://www.sptf.info/spmstandards/standards-resource-library>

Why did MicroLoan decide to have Loan Officers collect PPI data, as opposed to another type of staff?

MicroLoan made the decision based on what data they needed and on what resources they had available to collect that data. Firstly, the data they needed was from new clients, ongoing clients, and exiting clients. MicroLoan felt that in designing a sample approach it would potentially lead to a more complicated and confusing data collection approach.

The second question was one of resources. MicroLoan has a very small SPM team that didn't have spare capacity to collect the quantity of data needed. In order to collect the data needed, with minimal impact on staff time and operational cost, MicroLoan decided to have their Loan Officers collect the data. The data collection process has been fully integrated into the Loan Officer's day-to-day operations, so that the institution incurs a minimum of additional cost. MicroLoan has been able to do this only because they tested – and got approval from Grameen Foundation – to use the PPI in their groups rather than in the home setting (as they recommend). This means that when Loan Officers are going about their normal activity they can just slot in the social assessments at the appropriate times. For example, MicroLoan added the food security indicators to the end of the PPI questions so these are all collected together.

MicroLoan is in the same position of many institutions regarding knowing how important it is to gather social data but also needing to think practically about who can collect this data without hiring new people. Having field staff collect this data is a very cost effective way to do it. It also makes training programs more important since asking about social data is not something all Loan Officers would know otherwise.

How does MicroLoan use the social assessment training program?

Once MicroLoan had gone through the buy-in and discussion process, trying to educate and have a mind-set change within the organization, it then started to focus

on the details of the training. MicroLoan first trained the SPM Officer and the Staff Training Officer in Malawi so they were clear exactly in what data they needed to collect, how to do so and all the associated procedures, so that they felt confident using the training facilitator guide and knew how to manage a workshop.

During the trainings, the trainees receive a workbook to take notes so they have this as a resource to take away with them at the end of the training day.

The training itself lasts 1 full day. The first half is spent in the classroom revising the importance of how the data is linked to the social mission, going through the technical aspects of the data collection process, and doing role-plays. The second half is spent in the field with actual groups collecting 'live' data. At the end of this, everybody comes back to the training centre to debrief and compare results. That's the initial training, but the SPM Officer then goes to all branches doing spot checks and follow up, which can include refresher training if needed. Formal training is not the end of training. Issues are also discussed in regional meetings and management meetings, as well as at branch level, so that there is ongoing dialogue about accurate data collection.

What other techniques does MicroLoan Foundation use to ensure quality data collection?

- Spot checks are a very important part of the process. These are carried out by Branch Managers, Regional Managers, and SPM Officer.
- Compliance and quality checks are integrated into the internal audit.
- Refresher training by the SPM Officer at branch level or via regional meetings.
- Checklist for the SPM data entry clerk to ensure assessments or spot checks that do not follow procedure are rejected.

MicroLoan also has spot checks carried out by the SPM Officer on the data entered into the MIS. The data entry clerk has also been provided with training in data entry.

MicroLoan is now working on including data accuracy collection as part of staff incentives. Making sure the quality of data collected is high is key because that data is used to make business decisions.

How does the social data MicroLoan collects help the institution to understand how/whether it is achieving its social targets?

The first question MicroLoan wanted to answer was whether they were really reaching the poorest. PPI data collected in 2010 showed that 53.5% of their clients were living under the \$1.25/day poverty line when they joined. Compared to national statistics which showed that 66% of Malawians were under the \$1.25/day line MicroLoan saw that their depth of poverty outreach could be improved. The institution took action by developing a pro-poor loan product that removed some of their barriers to entry for the poorest clients. As a result they have seen that 74.6% of clients using the pro-poor product are living under the \$1.25/day line, a poverty outreach increase from 53.5% to 74.6%.

However, MicroLoan does not want to stop just with the pro-poor product. They want to increase their poverty outreach across the board. As a result they have set their social outcomes targets for poverty outreach based on PPI baseline data collected to date, and seek to improve their outreach by 8% overall by 2015.

Questions from participants (answered by presenter Leah Wardle, from SPTF, and Daniella Hawkins, from MicroLoan Foundation)

1. What feedback has MicroLoan Foundation had from their staff? How does this make them feel about their jobs?

MicoLoan's system for data collection does mean that staff has to do extra work so initially there was some resistance. But once they realized that it was not a significant extra burden on their time and that it actually fit well in their day it become easier over time. MicroLoan's challenge is that they haven't yet incorporated this into staff incentives.

2. Was it MicroLoan's Board, Senior Management or both who really set the social goals and decided what indicators to collect?

It was a bit of both. The vision came from the Board. The detailed decisions on the specific indicators took place at the Senior Management level.

3. How did MicroLoan reached the decision that it would increase their poverty outreach by 8% by 2015?

MicroLoan calculated this based on the rolling out of the pro-poor product and on the gradual change they've seen in their clients over the last three years.

4. How frequently does MicroLoan look at the data? Is it quarterly, monthly?

It depends. The PPI data is reported quarterly (since it takes a lot of detailed analysis and the changes that they see do not change that much on a monthly basis) while the other data (food security, savings, exit rate) is reported on a monthly basis.

5. Regarding the possibility of adding staff incentives, what is MicroLoan thinking about? Would these be monetary or non-monetary incentives?

MicroLoan is still working on this. It will probably feed on the decision on year-end bonuses. For example. with PPI data, MicroLoan tested a balanced approach to incentivizing the collection of PPI data, which incentivized more strongly the accuracy of data collection and less strongly the poverty outreach change. MicroLoan thinks they might do something similar when they operationalize this into the general incentive to staff.

6. Speaking of accuracy, does MicroLoan think that spot checks are an effective way to reduce errors?

Yes. When MicroLoan first tested the balanced incentive approach, they wanted to know if it was possible to get more accuracy if incentivized properly. They found out that people were able to collect accurate information if the incentive was there. Doing the spot checks and integrating them into incentives is very important in terms of making sure accuracy remains high.

7. How does the data that MicroLoan collects feed into product design?

Leah Wardle from the SPTF mentioned a case of an organization that was collecting client satisfaction information on a routine basis. As part of that, they found out that clients placed a high value on being able to repay loans in a certain period of time that was flexible (e.g. having a week to repay vs. a fixed date). As a result, they redesigned that aspect of the product.

Daniella Hawkins from MicroLoan mentioned the design of the pro-poor product that came out from the poverty outreach data collected. Also by listening to clients and carrying focus group discussions MicroLoan got feedback that clients didn't like the repayment period. As a result, MicroLoan rolled out monthly (vs. 2 weeks) repayment periods. Exit interviews and focus group discussions also help MicroLoan understand client issues and how to respond to them.

8. The MicroLoan SPM Officer, is this a person within the company named specifically for the purpose of monitoring and implementation? Or is there a specific area that this person is in charge of?

MicroLoan tries the SPM officer to not be too tied to a specific department. This person reports directly to the CEO in Malawi. The institution wants to make sure that the issues the SPM Officer brings are integrated into management discussions.

9. Are there aspects of MicroLoan's model (having a system for data collection, staff training, spot checking, ensuring accuracy of that) that would be difficult for other MFIs to replicate? What are some of the challenges for an MFI that wants to replicate some of these activities?

It depends on the level of commitment of the Board and Senior Management. If they are not truly committed it will be really challenging. In that case the institution would have to start with education at that level.

The next think to consider is the capacity to collect the data. If the institution does not have the capacity or can add it, it might need to amend the data collection process.

The biggest challenge for MicroLoan is to make sure it really is a holistic exercise. The process can be perfectly designed but if all departments are not working together it can fall apart. The whole organization needs to see the value in what you are doing. At MicroLoan it is a process they are continually amending and emphasizing. Retraining, repeating the same message over and over again to make sure people understand that it is not something going away.

Other questions that didn't get answered

How well do 1b standards enable an investor who seeks to choose between MFIs to invest in MFIs that do the most possible to include extreme poor (Bottom Billion under \$1.25/day) and help them leave extreme poverty?) I would enjoy a more detailed dialogue about this--given that not all MFIs choose to include extreme poor and not all investors prioritize investment in MFIs based on reaching and measurable improving the lives of extreme poor clients.

Resources

As mentioned above, in the SPTF website, in the Resource Library section, there are resources (including MicroLoan's staff training guide) available to help institutions implement the Universal Standards

<http://www.sptf.info/spmstandards/standards-resource-library>

In this section of the SPTF website there also is an Excel file called "Companion Resource Guide to the Universal Standards" that lists the existing resources available by Standard and Essential Practice.

Next

The next session in the Universal Standards Implementation Series, will discuss section 2 of the Standards, titled Ensure Board, Management, and Employee Commitment to Social Goals. The session will take place in mid-November at 10am EST, (same time as today) and will feature one or two speakers from well-known Latin American institutions. A couple of weeks prior to that session, the SPTF will send an invitation to its entire membership, which will include dial-in instructions.