



GEST-S-605

Module “Assessment of microfinance”

Course: Assessment of Microfinance

2nd semester EMP 2019-20

Module manager: Prof. Kurt MOORS

Planning

Date	Time	Lecturer	Guest speaker	Place
12.02.2020	6 pm to 9 pm	Prof. K. Moors		R42.4.110
13.02.2020	6 pm to 9 pm	Prof. C. Lapenu	B. Brusky	R42.4.110
14.02.2020	6 pm to 9 pm	Prof. K. Moors		R42.4.110
22.02.2020	9 am to 12 pm + 1 pm to 4 pm	Prof. K. Moors		R42.4.110
27.02.2020	6 pm to 9 pm	Prof. C. Lapenu	B. Brusky	R42.4.110
28.02.2020	6 pm to 9 pm	Prof. C. Lapenu	B. Brusky	R42.4.110
29.02.2020	6 pm to 9 pm	Prof. C. Lapenu	B. Brusky	R42.4.110

Objectives of the course

- Explain different aspects of the financial performance assessment of MFIs.
- Explain key indicators for the financial performance assessment of MFIs.
- Present case studies and train students in making use of financial performance indicators to assess MFIs.
- Explain different aspects of the social assessment: introduction to approaches, initiatives and tools to social performance assessment and management.
- Explain the nature of the commonly used tools for social assessment of the MF sector: social performance audit (SPI), social rating, due diligence of investors.
- Provide support to develop the students' capacities to use some of these tools.

Part 1: Prof. Kurt Moors (BRS)

Topics covered and recommended readings

- 1) An **introduction** to financial performance assessment of microfinance institutions
- 2) A **review of the key indicators** for the financial performance assessment of microfinance institutions, including:
 - Portfolio quality
 - Efficiency and productivity
 - Financial management
 - Profitability
- 3) **Case studies and exercises**

References: (ordered by importance)

- MFI factsheet to be downloaded from the Microfact website:
<http://www.microfact.org/microfinance-tools/mfi-factsheet>
- MicroRate (2014), *Performance and Social Indicators for Microfinance Institutions: Technical Guide*, MicroRate Incorporated,
http://www.microrate.com/media/downloads/2014/05/MicroRate_-Technical-Guide-20142.pdf

- Isern, J., J. Abrams with M. Brown (2007), *Appraisal Guide for Microfinance Institutions: A Technical Guide*, Washington D.C.: Consultative Group to Assist the Poor/The World Bank,
<http://documents.worldbank.org/curated/en/607311468779976846/pdf/395090v20MFI0AppraisalGuide01PUBLIC1.pdf>
- Rosenberg R., P. Mwangi, R. P. Christen and M. Nasr (2003), *Disclosure Guidelines for Financial Reporting by Microfinance Institutions*, 2nd ed., Washington D.C.: Consultative Group to Assist the Poor/The World Bank,
<http://www.cgap.org/sites/default/files/researches/documents/CGAP-Consensus-Guidelines-Disclosure-Guidelines-for-Financial-Reporting-by-Microfinance-Institutions-Jul-2003.pdf>

Part 2: Prof. Cécile Lapenu (CERISE)

Topics covered and recommended readings

1) Introduction to social assessment

- Rationale for social performance compared to impact
- Business case for social performance
- The emergence of social performance standards
- Social performance assessment: approaches, initiatives and tools
- Poverty assessment and impact analysis: tools, objectives, methodological issues

2) Internal assessment of social performance

- Practical case study with social audit tool SPI4

3) External assessment of social performance

- Client Protection Certification
- Social ratings
- Social due diligence process by investment fund managers

4) How to build a “responsible chain” in microfinance

- From assessment to implementation to improvement: technical resources for social performance management

References:

- The Universal Standards for Social Performance Management by the Social Performance Task Force: <http://sptf.info/spmstandards/universal-standards>
- The CERISE SPI4 Tool [Step by Step](#) Guide and CERISE SPI4 [Audit Guide](#): <http://www.cerise-spi4.org/>

- The Universal Standards Implementation guide:
<http://sptf.info/resources/resource-center>

Links between social performance and financial performance

- Husain, M., M. Pistelli (2016), *Where Good Intentions Meet Good Business Practices*, MIX.
- Hoepner, A., L. Spaggiari, C. Lapenu, B. Brusky, B. Perez-Rocha (2014), “Does good client protection impact financial performance?” Making Microfinance Investment Responsible Action Group, Brief N°4, European Microfinance Platform (eMFP), Luxemburg.
- Hoepner, A., L. Hong, A. Moauro, B. Perez-Rocha, L. Spaggiari (2012), “Financial Results of Microfinance Institutions: Social performance matters,” MicroFinanza Rating.
- Gonzalez, A. (2010), “Microfinance Synergies and Trade-offs: Social vs. Financial Performance Outcomes in 2008,” MIX Data Brief N° 7.
- El-Zoghbi M., M. Martinez (2011), “Measuring Changes in Client Lives through Microfinance: Contributions of Different Approaches,” *CGAP Brief May 2011*.
- Hashemi, S. (2007), “Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions,” *CGAP Focus note 41*.

Emergence of social performance

- Lapenu, C., Brusky, B., J. Sallé, Legal, P. [Universal Standards for Social Performance Management: an inspiring framework for impact investing](#). 2017.
- Social Performance Progress Brief (2006), “Introduction to Social Performance,” Social Performance Progress Brief 1(1), SEEP, Washington, D.C.
- Social Performance Progress Brief (2006), “Social Performance Management”, Social Performance Progress Brief 1(2), SEEP, Washington, D.C.
- Social Performance Progress Brief (2007), Social Performance Progress Brief (2007), “Social Performance Assessment,” Social Performance Progress Brief 1(3), SEEP, Washington, D.C.
- Social Performance Progress Brief (2007), “Social Rating,” Social Performance Progress Brief 1(4), SEEP, Washington, D.C.
- Social Performance Progress Brief (2009), “Social Performance Governance,” Social Performance Progress Brief 1(5), SEEP, Washington, D.C.

Social performance and investors

- European Microfinance Platform (2018), “The Universal Standards for Social Performance Management - Where do we go from here?” *Brief no. 7 MIR Action Group*
- European Microfinance Platform (2008), “The role of investors in promoting social performance in microfinance,” *European Dialogue* 1.
- European Microfinance Platform (2010), “Making Microfinance Investment Responsible – State of the Practice in Europe,” *European Dialogue* 3, <http://www.e-mfp.eu/resources/european-dialogue>
- Reille, X., S. Forster and R. Rozas (2011), “Foreign Capital Investment in Microfinance: Reassessing Financial and Social Returns,” *CGAP Focus note* 71, <http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Foreign-Capital-Investment-in-Microfinance-Reassessing-Financial-and-Social-Returns-May-2011.pdf>.

Both parts

Evaluation

Written exam: date to be confirmed.