



GEST-D-605

Assessment of Microfinance

2nd semester EMP 2013-14

Kurt MOORS and Cécile LAPENU

Planning

- Financial assessment by **ADA** and **BRS**
- Social assessment by **CERISE**

| Date | Time | Lecturer | Guest speaker | Place |
|------------|--|---------------|---------------------------|-----------|
| 20.02.2014 | 6 pm – 9 pm | Kurt Moors | | R42.4.110 |
| 21.02.2014 | 6 pm – 9 pm | Kurt Moors | | R42.4.110 |
| 22.02.2014 | Double session 9 am to 4 PM | Kurt Moors | | R42.4.110 |
| 26.03.2014 | 6 pm – 9 pm | Cécile Lapenu | | R42.4.110 |
| 27.03.2014 | 6 pm – 9 pm | Cécile Lapenu | M.Guarneri, D.Dewez (TBC) | R42.4.110 |
| 28.03.2014 | 6 pm – 9 pm | Cécile Lapenu | | R42.4.110 |
| 29.03.2014 | 9 am – 12 am (noon) | Cécile Lapenu | | 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 classical 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 – Kurt Moors (BRS)

Topics covered

- 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**

Recommended Readings

(ordered by importance)

- MICRORATE and IADB, *Performance Indicators for Microfinance Institutions: Technical Guide*, n.p., 2003
(<http://www.microrate.com/publications.html>)
- SEEP NETWORK, *Measuring Performance of Microfinance Institutions*, (FRAME), n.p., 2005
(<http://www.microfinancegateway.org/content/article/detail/34713>)
- CGAP, *Appraisal Guide for Microfinance Institutions, Technical Guide*, n.p., 2007

(<http://www.cgap.org/portal/site/CGAP/menuitem.4c8b6bb5a212340167808010591010a0/>)

- CGAP, *Definition of selected financial terms, ratios and adjustments for microfinance*, n.p., 2003
(<http://www.microfinancegateway.org/content/article/detail/13474>)
- CGAP, *Disclosure Guidelines for Financial Reporting by Microfinance Institutions*, n.p., 2003
(<http://www.microfinancegateway.org/content/article/detail/2687>)
- Sample of rating reports from main microfinance rating agencies to be found on the Rating Fund website:
http://www.ratingfund.org/ratings_completed.aspx
- MFI factsheet to be downloaded from the Microfact website:
<http://www.microfact.org/microfinance-tools/mfi-factsheet>

Part 2 : Cécile Lapenu (CERISE)

Topics covered and recommended readings

1) Social assessment: Social Performance and Impact analysis

- Social Performance Assessment and management: approaches, initiatives and tools, the recent evolutions in the microfinance sector regarding social performance
- Social audit of MFIs: more details on the SPI tool: content, standards of use, data analysis
- Poverty assessment and Impact analysis: tools and objectives, methodological issues to conduct impact assessment

References:

- SOCIAL PERFORMANCE PROGRESS BRIEF, *Social Performance*, vol. 1, n° 1, SEEP, Washington, DC, 2007.
- SOCIAL PERFORMANCE PROGRESS BRIEF, *Social Performance Assessment*, vol. 1, n° 2, SEEP, Washington, DC, 2007.
- SOCIAL PERFORMANCE PROGRESS BRIEF, *Social Performance Management*, vol. 1, n° 3, SEEP, Washington, DC, 2007.
- SOCIAL PERFORMANCE PROGRESS BRIEF, *Social Rating*, vol. 1, n° 4, SEEP, Washington, DC, 2008.
- SOCIAL PERFORMANCE PROGRESS BRIEF, *Social Performance Governance*, vol. 1, n° 5, SEEP, Washington, D, 2009.
- HASHEMI, S., *Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions*, CGAP Focus note n°41, n.p., 2007.

- The CERISE SPI Tool (version 3.3.1) on Cerise's website:
<http://www.cerise-microfinance.org/>
- The Universal Standards for Social Performance Management by the Social Performance Task Force:
<http://www.sptf.info/images/Designed%20USSPM%20Manual%2010%2015%2012.pdf>
- Microfinance Gateway resource center on Social Performance and on Impact
<http://www.microfinancegateway.org/p/site/m/template.rc/1.11.48260/>
- Imp-Act, Putting the 'social' into performance management: A practice-based guide for microfinance
- DICHTER T. and HARPER M, *What's wrong with microfinance*, Practical Action, n.p., 2007, p. 285.

2) **External assessment:** the social ratings and Due Diligence process by fund managers on Social Performance

3) **Responsible investment**

- How can the governance structure take SP into account?
- How to build a “responsible chain” in microfinance: the role of the funders/shareholders
- Assessment of responsible investing

References:

- eMFP Policy Brief n° 1 and n° 2: <http://www.e-mfp.eu/resources/other>
- EUROPEAN MICROFINANCE PLATFORM, *The role of investors in promoting social performance in microfinance*, European Dialogue, n°1, n.p., 2008.
- EUROPEAN MICROFINANCE PLATFORM, *Making Microfinance Investment Responsible*, European Dialogue, n°3, n.p., 2010
(<http://www.e-mfp.eu/resources/european-dialogue>)
- REILLE, X., Forster, S. and Rozas, R., *Foreign Capital Investment in Microfinance: Reassessing Financial and Social Returns*, CGAP Focus note n° 71, n.p., 2011
(<http://www.cgap.org/gm/document-1.9.50967/FN71.pdf>)
- SOCIAL PERFORMANCE WORKING GROUP, *Social Performance Map*, SEEP, Washington, DC, 2008.

References in French:

- Le Portail de la Microfinance: dossier thématique Impact et performances sociales :

http://www.lamicrofinance.org/resource_centers/impactperf/?PHPSESSID=7e02f78789ef2e1cf12988acb5bbc1c1

- GUÉRIN, I, LAPENU, C. and DOLIGEZ, F., *La Microfinance est-elle socialement responsable ?*, in Dossier Revue Tiers Monde, n°197, n.p., Jan-Mars 2009, p. 146.
- CGAP, *Au-delà des bonnes intentions : évaluation de la performance sociale des institutions de Microfinance*, note Focus, n°41, n.p., 2007, p.16.
- LAPENU, C. and DOLIGEZ, F., *Mesure des performances sociales : les implications pour le secteur de la Microfinance*, in Revue RECMA, n°304, n.p., 2007, p. 46-62.

Both parts

Evaluation

Written exam: date to be confirmed