



GEST-S-605

## **Module “Assessment of microfinance”**

### **Course: Assessment of Microfinance**

2<sup>nd</sup> semester EMP 2024-25

**Module manager: Prof. Kurt MOORS**

#### **Planning**

Date	Time	Lecturer	Guest speaker	Place
04.02.2025	6 pm to 9 pm	Prof. K.Moors		A.0.05
06.02.2025	6 pm to 9 pm	Prof. K.Moors		A.0.05
08.02.2025	9 am to 12 pm + 1 pm to 4 pm	Prof. K.Moors		A.0.05
12.02.2025	6 pm to 9 pm	Prof. Lapenu & S. Jovic		ONLINE
14.03.2025	6 pm to 9 pm	Myrtho Vlastou (Incofin)		A.0.05
18.03.2025	6 pm to 9 pm	Prof. Lapenu & S. Jovic		A.0.05
19.03.2025	6 pm to 9 pm	Prof. Lapenu & S. Jovic		A.0.05

## Objectives of the course

LO 1.2

- Explain different aspects of the financial performance assessment of MFIs.

LO 1.4

- Explain key indicators for the financial performance assessment of MFIs.

LO 1.4

- Present case studies and train students in making use of financial performance indicators to assess MFIs.

LO 3.1

- Explain different aspects of the social assessment: introduction to approaches, initiatives and tools to social performance assessment and management.

LO 2.1

- 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.

LO 1.1

- Explain the link and value of the SDG framework for “outcome measurement”, in line with SPM.

LO 2.2

- Provide support to develop the students’ capacities to use some of these tools.

## **Part 1: Prof. Kurt Moors (BRS)**

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### 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,  
[https://www.academia.edu/39069076/Technical\\_Guide\\_Performance\\_and\\_Social\\_Indicators\\_for\\_Microfinance\\_Institutions](https://www.academia.edu/39069076/Technical_Guide_Performance_and_Social_Indicators_for_Microfinance_Institutions)

- 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*, 2<sup>nd</sup> 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)**

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**The session on Social and Environmental Assessment is designed with a mix of on site and on-line courses:**

- **The first session will be a rapid introduction online to the e-learning modules proposed by Cerise+SPTF.**
  - **You have to pass the e-learning Module 1 on "Getting started on SEPM" before the 3 sessions in March.**
- **E-learning:**
  - **3-4hours on SEPM,**
  - **2-3 extra hours, optional, on Client protection.**
  - **The e-learning Level 1 on SEPM must be completed before the 2 presential sessions of March.**
  - **Access to the e-learning platform: <https://elearning.spi-online.org/index>**
- **One presential session with Mrs Vlastou (Incofin)**
- **Two presential sessions with Prof. Lapenu and Mrs Jovic**

### **Topics covered and recommended readings**

#### **1) Introduction to social and environmental assessment**

- Rationale for social and environmental performance compared to impact
- Business case for social and environmental performance
- The framework of social and environmental performance standards
- Social and environmental performance assessment: approaches, initiatives and tools – links with the Green Index 3.0
- Outcome measurement and the Sustainable Development Goals: tools, objectives, methodological issues

## 2) Internal assessment of social and environmental performance

- Practical case study with social audit tools SPI using SPI Online

## 3) External assessment of social and environmental performance

- 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 and environmental performance management

### References:

- The Universal Standards for Social and environmental Performance Management by Cerise+SPTF: <https://cerise-sptf.org/>
- The SPI Online platform :
  - <https://en.spi-online.org/>
- SDG reporting: <https://cerise-sptf.org/outcomes/>

### Links between social performance and financial performance

- Bauwin, M., (2019), [Study on social performance management in microfinance](#), ADA, Cerise, SPTF.
- 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), Luxembourg.
- 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, outcome measurement and investors**

- E-MFP, Cerise+SPTF (2022). [Outcomes management for Financial Service Providers, A proposed standard framework aligned with the SDGs](#).
- GIIN – global impact investing network (2020), [State of impact measurement and management practices](#)
- GIIN (2020) [Understanding impact performance – Financial Inclusion](#).
- 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**

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### **Evaluation**

Written exam: date to be confirmed.