



An ASKI client and loan officer at the Cabanatuan market in the Philippines.

Better data, better decisions

As a social investor, Oikocredit invests in changemakers – and we don't just leave social impact to chance. Our client outcomes programme is a unique body of work centred around measuring changes in clients lives and asking one key question: how can microfinance work better for the clients it serves?

Doing business to create social return goes a step further than doing business to deliver only financial return. Social businesses, including microfinance organizations, need to manage for impact – and ensure they are reaching those that need them most, delivering the best services in the best way, and continually innovating to do it better. This means that each and every organizational system and process – from training frontline staff to reporting to the boardroom table – needs to reflect that social mission.

As a social investor, we help the organizations we invest in, our partners, become stronger social

businesses. In 2014, we launched the client outcomes programme to help our partners collect and analyze the data they have been collecting, and use this to drive improved results for clients. By helping partners improve their social outcomes, we're also reaching our own goals as a social investor. Our cutting-edge work has microfinance organizations improving the way they work. We are expanding this capacity building programme beyond the original 11 partners – our aim is to directly support 50 partners by 2020 and share the analytical approach with many more.

We link good intentions and good outcomes

Having access to quality, responsible financial services (such as loans, savings, insurance and remittances) can play an important role in helping poor and excluded people improve their lives. Our partners use financial service delivery to help their clients in a variety of different ways: from promoting business growth, employment, and gender equality, to improving housing, health outcomes and school enrolment rates.

Oikocredit's client outcomes programme forms a critical link between "good intentions" and "good results".

Using insights on clients

For social businesses, having a clear social mission is just the first step. We help our partners measure changes happening in the lives of their clients, and use these real-time insights to:

Learn: *tweak their products and services to improve results and reduce risks for clients*

Lead: *make better decisions on a strategic level to achieve the social mission*

Take stock: *hold themselves accountable to investors, donors and other stakeholders for their social mission*

Tell their story: *position themselves as leaders in the microfinance sector*

Our **first goal** is to help partners use client insights to drive informed innovation. Having real-time data on what is happening in the lives of clients means they can improve their targeting, products, services and systems. It also helps them to set and refine their business strategy, report to funders, and manage financial and reputational risk.

Our **second goal** supports the first, and that is to help our partners live and breathe good data. This means improving how they collect, store, analyze and report data on clients – because good data drives good decision-making, and when it comes to improving the lives of poor people, good decisions matter.

We help our partners to take data-driven decisions to improve their social outcomes

In focus: Using poverty data at LOLC, Cambodia

Oikocredit partner, [LOLC \(Cambodia\) Plc](#) (formerly known as Thaneakea Phum or TPC), serves low-income clients (mostly women) in rural Cambodia using group loans averaging \$ 704. Their goal in the coming years is to expand their services deep into the rural areas, where poverty incidence is highest.

Importantly, in 2014, LOLC became the first Cambodian organization to receive the Grameen Foundation's Progress out of Poverty Index (PPI) certification. The PPI is the key tool used by over 70 Oikocredit partners to collect poverty data from new and current clients. In the same year, LOLC received STAR certification from MIX for social responsibility and in 2015 LOLC became the first Cambodian MFI to receive Smart Campaign certification for client protection principles.

At the outset of the client outcomes programme, Oikocredit worked with LOLC to identify a number of areas where it could improve its existing poverty tracking systems. In 2014, LOLC management and staff participated in an intensive one-week training experience on data analysis and use.

As a result of this, LOLC management took a number of important decisions, including:

- adopting a "dashboard" style reporting system to put easy-to-use insights on key trends and challenges into the hands of each department that needed them for better decision-making
- integrating the PPI into its audit function, to ensure that its decisions are based on a quality foundation of data – all without overloading staff
- re-organising its human resource capacity to expand its social data department, refreshing the skills of all staff in poverty data collection
- using poverty data to target clients for additional sanitation, water and renewable energy loans
- integrating poverty impact information into its external messaging (via the website and annual report) to boost its image as a pro-poor business.



A LOLC financial literacy trainer at a loan disbursement in Koaehkweng, Cambodia.

A programme rooted in data

Sustainable poverty alleviation can only happen if our partner microfinance institutions reach clients, in the right places, and with the right services designed to help clients manage their financial lives and avoid over-indebtedness.

Our client outcomes programme (launched in 2014) is designed to help our partners collect and analyze robust and real-time poverty data on clients – to make sure that they are delivering on good intentions; to help them understand what is working, what is not, and identify areas to improve the work they do.

As a social investor, we're also using the data emerging from our client outcomes programme to carry out [rigorous econometric analysis](#) (in cooperation with Andreas G. F. Hoepner of the University of Reading, UK). Not only will this help us understand our own social impact as an investor, but help us see where our partners need more support, and contribute to a global conversation around how to increase the effectiveness of inclusive finance.

In focus: ASKI takes its poverty data analysis to the next level

We've been investing in [Alalay Sa Kaunlaran, Inc.](#) (ASKI) since 2002, and today it serves nearly 95,000 clients through 70 branches in the Luzon province of the Philippines. Within a mature and stable marketplace, it offers group loans starting at \$ 40 to finance tiny income-generating projects. It also lends to individual owners of micro, small and medium enterprises, as well as market traders. Not only does it help its clients grow their businesses, but it supports clients with consumer loans for education, housing, water and sanitation, and green energy technology. ASKI complements all of this by delivering a broad range of client training, including: livelihood skills, leadership, financial and business management, good savings habits, and gender sensitivity.

As an investor, achieving our social goals means helping our partners achieve theirs

ASKI's work as a social business has garnered international recognition as well: in 2015 ASKI was the first MFI in the Philippines to receive Smart Campaign certification (for adherence to client protection principles) and in 2014 it was awarded a STAR certificate for its

commitment to transparency and social responsibility by MIX (the microfinance industry's market data platform). In 2011, it received its Grameen Foundation's Progress out of Poverty Index (PPI) Certification. In 2014, ASKI management and staff participated in an intensive one-week training course with Oikocredit, which helped it to take its existing data collection and analysis approach to the next level.

As a result of the training and on-going mentoring, ASKI reports that:

- new "poverty data dashboard" is up and running, and helps ASKI to spot key trends at the organization and branch level
- it has adapted the PPI data intake form so loan officers can use poverty level data to offer the right products to clients when they apply
- random internal audit checks ensure that data is top-quality
- different operational departments use relevant sub-sets of real-time poverty data to conduct their own analysis and improve performance
- staff routinely receive "refresher" training on collecting and using poverty data.

Looking ahead

We're excited to build on the success of our client outcomes programme, and tackle challenges we see appearing on the horizon. Strong and positive feedback from our partners affirms the importance of developing good-quality client data for strategic and operational decision-making. Our partners also appreciated Oikocredit's hands-on mentoring approach, and have taken serious steps to improve their own data capacity,



ASKI's Langka Collection Centre in the Philippines.

Client outcomes programme at a glance

Partner selection criteria:

- Committed to improving social outcomes
- Either basic or advanced social data collecting/reporting in place (especially poverty data)

Partners profile (2014/15 partner intake):

- Eleven organizations supported
- Countries: India, Philippines, Cambodia, Tajikistan
- Gross loan portfolio (combined): € 800 million
- Number of borrowers (combined): 3.2 million

Technical support provided:

- Baseline needs assessment to define roadmap for improvement
- In-house workshops on data collection and analysis
- Distance mentoring via Skype for technical staff
- Coaching sessions for senior management

Results (as of 2015):

- 11 partners with a combined 2.3 million poverty records for over 1.5 million clients
- Five partners with longitudinal data on changes in poverty status (over three years)
- All partners using simple but effective “dashboard” systems to report on poverty trends at board level
- Upgraded internal systems: new staff hired, improved management information systems and systematic staff training on data collecting/handling
- Partners use exit surveys to better understand clients and support the introduction of appropriate products.

for example, through hiring new staff, training existing staff, upgrading their information systems, and appointing special board committees. And while clearly we're pleased with the success of our work, we're also focused on what's worked less well, as these provide a rich source of programme learning. Working with a large number of partners at the same time means we can link them in a global conversation on solutions to common challenges – for example in defining indicators, checking data quality, and creating information feedback loops demonstrating the value of collecting and analyzing data.

A number of loyal donors have provided funding for the first two years of the programme. Moving forward, Oikocredit will continue to put its own resources into the programme but more donations are needed to fund the training of our partners over the next years and to complete the programme.

Capacity building at Oikocredit

Oikocredit has developed three global capacity building programmes — client outcomes, agriculture and financial services:

- **agricultural:** agriculture value chain financing (farmer resilience, fair trade, risk management, financial training for farmer and agricultural organizations, especially cooperatives)
- **financial services:** financial inclusion (financial training of MFIs and their clients; focus on women's entrepreneurship; farmers' entrepreneurship; women's employment; low-income livelihoods; risk management)
- **client outcomes:** programme (training of MFIs and their staff on strengthening their data collection and analysis).

In 2015, Oikocredit supported its partners with 140 capacity building engagements with a total value of € 1.7 million.

To find out more about capacity building at Oikocredit, visit: www.oikocredit.coop/what-we-do/building-capacity.



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