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Beyond Good Intentions: Measuring Impact Investment and Social Performance in Microfinance

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Summary

Born as a subsidy-dependent not-for-profit activity, microfinance has attracted a striking level of interest from investors over the past decade. Many of these identify themselves as *impact investors*, a term which the Global Impact Investing Network (GIIN) defines as investing with the intention to generate social and environmental impact alongside a financial return. GIIN goes on to list as one of impact investing's core characteristics, "the commitment of the investor to measure and report the social and environmental performance and progress of underlying investments."[2]

Following this definition, what distinguishes an impact investor from a commercial one is the combination of social intention with a commitment to measure the social outcomes of an investment alongside financial ones. In reality, however, while impact investors are usually guided by a social mission, tracking social outcomes related to this mission is not yet common practice either for the investors themselves or for the microfinance institutions (MFIs) in which they are investing.

In order to examine the relationship between social funding and MFI operations, this article investigates correlations between impact investments and various types of MFI performance indicators by comparing data from 658 microfinance institutions reporting social performance (SP), financial performance, and funding liability information to MIX.

The underlying hypothesis of this research is that MFIs funded by impact investors should demonstrate (a) better capacity to report social performance outcome indicators and (b) goals and product/service offerings with a social focus distinct from that of institutions funded by more commercial investors.

From the analysis, no evidence emerges that impact investors tend to invest more in MFIs with an inclusive social agenda than do their commercial peers. This is because most MFIs report financial inclusion, poverty reduction, and/or employment creation as their main development goals independent of funding structure. When it comes to outcome measurement, the vast majority of MFIs do not report indicators associated with their mission, illustrating the gap between intention and outcome measurement in microfinance.

Only one out of five MFIs with funding sources composed mainly of impact investors reported poverty data at least once between 2010 and 2012. This lack of reporting on social outcomes

[1] The authors would like to thank Blaine Stephens and Michael W. Krell for their valuable comments on earlier drafts of this article.
[2] GIIN, "About Impact Investing," http://www.thegiin.org/cgi-bin/iowa/resources/about/index.html (February 17, 2014).

highlights an incongruity between the definition provided by GIIN regarding the essential role that measurement plays in impact investment and current practice.

Nevertheless, this analysis shows some impact investing trends worth highlighting in regards to development goals, financial product offering, and financial performance. MFIs funded at least in part by socially oriented investors tend to:

- Have a stronger focus on the goals of start-up development and growth of existing businesses.
- Employ a broader array of services and delivery channels, such as voluntary savings and mobile banking.
- Demonstrate higher portfolio quality and higher return on assets (ROA).[3]

This article is the first attempt to analyze the link between MIX's data on MFIs' social mission and their funding structure. Although evidence from this data about MFIs' ability to deliver on their social mission is limited and no clear cut relationship emerges between a higher concentration of funders classified as impact investors and the strength of an MFI's social mission, the good news is that today's microfinance industry has a variety of tools at its disposal to measure performance and outcomes—probably more than any other impact investment sector. Above all, impact investors and MFIs willing to follow best practices in monitoring, measuring, and reporting on social dimensions of microfinance operations can make use of the Social Performance Task Force's (SPTF) Universal Standards for Social Performance Measurement (USSPM).

By combining clear social intention with a focus on performance tracking, microfinance impact investors can better ensure progress towards MFI missions and, ultimately, towards the social changes they are seeking.

The quest for measurable social performance information

Investment in microfinance has grown significantly over the past few years, reaching US$8.1 billion in total assets held by 92 microfinance investment vehicles (MIVs) at the end of 2012.[4] Several factors have contributed to this growth in investment, primarily: high demand for microfinance services, increased professionalization of the sector (leading to reduced levels of risk), lowered transaction costs, and higher predictability of returns.

The creation of a set of standardized metrics and benchmarks has played a key role in enabling the industry's growth and professionalization, reducing information asymmetry and fostering a culture of accountability and transparency. At first, these metrics were linked solely to monitoring financial performance and took the social benefit of microfinance as given. In recent years, however, the industry has begun recognizing that sound portfolio quality does not imply client satisfaction or increased wellbeing. As a result, the SPTF developed a set of standardized SP metrics to determine whether MFIs are aligning their products and strategies to their stated mission, whether they are

[3] Higher ROA could also be due to the maturity of the MFIs, however, as the majority of MFIs in impact investors' portfolio have been in operation for eight years or more.
[4] MicroRate, "The State of Microfinance Investment in 2013," http://www.microrate.com/media/downloads/2013/11/MicroRate-The-State-of-Microfinance-Investment-2013.pdf (February 17, 2014).

reaching their target client segments, and whether these clients are experiencing positive social outcomes.

MFIs have been reporting these SP metrics to MIX since 2009. These "MIX/SPTF SP indicators" are summarized in the table below.

Table 1: MIX/SPTF SP indicator categories

INDICATOR CATEGORY	WHAT THE INDICATORS MEASURE
Mission and social goals	The MFI's stated commitment to its social mission, its target market, and development objectives
Governance	The board of directors' (BoD) level of engagement with SPM
Range of products and services	Financial and nonfinancial products and services offered by the MFI
Client outreach by lending methodology	Number of active borrowers by lending methodology
Borrower retention	The MFI's borrower retention rate
Social responsibility to clients	MFI implementation of the Smart Campaign Client Protection Principles
Transparency of costs of services to clients	How the MFI states its lending interest rate(s)
Human resources and staff incentives	The MFI's policies regarding social responsibility to staff, staff gender composition, staff turnover rate, and staff incentives linked to social performance goals
Employment creation and enterprises financed	Business development and job creation outcomes
Social responsibility to the environment	MFI policies and initiatives in place to promote environmentally friendly practices and mitigate environmental impacts of financed enterprises
Poverty outreach	Client poverty level outcomes

This article analyzes indicators linked to development goals, borrower outreach, and financial product offering—as well as several financial performance indicators—to establish whether correlations exist between these indicators, the presence of socially-oriented funding, and MFI ability to report social outcomes to MIX. Client protection indicators are not included in this analysis due to certain issues with data quality.[5]

Data and methodology

The main findings of this analysis come from a sample of 658 MFIs that have reported qualitative SP information to MIX and for which we also have data on funding structure and sources from 2008 onwards. With regard to funding structure, we define "impact investment funds" as funding coming from investors with a stated social mission, a definition that includes some commercial funds.[6] We exclude from the "impact investment" category funds from commercial banks which are not SPTF members, as well as from private corporations and private individuals. Based on this distinction, we construct variables based on whether:

- MFIs are funded by at least one impact investor;
- MFIs have at least 50 percent of funders classified as impact investors;
- MFIs have at least 50 percent of total funding coming from impact investment; and
- MFIs receive funding from at least one SPTF member.

Applying these divisions gives us the following picture:

- The 658 MFIs in our sample receive funds from 1,606 different sources, out of which 64 percent are impact investors.
- 95 percent of these MFIs receive funds from at least one impact investor.
- 83 percent of these MFIs have at least half of their funders classified as impact investors.
- 74 percent of MFIs have received more than 50 percent of total funding from impact investors.
- Impact investment represents 69 percent of these MFIs' total funding.

It is noteworthy that 67 funders in our sample are signatories to the Principles for Responsible Investment[7] and that ten percent of the 1,024 impact investors are members of the SPTF. A reasonable assumption would be that SPTF members have more exposure to the concept of social performance management (SPM) than their peers and, therefore, are more familiar with the SP metrics MFIs report to MIX. It is because of the important work done by the SPTF in informing and involving the investor community that we analyze the performance of MFIs receiving funds from SPTF members (58 percent of the entire investor sample) both as part of the group of impact investors and separately from this group.

Our analysis uses Goodman and Kruskal's gamma statistic to determine whether MFI social missions correlate with their social funding, and a difference of means test to look at the relationship, if any, between financial performance and social funding.

[5] To find out how MIX is addressing the challenges of self-reported social data, please visit: http://mixmarket.org/about/social_performance_validation (February 17, 2014).

[6] Less than two percent of investors classified as impact investors by this analysis are commercial banks. These twelve commercial banks are all SPTF members.

[7] For list of signatories see here: http://www.unpri.org/signatories/signatories/ (February 17, 2014).

Findings

We test whether correlations exist between (a) impact investment, funding amount, and/or the presence of at least one SPTF funder and (b) MFI social mission, financial product offering, basic outreach information, and/or select financial performance indicators. We classify the various levels of correlation as follows:

- Correlation coefficient of less than 0.10 = "no relationship";
- Correlation coefficient from 0.10 to 0.19 = "weak relationship";
- Correlation coefficient from 0.20 to 0.29 = "moderate relationship";
- Correlation coefficient from 0.30 to 0.39 = "moderately strong relationship";
- Correlation coefficient equal to or greater than 0.40 = "strong relationship."

Development goals and target markets

The first question we address is whether a correlation exists between certain types of MFI missions and the presence of impact investors/investment within MFI funding structure. In particular, we ask whether MFIs with varying degrees of socially oriented funding demonstrate a specific social orientation in their overall development goals.

The analysis finds **no correlation** between having **at least half of MFI funders classified as impact investors** and MFI goals related to **financial inclusion, poverty reduction, or employment creation**. Interestingly, MFI development goals appear to gravitate towards these three objectives independently of a socially oriented funding structure.

True to the roots of microfinance, MFIs' pursuit of poverty reduction as a development goal seems independent of investor or funding orientation. Indeed, if we consider MIX's broader dataset of 927 MFIs that have reported development goal rankings and for which we also know the legal charter type, we find that poverty reduction figures among the top three priorities for 84 percent of NGOs, followed by 74 percent of cooperatives, 67 percent of NBFIs, and 60 percent of banks.

More generally, investment in microfinance is often associated with fighting poverty and targeting poor households. MIX's poverty target data[8] partially bears out this association in the case of impact investors: we find a **moderate correlation** between the presence of **at least one impact investor** and MFIs targeting **poor or low income clients,** although the correlation shows **no relationship when the majority of funders are socially oriented.** No relationship was found between poverty targeting and the amount of funds received from impact investors either.

On the other hand, however, a **weak negative correlation exists between targeting very poor clients and a majority of impact investors,** suggesting that clients at the bottom of the pyramid are often excluded by MFIs receiving high levels of impact investment. From prior research,[9] we know that MFIs targeting poor clients have higher cost structures. Although this same research finds that

[8] MIX asks MFIs to report whether or not they have a specific poverty focus. MFIs with such a focus are asked to specify whether they target very poor, poor, and/or low income clients.

[9] Adrian Gonzalez, "Microfinance Synergies and Trade-offs: Social vs. Financial Performance Outcomes in 2008," *MicroBanking Bulletin*, August 2010, http://www.themix.org/publications/microbanking-bulletin/2010/08/microfinance-synergies-and-trade-offs-social-vs-financial (March 27, 2014).

targeting the poor does not negatively impact credit risk or staff productivity, to an investor the higher costs (and lower returns) of targeting the very poor could make an MFI look like a riskier investment. This, in turn, could explain a preference for funding institutions that target the relatively better off or that have a more diversified poverty targeting strategy.

On the other hand, we find a **weak to moderate correlation** between MFI goals of **start-up development and growth of existing businesses and the presence of at least one or a majority of socially oriented funders.** We also find a weak correlation between having at least one socially oriented funder and the goal of gender equality and women's empowerment. The presence of at least one funder that is a member of the SPTF does not appear to affect the latter finding but has a weak negative correlation with the goals of employment generation and start-up development.

Turning to MFI target markets, we find a **weak or moderate correlation** between the presence of **at least one impact investor and MFIs citing women, clients living in urban areas, and clients living in rural areas as target markets,** although this correlation shows no relationship or a weak negative one when looking at MFIs with a majority of socially oriented funders.

Tracking outcomes related to development goals

The second question we address is whether MFIs funded by impact investors can report on the SP outcome indicators elaborated by MIX and the SPTF. The logic behind tracking outcomes related to specific social goals is simple: if an institution does not monitor tangible outcomes related to its objectives, it cannot know whether these objectives are being attained (or even approached) and, hence, cannot modify its operational strategies in light of empirical results. Table 2 below provides information on which outcome indicators are related to five of the most common development goals cited by MFIs.

Table 2: Development goals and their associated outcome indicators

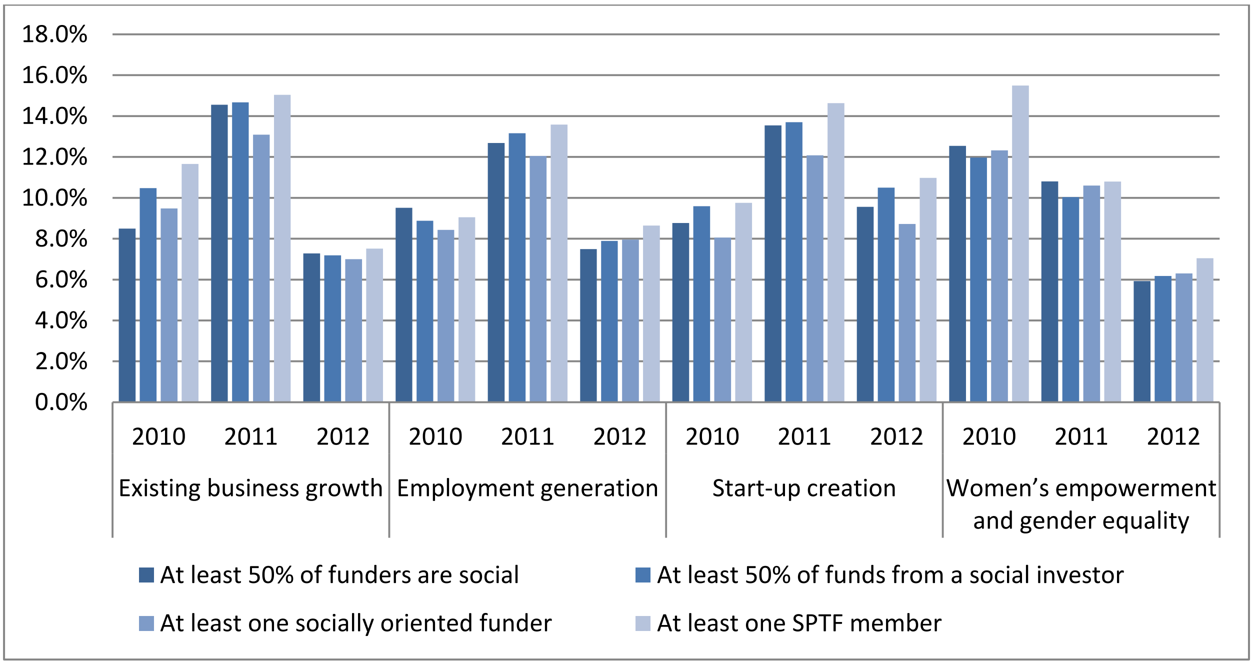
DEVELOPMENT GOAL	OUTCOME INDICATOR
Poverty reduction	Percent of clients below a certain poverty line at entry or at a given point in time (proxy)
Existing businesses growth	Number of microenterprises financed (new and existing) and number of clients sampled
Start-up creation	Number of start-up microenterprises financed and number of clients sampled
Employment generation	Number of jobs created and number of microenterprises sampled
Women's empowerment and gender equality	Number of clients served by nonfinancial women's empowerment services (proxy)

The best way to measure poverty reduction, the goal most frequently cited by MFIs, is by clients' movement out of poverty over time. However, as very few MFIs actually measure clients' progress out of poverty, MIX substitutes this dynamic indicator with a static one, asking MFIs to report the poverty level of their clients at entry or a given point in time. **Of the MFIs that (a) cite poverty**

reduction as a goal and (b) are mainly funded by socially oriented investors, we find that 28 percent of them have reported poverty data to MIX at least once between 2010 and 2012.[10] An additional 30 percent report using some type of poverty tool to assess client poverty levels but have never reported these figures to MIX, possibly due to an inability to capture this data in a systematized way**.** The remaining 40 percent do not report using any poverty measurement tool at all.

We observe this gap between pursuing a goal and reporting outcome figures related to it for other development goals as well: Figure 1 provides the percentage of MFIs citing a goal and reporting corresponding outcome indicators for the other four most common development goals and divides these by our various impact investment categories.

Figure 1: Funding structure and MFI outcome reporting related to development goals (n=658)



The above table includes an MFI if it was able to report on a given indicator in 2010, 2011, or 2012. If we instead consider the percentage of MFIs that (a) have reported *systematically* on these indicators over the past three years and (b) are funded mainly by impact investors, we find that **less than 5 percent of them are capable of reporting at this level**.[11]

[10] Out of the 140 MFIs that indicated poverty reduction as one of their development goals *and* reported poverty figures to MIX at least once between 2010 and 2012, more than 50 percent used the national poverty line (NPL) as a reference, almost 18 percent the US$2/day PPP line and the remainder some other line. Given the wide variety of poverty lines involved and the incomparability of NPLs, it is not possible to report median figures across our sample.

[11] The lowest level of systematic reporting is in relation to the goal of existing business growth (1.3 percent) and the highest is in relation to the goal of poverty reduction (4.6 percent).

Financial products and services

We also test whether a correlation exists between investor orientation and the types of financial products and services MFIs offer. Here the results are mixed. On the one hand, there is a **strong correlation** between the presence of **one or more impact investors** and the provision of **microcredit loans for microenterprises,[12] provision of voluntary insurance, and mobile banking services.** This shows a connection between impact investment and MFI commitment to protect the lives and assets of clients. On the other hand, we find a **moderate negative correlation** between the **presence of at least one impact investor** and MFIs offering **consumption loans, education loans, and savings facilitation services,[13]** as well as a **weak negative correlation** between MFIs with **at least one socially oriented funder and provision of SME loans.**

Given the complexity and multidimensionality of poverty, the above findings raise the question of whether impact investors with a stronger focus on the poor could be offering better support to MFIs with a more diversified approach to credit services.

As for SME lending, many consider the lack of SMEs in numerous developing countries—attributed to a short supply of affordable capital—to be a significant missed opportunity for generating employment on a larger scale than is possible through microenterprises. Looking at the sample of 210 MFIs reporting employment data to MIX at least once since 2010, we find that the median MFI is creating one job (in addition to the entrepreneur financed) for every five borrowers.[14] Unfortunately MIX's data prevents differentiation between employment stemming from SME lending versus microenterprise lending, although we do know that SME lending represents a small percentage (11 percent) of the gross loan portfolio breakouts MFIs have reported to MIX to date.[15]

Given that employment generation is one of the main development objectives of microfinance, one straightforward way to advance this goal would be to provide more capital to SMEs. This could be accomplished if more investors (probably those more disposed to accept higher risk in exchange for higher returns) worked closely with the public sector and MFIs such as down-scaling banks or "up-scaling" microcredit institutions. On the other hand, because most MFIs target poor or low income clients, SME lending might also work at cross purposes to microcredit to a certain extent: for example, unskilled workers might not be able to find suitable employment in SMEs as opposed to in microenterprises. At the moment, the paucity of data related both to SME financing and employment outcomes prevents further exploration of the linkages between SME financing and the goals of poverty reduction and employment creation.

Financial performance

Finally, we pose the question of whether a correlation exists between funder orientation and returns on equity (ROE) and assets (ROA), operational self-sufficiency (OSS), portfolio quality (PAR>30), and

[12] However, almost all MFIs report this product, so this result is not very meaningful.
[13] Savings facilitation services refer to cases where an MFI acts as mediator between clients and deposit-taking institutions, connecting clients with third-party deposit accounts rather than or in addition to offering deposit accounts directly.
[14] About 80 percent of the loans disbursed by these MFIs are destined to financing microenterprises and 7 percent to SMEs. Furthermore, there is a large absolute deviation in this data: 25 percent of MFIs reporting on employment creation have created 0.04 jobs or less per borrower (or one job for every 25 borrowers), while another 25 percent have created at least one job per borrower.
[15] SME data is from a sample of 876 MFIs.

efficiency (operating expenses/loan portfolio). The results show that the presence of **one or more impact investors does not appear to make a difference** in any of these financial indicators. On the other hand, MFIs with a **majority of impact investors have an average ROA of 1%, while those with less than half have an average of -0.4%.** However, this could be due to the fact that MFIs with a broad and well established funding base tend to have higher returns, rather than being linked to investors' social orientation.

Receiving funding from an SPTF member has an even greater correlation with ROA: MFIs with **at least one SPTF investor have an average ROA of 2%, while those with no SPTF funders have an average ROA of -0.2%.**

In terms of portfolio-at-risk, MFIs with a **majority of impact investors have an average PAR>30 of 6% while those with fewer than half or none have an average PAR>30 of 9%**, suggesting that the higher presence of social funding has a positive relationship with MFI portfolio quality.

Turning to productivity, MFIs with at least 50 percent of total funding from socially oriented investors have on average almost 300 borrowers per loan officer, while those with less than 50 percent or none have on average almost 409 borrowers per loan officer. Along the same lines, MFIs with a majority of impact investors have an average of almost 297 borrowers per loan officer, while those with less or none have an average of around 455. Here the data suggests that **MFIs with a higher presence of socially-oriented funders and funding are actually less productive but this could simply be an indication of deeper outreach**: a charitable interpretation would be that MFIs receiving high amounts of social funding are serving "harder to reach" clients than those without such funding (although, as previously stated, we found no correlation between reporting the poor as a target and having a majority of funders composed of impact investors). An alternative explanation is that this lower productivity could be related to the extension of more nonfinancial services and/or a greater diversity of services.[16]

Interestingly, MFIs with **at least one investor that is a member of the SPTF do not show a difference in SP outcome reporting** but, with an average operating expenses/loan portfolio ratio of 23.4% as opposed to 28.8% for MFIs with no SPTF investors, **do appear more efficient.**

To conclude our analysis, we look at MFI age and borrower outreach levels in relation to funding structure.[17] This data shows that **social investors' portfolios skew heavily towards mature MFIs**: 96.3 percent of the mature institutions in our sample (constituting 82.5 percent of the total) have at least one socially oriented funder, 80.4 percent have at least half of their funders classified as impact investors, 74.5 percent have at least half of funding coming from such investors, and 61.9 percent have at least one investor that is a member of the SPTF.

In general, the median mature MFI performs better on all financial indicators except PAR>30. Therefore, the greater degree of maturity of MFIs funded by impact investment might explain some of the results presented in this section. Unfortunately, we do not have information on the year that impact investors started financing these institutions, so it is not possible to know the extent to which

[16] We would expect MFIs that offer only a single credit product and few or no other services to have higher productivity rates than those that offer multiple products and more services.

[17] We have complete age and outreach information for 617 out of 658 institutions in our sample. Outreach peer groups are Small (number of borrowers < 10,000), Medium (10,000 ≤ number of borrowers ≤ 30,000), and Large (number of borrowers > 30,000). Age peer groups are New (one to four years old), Young (five to eight years old), and Mature (more than eight years old).

this maturity factor could be driving correlations between impact investors and financial performance.

Conclusions

It is our hope that these initial findings provide a means for the microfinance industry to begin reflecting on the role that impact investors can play in ensuring that investees deliver on their social mission.

If impact investment is about intention to generate social impact alongside a financial return, it is our position that a reasonable expectation is for impact investors to require investees to track social outcomes and to provide them with the financial and technical support needed. Systematic measurement should be framed as a long term investment, a means to gain credibility and recognition, and, of course, a way to generate impact in the microfinance industry.

Interestingly, J.P. Morgan and GIIN recently published a survey of 125 impact investors across industries (but with a fifth of total assets invested in microfinance) in which 95 percent of investors surveyed claim to measure social/environmental impact.[18] To bring further insight to the debate about measurement and impact investment—as well as to understand how J.P. Morgan/GIIN's findings fit with those of MIX—an important next step would be to examine the exact metrics these investors are using. How are investors understanding the term "impact" in relation to the indicators they collect? Are these metrics aimed at measuring *impact?* Are they proxy outcome measurements (such as those used in this analysis)? Are they simple outreach metrics? Something else? Every impact investment sector stands in need of a thorough assessment of how social outcomes are being measured and the uses to which these measurements are being put. Microfinance can provide an important contribution to this debate.

We recognize that the impact investment world is not homogenous and that different levels of investor engagement with monitoring MFI social performance practices exist within it. Nevertheless, we believe that microfinance funders defining themselves as impact investors should be proactive in including social performance process and outcomes indicators in their due-diligence and, furthermore, should adopt the SPTF's USSPM as a reference and starting point.

We envision that, as more and more stakeholders adopt the USSPM framework, the sector will undergo a steady improvement in measurement and monitoring practices and, as a result, we will gain a greater understanding of the relationship between the good intentions of impact investors and the effect of these intentions on the institutions they finance.

[18] Yasemin Saltuk et al., "Spotlight on the Market: The Impact Investor Survey," *Global Social Finance,* May 2, 2014, http://www.jpmorganchase.com/corporate/socialfinance/document/140502-Spotlight_on_the_market-FINAL.pdf (May 27, 2014). More than half of this 95 percent cited using IRIS metrics, the microfinance social performance components of which are endorsed by MIX and the SPTF (and closely aligned or identical to a subset of MIX/SPTF indicators.)

Table 1: MFI development goals and social funding

	At least 50% of investors are impact investors			At least 50% of funding is impact investment			At least one impact investor			At least one investor is an SPTF member		
	Yes	No		Yes	No		Yes	No		Yes	No	
	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma
DEVELOPMENT GOALS: Financial Services Access												
Yes	402	103	0.07	361	144	-0.12	481	24	0.05	287	218	-0.07
No	118	35		117	36		145	8		92	61	
DEVELOPMENT GOALS: Poverty Reduction												
Yes	391	100	0.07	352	139	-0.1	469	22	0.15	281	210	-0.03
No	129	38		126	41		157	10		98	69	
DEVELOPMENT GOALS: Employment Generation												
Yes	347	90	0.03	304	133	**-0.2**	415	22	-0.06	243	194	-0.12
No	173	48		174	47		211	10		136	85	
DEVELOPMENT GOALS: Startups												
Yes	251	59	0.11	219	91	-0.1	298	12	**0.21**	164	146	-0.18
No	269	79		259	89		328	20		215	133	
DEVELOPMENT GOALS: Existing Business Growth												
Yes	371	91	0.13	334	128	-0.03	443	19	**0.25**	266	196	-0,002
No	149	47		144	52		183	13		113	83	
DEVELOPMENT GOALS: Adult Ed Improvement												
Yes	135	42	-0.11	119	58	-0.18	167	10	-0.11	94	83	-0.12
No	385	96		359	122		459	22		285	196	
DEVELOPMENT GOALS: Youth Opportunities												
Yes	140	42	-0.09	119	63	**-0.24**	174	8	0.07	97	85	-0.12
No	380	96		359	117		452	24		282	194	
DEVELOPMENT GOALS: Children Schooling												
Yes	145	47	-0.14	130	62	-0.17	181	11	-0.13	110	82	-0.01
No	375	91		348	118		445	21		269	197	
DEVELOPMENT GOALS: Health Improvement												
Yes	155	46	-0.08	136	65	-0.17	190	11	-0.09	111	90	-0.07

No	365	92		342	115		436	21		268	189	
DEVELOPMENT GOALS: Gender Equality												
Yes	287	78	-0.03	259	106	-0.1	349	16	0.12	213	152	0.04
No	233	60		219	74		277	16		166	127	
DEVELOPMENT GOALS: Water Sanitation												
Yes	115	35	-0.09	103	47	-0.13	145	5	**0.24**	84	66	-0.04
No	405	103		375	133		481	27		295	213	
DEVELOPMENT GOALS: Housing												
Yes	208	57	-0.03	189	76	-0.06	251	14	-0.08	161	104	0.11
No	312	81		289	104		375	18		218	175	

Table 2: MFI target markets and social funding

	At least 50% of investors are impact investors			At least 50% of funding is impact investment			At least one impact investor			At least one investor is an SPTF member		
	Yes	No		Yes	No		Yes	No		Yes	No	
	N. of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma
TARGET MARKET: Women												
Yes	396	105	0.002	355	146	**-0.2**	480	21	**0.27**	285	216	-0.06
No	124	33		123	34		146	11		94	63	
TARGET MARKET: Adolescents and Youth (below 18)												
Yes	132	38	-0.06	113	57	**-0.2**	162	8	0.02	93	77	-0.08
No	388	100		365	123		464	24		286	202	
TARGET MARKET: Clients living in Urban/Semi Urban areas												
Yes	358	97	-0.03	322	133	-0.16	437	18	**0.29**	270	185	0.11
No	162	41		156	47		189	14		109	94	
TARGET MARKET: Clients living in rural areas												
Yes	392	100	0.08	356	136	-0.03	470	22	0.16	285	207	0.03
No	128	38		122	44		156	10		94	72	

Table 3: MFI poverty targets and social funding

	At least 50% of investors are impact investors			At least 50% of funding is impact investment			At least one impact investor			At least one investor is an SPTF member		
	Yes	No		Yes	No		Yes	No		Yes	No	
	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma
POVERTY TARGET: No Specific Focus												
Yes	55	15	-0.02	47	23	-0.15	64	6	**-0.34**	28	42	**-0.38**
No	465	123		431	157		562	26		351	237	
POVERTY TARGET: Low Income Clients												
Yes	359	93	0.04	330	122	0.03	433	19	**0.21**	272	180	0.16
No	161	45		148	58		193	13		107	99	
POVERTY TARGET: Poor Clients												
Yes	300	78	0.02	272	106	-0.04	364	14	**0.28**	231	147	0.17
No	220	60		206	74		262	18		148	132	
POVERTY TARGET: Very Poor Clients												
Yes	131	42	-0.13	124	49	-0.03	164	9	-0.05	101	72	0.02
No	389	96		354	131		462	23		278	207	

Table 4: MFI financial products and services (excluding deposits) and social funding

	At least 50% of investors are impact investors			At least 50% of funding is impact investment			At least one impact investor			At least one investor is an SPTF member		
	Yes	No		Yes	No		Yes	No		Yes	No	
	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		gamma	N.of MFIs		Gamma
FINANCIAL PRODUCTS AND SERVICES: Microcredit Loans for Microenterprise												
Yes	486	128	0.06	450	164	**0.22**	588	26	**0.56**	365	249	**0.52**
No	34	10		28	16		38	6		14	30	
FINANCIAL PRODUCTS AND SERVICES: SME Loans												
Yes	231	56	0.08	213	74	0.07	271	16	-0.13	166	121	0.009
No	289	82		265	106		355	16		213	158	
FINANCIAL PRODUCTS AND SERVICES: Loans for Agriculture												
Yes	354	93	0.02	330	117	0.09	426	21	0.06	267	180	0.14
No	166	45		148	63		200	11		112	99	
FINANCIAL PRODUCTS AND SERVICES: Housing Loans												
Yes	270	63	0.13	254	79	0.18	318	15	0.08	216	117	**0.3**
No	250	75		224	101		308	17		163	162	
FINANCIAL PRODUCTS AND SERVICES: Consumption Loans												
Yes	290	80	-0.05	273	97	0,07 0.07	349	21	**-0.21**	219	151	-0.07
No	230	58		205	83		277	11		160	128	
FINANCIAL PRODUCTS AND SERVICES: Education Loans												
Yes	195	62	-0.15	185	72	-0.03	241	16	**-0.23**	154	103	0.08
No	325	76		293	108		385	16		225	176	
FINANCIAL PRODUCTS AND SERVICES: Offer voluntary insurance?												
Yes	139	36	0.02	125	50	-0.04	171	4	**0.45**	102	73	0.02
No	381	102		353	130		455	28		277	206	

FINANCIAL PRODUCTS AND SERVICES: Debit/Credit Card												
Yes	45	7	**0.28**	44	8	**0.37**	50	2	0,13	34	18	0.18
No	475	131		434	172		576	30		345	261	
FINANCIAL PRODUCTS AND SERVICES: Mobile Banking Services												
Yes	44	13	-0.06	41	16	-0.02	56	1	**0.51**	**37**	**20**	0.17
No	476	125		437	164		570	31		342	259	
FINANCIAL PRODUCTS AND SERVICES: Savings Facilitation Service												
Yes	67	20	-0.07	63	24	-0.007	81	6	**-0.22**	47	40	-0.08
No	453	118		415	156		545	26		332	239	
FINANCIAL PRODUCTS AND SERVICES: Remittances Services												
Yes	155	40	0,02	147	48	0.10	186	9	0.04	120	75	0.12
No	365	98		331	132		440	23		259	204	
FINANCIAL PRODUCTS AND SERVICES: Microleasing												
Yes	35	14	**-0.22**	31	18	**-0.23**	44	5	**-0.42**	25	24	-0.14
No	485	124		447	162		582	27		354	255	

Table 5: MFI financial performance and social funding

	ROE		ROA		OSS		PAR>30		Borrowers per loan officer		Operating expenses/loan portfolio	
	Mean	t test mean diff.	Mean	t test mean diff.	Mean	t test mean diff.	Mean	t test mean diff.	Mean	t test mean diff.	Mean	t test mean diff.
At least one investor is an impact investor												
No	-0.001	0.1892	-0.006	0.3719	1.16	0.1975	0.08	0.3186	390.59	0.4185	0.34	0.1509
Yes	0.07		0.01		1.05		0.07		326.35		0.25	
At least 50% of investors are impact investors												
No	0.04	0.2125	-0.004	**0.0844***	1.07	0.6484	0.09	**0.0211****	454.52	**0.0002****	0.261	0.8598
Yes	0.07		0.01		1.05		0.06		296.6		0.256	
At least 50% of funding is impact investment												
No	0.04	0.1649	0.006	0.5300	1.07	0.6912	0.09	**0.005****	408.88	**0.0046****	0.253	0.8727
Yes	0.08		0.1		1.05		0.06		299.98		0.258	
At least one investor is an SPTF member												
No	0.06	0.5821	-0.002	**0.0092****	1.05		0.08	**0.0838***	344.1	0.4675	0.288	**0.0423****
Yes						0.7708						
Yes	0.07		0.02		1.06		0.06		318.87		0.234	

*Note:**= significant at 5%;*= significant at 10*

Table 6: At least one socially oriented funder: Age and Outreach breakdown (%)

	At least one socially oriented funder?					
	Yes	No	Yes	No	Yes	No
	Small		**Medium**		**Large**	
New	1.94	0.81	0.16	0.16	0.49	0
Young	5.67	0.81	2.76	0.16	4.54	0
Mature	29.01	1.62	17.02	0.81	33.39	0.65

Table 7: At least 50% of social funders: Age and Outreach breakdown (%)

	At least 50% of social funders?					
	Yes	No	Yes	No	Yes	No
	Small		**Medium**		**Large**	
New	1.78	0.97	0.16	0.16	0.49	0
Young	4.86	1.62	1.94	0.97	2.92	1.62
Mature	25.61	5.02	15.24	2.59	25.45	8.59

Table 8: At least 50% of funds from social investors: Age and Outreach breakdown (%)

	At least 50% of funds from social investors?					
	Yes	No	Yes	No	Yes	No
	Small		**Medium**		**Large**	
New	1.46	1.3	0.16	0.16	0.32	0.16
Young	4.21	2.27	1.94	0.97	2.76	1.78
Mature	22.69	7.94	13.94	3.89	24.8	9.24

Table 9: At least one SPTF member: Age and Outreach breakdown (%)

	At least one SPTF member?					
	Yes	No	Yes	No	Yes	No
	Small		**Medium**		**Large**	
New	0.81	1.94	0.16	0.16	0.16	0.32
Young	0.65	5.83	1.78	1.13	2.92	1.62
Mature	15.4	15.24	10.7	7.13	24.96	9.08

Table 10: Financial performance: Age breakdown (median)

	ROA	**ROE**	**OSS**	**PAR>30**	**Borrowers per loan officer**	**Operating expenses/loan portfolio**
New (n=22)	-0.09%	0.00%	89.89%	2.82%	230	23.98%
Young (n=86)	1.36%	3.71%	107.49%	2.80%	233	20.32%
Mature (n=509)	1.81%	8.58%	111.20%	3.65%	258	17.25%