

ProMujer	Bolivia																												
NGO	2007																												
<p style="text-align: center;">PERFORMANCE RATING</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #333; color: white;">SOCIAL RATING (Proposed)</td> <td style="background-color: #ffff00; text-align: center; font-size: 24px;">$\Sigma \alpha-$</td> </tr> <tr> <td style="background-color: #333; color: white;">*CREDIT RATING (MicroRate)</td> <td style="background-color: #ffff00; text-align: center; font-size: 24px;">$\alpha-$</td> </tr> </table> <p><small>*Credit Rating February 2006</small></p> <p>Mission Statement: To support the woman who lives in socio-economic exclusion through integrated participatory services, so that she may achieve sustainability at the personal, family, and community levels.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #d9534f; color: white;"> <th>Social Rating dimensions</th> <th>Rating</th> </tr> </thead> <tbody> <tr style="background-color: #0070c0; color: white;"> <td colspan="2">Process/organisational systems</td> </tr> <tr> <td>Mission and Systems</td> <td style="background-color: #ffff00; text-align: center;">$\Sigma \alpha-$</td> </tr> <tr> <td>Responsibility to clients</td> <td style="background-color: #92d050; text-align: center;">$\Sigma \alpha$</td> </tr> <tr> <td>Other Social Responsibility</td> <td style="background-color: #92d050; text-align: center;">$\Sigma \alpha+$</td> </tr> <tr style="background-color: #d9534f; color: white;"> <td colspan="2">Results/outputs – client level information*</td> </tr> <tr> <td>Depth of outreach</td> <td style="background-color: #ffff00; text-align: center;">$\Sigma \alpha-$</td> </tr> <tr> <td>Appropriate services</td> <td style="background-color: #ffff00; text-align: center;">$\Sigma \alpha-$</td> </tr> </tbody> </table> <p><small>* Information collected by PMB</small></p> <p style="text-align: center; margin-top: 10px;"><i>Integrating human development services</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="background-color: #d9534f; color: white;">Model:</td> <td>Group based - Village Bank; some individual</td> </tr> <tr> <td style="background-color: #d9534f; color: white;">Services:</td> <td>Direct:</td> </tr> <tr> <td style="background-color: #d9534f; color: white;">Financial</td> <td> <ul style="list-style-type: none"> • Credit – Enterprise, Seasonal (supplementary), Education Linked: <ul style="list-style-type: none"> • Savings (compulsory and voluntary) • Loan Insurance </td> </tr> <tr> <td style="background-color: #d9534f; color: white;">Non-financial</td> <td> Direct: Training – health issues, business development, women’s empowerment; Medical care – clients and children; children’s corners Linked: NGO counselling workshops (gender issues) </td> </tr> </table> <p style="margin-top: 10px;">Exchange rate: US\$ = Bolivianos 7.57 (Dec 2007)</p> <p style="margin-top: 5px;">Organisational data as of December 2007</p>	SOCIAL RATING (Proposed)	$\Sigma \alpha-$	*CREDIT RATING (MicroRate)	$\alpha-$	Social Rating dimensions	Rating	Process/organisational systems		Mission and Systems	$\Sigma \alpha-$	Responsibility to clients	$\Sigma \alpha$	Other Social Responsibility	$\Sigma \alpha+$	Results/outputs – client level information*		Depth of outreach	$\Sigma \alpha-$	Appropriate services	$\Sigma \alpha-$	Model:	Group based - Village Bank; some individual	Services:	Direct:	Financial	<ul style="list-style-type: none"> • Credit – Enterprise, Seasonal (supplementary), Education Linked: <ul style="list-style-type: none"> • Savings (compulsory and voluntary) • Loan Insurance 	Non-financial	Direct: Training – health issues, business development, women’s empowerment; Medical care – clients and children; children’s corners Linked: NGO counselling workshops (gender issues)	<p style="text-align: center; background-color: #e6f2ff;">SYNOPSIS</p> <p>ProMjuer in Bolivia (PMB), as its name indicates, focuses on providing services to women. These services are both financial and non-financial, including training and health care services. The aim is holistic towards helping women develop their full potential and access a range of necessary services.</p> <p>Operations are throughout the country, mainly in urban and semi-urban areas, with services currently expanding to rural women (partly because of near saturation in the urban market).</p> <p>PMB has a very strong double bottom line orientation. Financial performance is sound. In terms of financial services, operations are sustainable, with part of the revenue allocated towards costs of non-financial services, which are otherwise supported by a minimal charge to clients and donations. PMB’s current orientation is to remain an NGO, since as a regulated Financial Institution it would not be allowed to provide non-financial services. (Though having a separate but linked foundation may be an option).</p> <p>With over 90,000 active borrowers (at end 2007) and a portfolio of \$21 million, PMB is the fourth largest MFI in Bolivia in terms of outreach, with the smallest loan outstanding.</p> <p>PMB is actively putting in place effective systems for social performance management and reporting, exploring indicators relevant to both financial and non-financial services.</p> <p>Strengths</p> <ul style="list-style-type: none"> ⇒ Sense of mission, orientation of leadership ⇒ Strong alignment of service delivery model ⇒ Organisational linkages to expand range of services ⇒ Establishing mechanisms to obtain client feedback and use social information in decision making ⇒ High coverage for health services and business skills training, with client contribution to costs <p>Issues</p> <ul style="list-style-type: none"> ➔ Clarifying social objectives and linking these to information system: particularly depth of outreach (potential to deepen – serve poorer clients) and indicators for ‘exclusion’. ➔ Reinforcement of mission amongst field staff - including building social indicators into appraisal and incentive system ➔ Adapting and improving training (skills and content) especially for older clients ➔ Making systematic use of available information ➔ Clarifying ‘retention rate’ and dropout rate and analysing across client segments ➔ Ensuring effective group systems for village banking – especially as PMB expands
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For the <i>Imp-Act</i> Global Learning Programme	Micro-Credit Ratings International Limited, Gurgaon, India <small>Grading symbols described on last page</small>																												

Organisational data as of 31 December 2007

Rating Rationale

SOCIAL PROFILE	
Systems and MIS	
Mission orientation: financial and non-financial services for women primarily urban/semi-urban	
Clients (active borrowers)	90,510
Rural	~20%
Women - clients	~95%
Women - staff	87%
Client protection: internal code in process; Still to introduce systematic, comprehensive monitoring	
Loans < \$400	60%
Average size of loan	\$275
EIR (main group loan) (excluding compulsory savings)	33.8%
Dropout rate*	15%
Access to non-financial services:	
- business training	84%
- sexual & reproductive health care	89%
- health training	80%
- pap smear test	17%
Client information^a	In percent
<i>[comparative national data]</i>	
Depth of outreach	
Below national poverty line	30 [63]
Below \$2/day at PPP	~10 [42]
Net primary enrolment - girls	-- [94]
- boys	-- [94]
Secondary enrolment - girls	-- [71]
- boys	-- [67]
Clients completed primary schooling+	56 []
Client awareness	
- Products and transactions	mostly aware
- Group norms	all are aware
Household	
- other access to Bank/coop services	19
- access to another MFI	21
- borrowed from moneylender (prev yr)	3
Women headed households	36
Women clients involved in enterprise	98

* M-CRIL formula (see page 15)

^a Poverty data from PMB's pilot of the Progress out of Poverty Index - 781 new clients (2007). Other profile information from random sample of 60 clients. Indicative, not statistical

Governance: Strong governance structure through network of Pro Mujer International, with double bottom line commitment. Retaining NGO structure so as to maintain village banking model with integrated non-financial services. Creation of a parallel FFS may be an option to consider – given the size of portfolio and the savings base (currently through linkage with an FFS).

Mission and Strategy: Social goals clearly articulated in mission and reflected in Strategic Plan, reflecting very substantive gender approach. Beginning to set SMART objectives though need to clarify indicators of exclusion and geographical area (rural/semi-urban) – and build buy-in across the organisation. Effective strategic alignment via group based Community Associations, contributing to development of women's self-esteem and leadership as well as enabling the direct provision of health care. Adaptive products in response to client feedback.

Deliberate balance between financial sustainability of the institution and serving client needs holistically and effectively. Expanding to serve younger clientele (including young men).

Outreach to the poor (below national poverty line) can be deepened further, especially as PMB expands operations into rural areas. Dropout rate seems high and needs more analysis (including by cycle) for PMB to address effectively with increasing market competition.

HR: Emphasis on social orientation of staff in recruitment; former clients may join as credit assistants (around 40%). Challenge to standardise the staff orientation programme as the organisation expands and link the incentive system to social indicators. High proportion of women staff; turnover quite high (20%).

Information system: MIS being adapted to include social indicators and access to non-financial services. Client level research is an integral feature, reflecting PMB's social commitment. Needs streamlining for better application, which is in process. Innovative internal system for monitoring client feedback. Can be developed further through analysis of different client segments.

Contributing to current initiatives in global reporting on social indicators, including testing the Progress out of Poverty Index.

Client protection: PMB is in process to adopt Social Responsibility principles including internal code for client relations. Emphasis on communication and transparency; monitoring of compliance could be strengthened as part of internal audit. Reasonable costs of services, including allocation for non-financial services and some client contribution for non-financial services.

Non-financial Services: Integrated and strategic provision of training (business skills, health, empowerment) and medical services for client and their children. Grant funded. Good coverage – over 80%. Training needs adaptation (skills of the credit assistants as well as content) to maintain relevance for older clients. Child corners in some branches, at client request.

Financial performance	Dec 07
Operational Self Sufficiency	116.1%
Borrowers/field staff	184
Operating Expense Ratio	25.2%
Portfolio at Risk (30 days)	0.8%
Portfolio yield	36.9%
Average cost of funds	4.6%
Return on Assets	-2.20%

CONTEXT

PMB's headquarters are located in Bolivia's capital city of La Paz, with operations mainly in urban/peri-urban areas throughout most of the country.



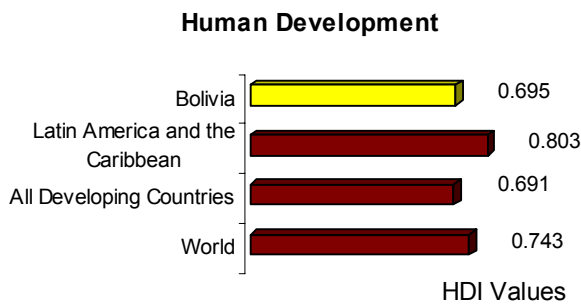
Millennium Development Goals: indicators		
Poverty [2005]	Population < national poverty line	63%
	Population < \$2/day at PPP	42%
	Population < \$1/day at PPP	23%
Education	Adult literacy (15 years +)	87%
	Net primary enrolment	95%
	Net secondary enrolment	74%
Gender equality	Female ratio to male: – adult literacy	0.87
	– net primary enrolment	1.01
	– net secondary enrolment	0.99
	Women in parliament (2007) – Ministerial Level (2005)	15% 7%
Health	Births attended by skilled personnel	67%
	Life expectancy at birth (years)	64
	Population with access to:	
	- improved water source	85%
- improved sanitation	46%	

UN Human Development Report 2008

Native indigenous people (including *aymaras*, *quechuas*, *guaranis*) are around two-thirds of the population. They are regarded as a vulnerable, poorer community compared to Bolivians.

Bolivia – development indicators

Bolivia has a population of 9.3 million, of which 64% is urban. Out of 177 countries in the world, Bolivia ranks 117 on the Human Development Index (which reflects life expectancy, literacy/education and per capita GDP).



Human Development Report,

A country of 'medium human development', landlocked and at high altitude, Bolivia is one of the poorest countries in Latin America – second after Guatemala ranked at 118 on the HDI. This, despite being rich in mineral and energy resources (including a large natural gas field). It is also one of the most unequal countries in the continent with a Gini coefficient of about 0.6: the richest 10% of the population have over 40% of total income.

With moderate economic growth of 2-4% over the past decade, annual income per capita reached \$1,260 in 2007. The national poverty line is estimated at around \$1,240¹, and 63% of the population were living below this level in 2005; 42% were below the '\$2/day' international poverty line at PPP. The rural poverty rate is about 25 percentage points greater than the urban.

¹ The national poverty line is based on cost of a diet of 2,120 calories a day, plus cost of basic non-food necessities. At 2006 prices, this is estimated at 350 Bolivianos per person per month, equivalent to \$3.40/person/day at PPP.

Bolivia – microfinance

The microfinance sector in Bolivia is the most mature in Latin America with a variety of players comprising of formal sources - 13 Commercial Banks; 6 Private Financial Funds (Fondos Financieros Privados (FFPs)); 23 Open cooperatives; 9 Mutual benefit savings and home loan societies; and semi formal sources - closed cooperatives and NGOs. Some NGOs have created (or transformed into) FFPs, which were created in 1995 to encourage NGOs with strong lending operations to transform into regulated financial agencies, which would allow them to take deposits, more easily access wholesale funds and commercial capital, and encourage more efficient management. By 2005, FFPs accounted for 57% of microfinance clients and 85% of the gross portfolio.

NGOs are not regulated, but are associated with wider networks (FINRURAL, Asofin). PMB is linked to Pro Mujer International.

Amongst both regulated and non regulated MFIs, PMB is at number two in terms of outreach. It is 9th in gross loan portfolio, with the smallest loan balance of Bolivian MFIs.

Bolivian organisations for microfinance (2007)

MFI	Legal form	Outreach (clients/accounts)	Portfolio size (US\$ (mill))	Av loan balance/borrower	As % per capita GNI
BancoSol	Bank	121,207	209	1,724	137%
CRECER	NGO	101,616	27	270	21%
ProCredit-BOL	Bank	94,326	271	2,873	228%
Pro Mujer	NGO	'90,510'	21	236	19%
PRODEM	FFP	85,578	167	1,946	154%
FIE	FFP	79,553	161	2,027	161%
Diaconia	NGO	35,589	19	535	42%
Cooperativa JN	Coop	23,844	72	3,027	240%
FADES	NGO	21,782	23	1,044	83%
Eco Futuro	FFP	21,463	33	1,549	123%

[MIX Market] Note: 90,510 for PMB = number of loan accounts)

INTENT & DESIGN

MISSION

Clarity and communication

Strong social mission, beginning to build better clarity and buy-in
 PMB's mission statement reflects its origins in 1990 as an NGO providing training in empowerment, health, family planning and child development, directed at poor women who were receiving food donations. The present mission statement dates from 1993 when PMB started to offer financial services as well. It sets out to be an organisation integrating financial services with services for human development, focusing on women (Pro Mujer), emphasising support for business development and effective medical services. The mission does not specify geographical areas, though until 2004 PMB was working only in urban/peri-urban areas.

PMB is beginning to translate its mission into social goals and objectives, including the following targets:

- outreach to women: at least 95% (men are included as members in the new youth programme);
- poverty outreach: at least 50% of new clients should be below the national poverty line (deepening outreach in comparison with the PPI sample data, though still below the national poverty rate);
- retention rate of 75% by end 2008 (slight increase on current rate of 70%, PMB blames stiff competition from other MFIs);
- health consultation coverage - 15% of clients (and their children) on annual basis.

The strategic planning also covers 'sustainability of clients, their families and communities' in terms of increasing client income, increasing client participation in social organisations, increasing school attendance of clients' children – to be monitored through sample based impact studies.

PMB's mission is reflected in its strategic plan (2005-8) which includes the following goals:

- To reach institutional profitability in financial services and self-sustainability in human development services.
- To grow in a manner which is constant and sustained in time, while maintaining quality
- To achieve national coverage as a leading institution supporting community associations, with established marketing policies and processes.

PMB's mission is strongly aligned with accepted social values in microfinance – with additional emphasis on training and health care for women. This is reflected in

internal communications and strategic planning documents. Though the communication of mission and internalisation needs strengthening amongst field staff. PMB plans to communicate the mission and social objectives more in depth after the strategic plan is finalized incorporating social objectives aligned with the new mission statement in 2008.

The mission statement is to be reviewed by the Board in 2008, so as to adapt it to current developments within PMB, particularly, including young people/teenagers as a new market segment, specifying poverty criteria (consistent with the use of a poverty score card) and including staff development.

PMB has begun strategically to expand into rural areas. This represents a significant shift from the economies of scale of urban/peri-urban operations. Whilst being in line with mission, this is largely a response to the increasing competition in existing markets – with implications for additional costs and product adaptation.

Governance and structure

Strong network - socially oriented

PMB is part of the Pro Mujer international network – based in New York with MFI members in five Latin American countries. PMB is overseen by the Board of PMI in New York. PMI's Board members are a galaxy of 21 people with enormous experience in financial investment, asset management, banking and law – less experience in development issues (maybe 3 out of the 21), though two of the three advisors are very experienced in microfinance, enterprise issues and research.

The advantage of PMI for its network members is the leverage of continental expertise, and sharing of issues and approach. The PMI Board has played a role in linking its members to various initiatives in social reporting and social performance management, as well as undertaking periodic external impact assessments. PMI monitors mainly outreach and financial indicators of its network members, but is currently developing a system for social reporting.

In line with Bolivia regulation, a local advisory board is being created for 2008-2009. Its members will include the PMB CEO, and the two founder members from PMI (including the ex-CEO, Carmen Velasco who headed PMB from 1990-2007).

PMI has supported PMB in remaining an NGO. Regulation – as an FFS – would not allow PMB to provide non-financial services directly, nor is the Village Banking methodology recognised for formal banking transactions. PMB thus sees its continuing NGO status as fundamental to its mission and approach.

ALIGNMENT OF SYSTEMS

Model for service delivery

PMB's model for service delivery is closely aligned to its mission, with provision of integrated financial and non-financial services – as well as linkages with local service providers - designed to provide an integrated development approach to address different aspects of poverty.

Microfinance services are based on a village bank system. Four-five women form themselves into a solidarity group; five or six solidarity groups form a 'Community Association' (*Asociacione Comunale*) whose structure is intended to promote internal decision-making and development of leadership.

The Community Association meetings are the vehicle for service delivery including training. Initial training is over 5 days (2 hour sessions/day). These sessions then take place fortnightly, with the first half hour allocated for training sessions: firstly in Community Association Management & Administration (advising women in a participatory way, for training, organisation, administration and leadership); then other sessions to reinforce these themes, adding business development, health issues and women's empowerment.

Each Community Association has its own Board and Credit Committee, with a president, a person in charge of training, a secretary, and vice president who are selected from among the members. The leaders put in place the rules of conduct for each Association, they run the meeting and collect the money including any fines. The branches (known as 'Focal Centres') provide space for meetings of Community Associations, the training programmes and services, including health consultations.

In addition to regular staff in charge of microcredit operations and training, PMB recruits medical professionals to deliver health services to clients and their families.

A strong feature of PMB's strategy is linkage with other organisations, both for financial services (for savings, insurance and in-country wire transfer services) and non-financial services (health referral, health insurance, counselling in civil rights and family violence issues).

Market strategy

Areas: PMB has focused its operations in urban and semi-urban areas, based primarily in or near the main cities of the country, starting in El Alto, the shanty town close to the capital city of LaPaz, an area with a high rural migrant concentration, especially of those of indigenous origin.

New areas are assessed on the basis of practical access (roads and communications) and demand from underserved communities for financial services and health care. Funding agencies have also determined areas for expansion such as the Gates Foundation and Save the Children that fit with PMB's social focus.

Since 2004, PMB began to extend operations to 'medium sized' towns, and in 2007 began actively exploring a more rural outreach. Rural expansion is largely in response to increasing microfinance competition in the peri-urban markets, albeit in line with the mission to serve the excluded. For rural outreach, PMB staff visit village areas for service delivery, and do not expect women to visit a focal centre.

Clients: Client selection – for the community associations - is determined by area of operation, and by small loan size. PMB aims to serve women:

- who are starting or own a small business.
- with limited access to credit.
- with limited access to human development services.
- with low income
- with low self-esteem.
- who are illiterate or have little schooling.

This is the broad understanding that is intended to underlie field staff selection of clients, though there has been no specific methodology for targeting or for monitoring selection criteria. The Community Associations play a role in confirming membership, based on their history in the group, and they may recommend new members (to replace those who leave). From 2009, PMB plans to apply the PPI as a monitoring tool.

Financial Products: *Very gradual introduction of new products to supplement the main group loan*

PMB's main product is the group loan provided for entrepreneurial activities. There is a cap of \$100 for the first loan cycle. Subsequently, members with good repayment record can borrow different amounts up to a maximum of \$5,000. There is a loan fee (2% of the loan amount), and interest is charged at 30% on annual declining basis. There are compulsory savings – at 20% of the loan amount – which are deposited into a group savings account along with the loan instalments during the loan term.

The first loan cycle is usually 3-7 months, with the same term selected for all members of the community association. Repayments are weekly. From the second cycle, the loan term can range from 3 to 10 months, as selected for each solidarity group, with fortnightly repayments. Group members are expected to reapply for a new loan once the previous loan is fully paid, or in advance. Members can choose to increase their loan amount or stay with the amount in the last loan cycle.

Credit products – description

Type of loan Clientele	Community Association (CA) members				Individual CA grads & new
	Main	Seasonal	School	Youth	
Loan guarantee	Peer group				Parents
Minimum Size [\$]	50			20	500
Maximum size [\$]	5,000	1,500	160	160	15,000
Interest rate (annual, declining)	30%	36%	24%	42%	30%
Term	3-10 months	2 months	4 months	6 months	2 years
Repayment frequency	Fortnightly (monthly – rural)				Fortnightly/monthly
Upfront fee	2%				2.5%
Compulsory savings	20% of loan outstanding				-

Since 2002, PMB began to introduce an individual loan, starting at \$500. This is offered to members of community associations who graduate to larger loans, and also to new clients (who have not been CA members).

In response to client feedback, two credit products have been piloted and added to the main CA loans, since 2006/7:

- seasonal loan: 2-month credit, at slightly higher interest, available to supplement existing loans during busy seasons;
- school loan: available for three months at the beginning of the school year.

Group savings and loans for young people and entrepreneurs (aged 14-25) have also been introduced in one region since 2004, under a special project funded by Kellogg Foundation and the Bill and Melinda Gates Foundation.

Data provided for analysis of portfolio is presented below, with some remaining gaps, and adjustments, assuming that seasonal and school loans are supplementary to main loans, and reducing ‘number of borrowers’ accordingly. With adjustment, total clients are around 76,400, of whom CA clients are nearly 95%.

Credit – distribution

Type of loan	Total	CA				Individual
		Main	Seasonal	School	Youth	
Loans outstanding (no.)	90,322	72,257	13,819	90	90	4,065
Borrowers (%)	76,412	94.6%			0.1%	5.3%
Portfolio - %						
Average loan outstanding: [\$] During year:	236	128				?
Average loan disbursed [\$]	275	306	215	106	182	673
Maximum 1 st loan disbursed [\$]	120	100	200	50	50	500

Since 2006, PMB has implemented an internal loan insurance (Dignity Plan), which covers member’s outstanding debt in case of death. All clients are automatically covered by this insurance, at no additional cost. So far, there were 10 claims in 2007 (and another 76 in 2008).

Savings: As an NGO, PMB is not mandated to collect savings. Client savings are deposited in accounts with one of the regulated financial funds (FFP) – mainly FIE with whom PMB has an alliance. Cash counters are maintained at PMB focal centres. Interest is at the bank deposit rate (1-3%).

Compulsory savings (with CA loans) are deposited in group accounts, in instalments along with loan repayments. Clients are also encouraged to deposit voluntary savings. Data provided indicates compulsory savings of \$7.3 million, and voluntary savings of \$0.2 million.

PMB is exploring options for insurance linkage with insurance companies and local NGOs providing health care. Health care insurance is under development and will be launched in 2009.

Also at the pilot stage, since 2007, is a tie-up with FINRURAL (an NGO network) to provide in-country draft/remittance services.

HR

Beginning to institutionalise systems as organisation expands

PMB strongly emphasises recruitment of people with a social orientation in terms of willingness and commitment to working with marginalised communities. For field staff, the hiring policy prioritises ‘social sensitivity’ over technical qualifications since the latter will be built through on-the-job training. Secondary school completion is the educational requirement. For management level, PMB requires a college level degree or vocational training with some professional experience balanced with social motivation.

New hires undergo an induction programme emphasizing the organization’s social mission. The orientation programme used to be conducted by the executive director herself, one of the founders, which was very effective in reinforcing the organisation’s mission to new staff. However, as PMB expands operations, they need to standardise the orientation programme.

The system for staff appraisal and incentives is based on indicators that reflect the job description and targets for growth (clients and portfolio) and repayments. PMB has plans to link in social indicators to the appraisal and incentive system in future, including the quality of client level/social information generated by staff as part of the client feedback process (described below).

Information and reporting

Diverse; PMB aware of need to streamline for better application

PMB has tried many tools and approaches to tracking social results at the client level. This has been partly the result of donor or network requirements. The effectiveness of the tools and use of the findings has been mixed. As part of a focused strategy to improve social performance information and tracking, PMB is beginning to streamline its data collection and monitoring system. The creation of the position of a Research and Evaluation Coordinator (in 2006) is a step towards doing this.

Portfolio analysis: A new computerised MIS introduced in 2005, includes fields for tracking client profile and related information. Indicators from the Progress out of Poverty Index, still under pilot, will be incorporated and other indicators are under consideration.

Client retention is monitored and analysed quarterly at all levels – credit assistant, focal unit up to region – and monitored with reference to the target of 75% retention. Though adaption of the data to reflect clients who dropout but rejoin at a later time, needs to be done.

PMB also places emphasis on monitoring access to non-financial services, with a scoring system to capture achievements of specified targets for each branch. Indicators to capture effectiveness in terms of client feedback on these services, are also planned to be incorporated into the MIS.

Additional indicators for PMB to consider, include:

- % rural/semi-urban clients
- % clients of indigenous origin
- % ‘vulnerable’ clients at entry – may be above the national poverty line; decide what level is relevant (rural and urban)
- % individual clients who have graduated from being group clients
- Loan size by cycle (separately for CA and individual loans)

Client level research: PMB started client level monitoring in the late 1990s, carrying out internal studies using the AIMS tools. These were partly replaced by external impact assessments, to be conducted every 2-3 years. An external study on client loyalty, client dropout and default was also carried out in 2004.

From 2004, PMB started to develop an internal system of annual monitoring of client satisfaction with the following components:

- client suggestion boxes (supposed to be placed in each focal centre)
- client exit surveys (80% of dropouts, during a specified period – carried out by a different staff member, not the credit assistant)
- the results of both of these are reviewed by staff at each branch and suggestions made
- suggestions and specific themes are explored further in focus groups and indepth individual interviews with clients – by the credit assistants.

The process is now guided by the Research and Evaluation Coordinator at head office, who consolidates the feedback at head office and makes recommendations to senior management. The feedback seems well documented and has been used in adapting products and introducing new ones – such as the education loan for clients’ children. Different issues for various client segments (age group, rural/urban, poverty level, time with PMB) will need analysis in future.

In general PMB is working to standardise its internal reporting and monitoring, with quicker processing of data, and faster response time to assessment reports. The basic reporting issue – around monitoring number of clients (not just accounts) – also needs to be addressed

SOCIAL RESPONSIBILITY

PMB has historically had an informal culture of social responsibility as part of its orientation and practices. In 2005, after participating in a social responsibility project in Bolivia, a process of formalisation was begun with an assessment of current practice in relation to staff, clients and community.

CLIENT PROTECTION

PMB has begun to introduce a strategy to maintain the institutional image of credibility and trust, quality service, preventing negative results and safeguarding client information. These are not formalised but are to some extent reflected in organisational policies, and included in staff induction (in relation to staff roles and responsibilities).

The internal audit team (of four certified accountants) focuses on compliance with financial systems (repayments, accounts) and group systems, and includes some interviews with clients, which can be expanded to include other client protection issues.

Transparency

Information on products and services, rights and obligations is part of the initial training of clients and is expected to be reinforced during Community Association meetings. The policy is to diffuse information through a variety of methods – involving discussion with the Credit Assistants, posters and pamphlets about services.

Clients are provided an individual repayment schedule sheet showing the break down of their instalments into principal, interest, fees, taxes and savings. They do not have individual receipts. Member data and repayment spreadsheets are maintained in the Community Association folder, by the CA officers – and this is kept by PMB staff until the following meeting.

Avoiding over-indebtedness

With increasing provision of microfinance, over-indebtedness of clients is a risk, especially in the urban areas. To address this risk, PMB:

- checks with the National Credit Bureau on previous defaults as part of the loan application process; done for all new clients; randomly for older clients. PMB does not authorise the provision of credit to those identified to be in arrears or those who already have two outstanding loans (to any service provider). From 2008, NGO MFIs will also be reporting to the Credit Bureau, which will make checks more complete.
- Draws on peer knowledge within each solidarity group to keep credit levels within the capacity of members – through credit committee of each CA that has one representative of each solidarity group.

Otherwise, verification of new clients – house, business assets – is carried out by the credit assistants.

Guidelines for staff behaviour in case of client default are part of the Community Associations' manual. The first recourse is the peer group. If not resolved within the group, then the CA as a whole gets involved. The CA will pay for the defaulter and the board will try to find the defaulter to repay. Credit officers only take action if the issue remains unresolved.

Costs to clients

Disbursements, collections and health consultations take place at the urban focal centres, or in rural areas at the village level.

The interest rate charged on loans is expected to cover all costs of financial service delivery, including the costs of training of Community Associations. The Effective Interest Rate (EIR) including the upfront fees is 33.8% for the main group loan, 33% for individual loans – and 45.8% for the youth group loans. Including the effect of compulsory savings, the EIR of the main group loan increases to 39%. A competing MFI, is charging flat interest rate of 24% which, with upfront fees, translates to a higher EIR of over 50%.

Other transaction costs for clients include time spent in meetings - 2 hours for CA meetings, every fortnight, (plus travel to the focal centre). Client feedback has indicated a preference to reduce the time involved (see [page 16](#)).

In terms of portfolio structure, and comparing with other MFIs in Bolivia reporting to the MiX, PMB has high operating expenses, reflecting very small loan size and training costs. Low financial expense and portfolio at risk is at par with other MFIs using the banco comunale model. PMB is obtaining a much higher yield, with the revenues partly used to cover costs of health services.

Cost structure as % of average portfolio (2007)	PMB	Bolivia	
		Village banks -5	Total MFIs-24
<i>Average loan outstanding \$</i>	236	532	1,112
<i>Loans: credit officer</i>	323	323	137
Costs			
Operating expense ratio	25.2	14.2	13.5
Financial expense ratio	4.6	5.3	9.7
Loan Loss provision	1.7	1.0	0.74
Total costs	31.5	20.5	23.9
Yield			
Surplus	5.4	2.0	-3.8
PAR (30 days)	0.8	0.7	2.2
Write-off		0.7	1.3

MiX 2008. Benchmarks for 24 MFIs reporting in Bolivia in 2007. 5 follow the village banking model. 7 of the 24 are financially self sufficient

Most MFIs in Bolivia follow a more individual model, with higher loan size and consumer lending, reflected in somewhat lower costs. Still, most appear unprofitable.

Urban markets are highly dollarized, and most of PMB lending has been in dollars, but with the depreciation of the dollar, clients started asking for loans in the local currency (Bolivianos). Rural lending (with rural markets using local currency) is entirely in Bolivianos, so that the costs of conversion are not borne by the clients.

Client interactions

PMB's interaction with clients is mainly through the Community Association meetings. These are consistently held at the same day and time of the week so that clients can integrate it in their routines. The meetings usually take one and a half to two hours – with time for financial transactions, as well as for follow up training interactions, including business development and health (see below).

Processing of loan application is intended to be efficient and quick, 48 hours and maybe just 24 hours in some regional offices – in response to client request. Though loan disbursement takes longer.

The process for obtaining client feedback appears well structured, and includes forms and a suggestion box supposed to be maintained at each focal centre (not always the case: clients are perhaps more likely to contact directly the person in-charge of the focal centre if they have a complaint – or to rely on the Association leader). Issues are also discussed at six monthly meetings of the community association boards.

PMB has been responsive to client feedback obtained through its monitoring of client suggestions. Responses have included: Modification of the internal loan policy of the community association; making the solidarity guarantee applicable at the group level, rather than the community association level; making training sessions voluntary for older clients; speeding up the loan disbursement time; installing washrooms for members in the focal centres; starting children corners; hiring only women professionals for medical services; and in older associations, switching to monthly payments, and allowing a minimum 10 number of members (as clients dropout).

Non-financial services and linkages

PMB places equal emphasis on human development services to complement the financial services and the activities of the Community Associations. The focus is on basic health service delivery, skills development and other facilities/training for clients and their children.

Health services have a delivery structure that is integrated into the focal centres, accessible to all members of the Community Associations and to their children. The main goal is to minimize the effect of health problems for a highly vulnerable population. The aims are:

- To sensitise and orient women in family health issues so that they may prevent the more common illnesses.
- To orient women in sexual and reproductive health, so that they may understand the importance of family planning, and if possible apply it so as to control their reproductive lives.
- To give basic care and orientation for first-level health problems and, in cases of higher complexity, refer them to health centres in the area.

Clinics at the focus centres are run by qualified medical staff – doctors and nurses. The clinics make referrals, if necessary, to other NGOs or medical institutions.

PMB sets annual targets for its health services delivery, and monitors achievement, which shows substantial numbers, though for some services below target, as shown in the following table.

Delivery of health services (2006)	Number	% ^a
Health services:		
Sexual & reproductive health services	31,759	45%
Sexual and reproductive health counselling	116,283	>100%
Pap smear test	12,782	18%
Pre-natal check-up	14,330	>100%
Health services for children <5 yrs old	8,860	43%
Growth screening for children <2 yrs old	10,551	71%

Training: For the first 3 cycles training is focused on strengthening the Community Associations. From the 4th cycle onwards, sessions are diversified to include training and business skills. The sessions are for about 30 minutes as part of the regular CA meetings, totalling 4-6 hours of training for Community Association members during each loan cycle.

Health training is given by the doctor or nurse that attends the medical facilities at the focal centers. Coverage is high at around 95% of members in their 4th cycle. There are also sessions on basic business management, financial education and marketing skills given by the credit assistant.

Feedback from clients is mostly positive (page 14), though older clients may begin to find training less relevant, and be less interested in spending the additional time.

Children's corner: Following a request from Community Association members, PMB has since 2005 allocated space for a children's corner in nine focal centres. These corners are supervised by final year students completing

their studies in Educational Sciences, who (it is intended) should be oriented to interact constructively with the children, so as to provide opportunities for early stimulation, and development of pre-primary schools.

Clients are charged for these additional (non-financial) services – at \$0.60 per month (and in one region an additional \$0.12/month for use of the children’s corner). This compares with \$7/month repayment on a \$100 loan. Clients contribute an estimated 80% of the costs of delivering non-financial services. The balance is covered equally from portfolio revenue, and from grant funding.

Est. costs of non-financial services	US\$	%
Total costs/focal centre	17,961	
Contribution by clients	14,369	80%
Allocation from portfolio revenue	1,796	10%
Balance covered by grant funding	1,796	10%

In future the health services may be provided also to non-clients of the financial services, which will add to the revenue.

Technical training: PMB provides six-month computer training courses and English courses. These are open to children of non-clients as well as clients. (Clients pay a lower fee). The course includes a range of learning materials designed to help in mathematics and science. In 2007, 7,530 young people attended these courses. The charge is a nominal \$3.75 which contributes under 15% of estimated costs.

Running computer training courses	US\$	%
Total costs (Annual – 2007)	76,116	100
Contribution by trainees		
Balance covered by grant funding	66,188	85%

Grant funding is provided by Nuestro Futuro which also paid for the computers. The grant is available up to 2008, and PMB is looking for funding to continue after that.

OTHER SOCIAL RESPONSIBILITY

GENDER APPROACH

Very strong and focused approach to support women – and address their needs.

In line with its name, ‘Pro Mujer’ Bolivia is actively concerned about gender issues. It was initially believed that simply offering services to women was enough to have a gender focus, but with time, there was a realization that this was not the case – given the social-cultural context in which women face multiple constraints. These are identified by PMB to include: women assuming unequal and inferior roles, violence and abuse against women, functional illiteracy, single mothers or mothers abandoned by their partners or spouses, undesired

pregnancies. PMB’s services are designed to respond to these issues – both for clients and for staff. There is also an awareness that deeprooted, negative behaviour in society may not be set right in the short term, but efforts need to be made to influence future generations for the long term.

Clients: PMB has institutionalised a strong emphasis on building women’s capabilities and developing the services that serve their needs holistically. The strategy is to provide training in the context of the community associations for women to develop leadership (as members of the board of their community associations), self esteem and awareness of women’s rights, to enable women to develop health awareness and acquire business skills and to address women’s health issues, particularly related to sexual and reproductive health.

The training is designed as a process through which women recognise their value as women and their capabilities. The different areas of training – leadership, health, financial education – serve to support women’s empowerment. The emphasis on regular rotation of leadership in the community associations (leaders remain for up to 4 cycles = 2 years) reinforces this process.

PMB women clients access credit without the need of any authorisation from their husband or partner. This is in line with PMB’s belief that to empower women, the same patterns of discrimination against (or power over) women must not be replicated, but that gender equality should be actively encouraged.

Additional opportunities for reflection and counselling are provided through PMB’s linkages with gender focused local NGOs – though involvement in the national network for Women in Bolivia.

Staff: The majority of PMB’s staff are women - over half the senior management, 93% of field staff.

Staff level	Number	% women
Management	14	9
Field staff	316	93%
Office/technical staff	133	87%
Support staff	20	1
Total	483	87%

PMB favours hiring of women for positions in the health care centres, as women clients feel more comfortable and open to them (especially on issues concerning reproductive and sexual health). Out of 24 doctors, 22 are women.

Induction of new staff includes some basic training on women’s rights and why the institution works with women.

With a high proportion of women staff, the management is also aware of the constraints that some staff face: and is aware of some cases of intra-family violence, physical and psychological abuse, especially among field staff; and some cases of young mothers who find it difficult to strike a balance between their responsibilities as spouses-mothers and workers.

To address this, and realising that as an institution which promotes the overcoming of abuse and violence for its clients, it is illogical that its own staff members suffer from these issues, PMB pays for field staff to attend women's empowerment courses – and has managed to do this for staff at some of the regional offices, though not yet for all, as it would like to do.

Also, PMB's social responsibility strategy includes setting up support systems for parents of young children, through flexible working hours, and by having agreements with nearby nurseries. It is intended that there will be written regulations to support staff with young children, who will be able to count on nearby nurseries for the care and safety of their children during work hours.

RESPONSIBILITY TO STAFF

Working to institutionalise HR systems

PMB has an HR manager, supported by two staff in the bigger regional offices of Santa Cruz and El Alto. Procedures are documented in an HR manual.

Following its own comparative research during 2007, which showed salaries in PMB below average for the microfinance industry, there has been a substantial increase in salaries (effective from January 2008) to bring them more in line with the industry average.

Each regional office has a training budget for its staff. Training in microfinance is undertaken by the HR and Training department. PMB plans to develop a tailor-made diploma for the institution. PMB supports the presence of its staff in local and international workshops and events. It also encourages staff with the most potential to develop themselves professionally. Five staff members were supported to take up additional training in 2007, with PMB paying for training sessions and/or being flexible with working hours to allow attendance at the training.

Both for promotions and for training, PMB is yet to develop systematic policies with annual training plans for different levels of personnel, and tracking mechanisms.

PMB provides paid leave, Christmas bonuses, and life insurance in line with standard practices. Working hours are the standard: 40 hours a week, 5 days a week – though may be higher than this in practice.

Safety mechanisms for staff are in place and adequate. Field staff are covered by life and theft insurance. There are security guards stationed at the focal centres. Staff who are travelling and carrying cash are not allowed to travel alone and are encouraged to use variable routes.

There are opportunities for staff contribution to decision-making and consultations through a monthly feedback system and representatives of management in the central and regional offices interact through periodic evaluation and planning workshops. PMB recognises the need to systematise these processes to make them more participatory, timely and effective. It is planning to set up staff consultative groups in all regional offices to give clearer space for staff consultation and input to strategy.

Staff turnover seems high – at 20% in 2006, 24% of field staff. Over two-thirds of those who left were fired.

The exit interview process is currently being formalised, but feedback in 2007 indicated low salaries as the main issue. Additionally, PMB should implement a staff satisfaction survey.

RESPONSIBILITY TO COMMUNITY

Through its services, and engagement with other NGOs, PMB promotes values of women's control of their health, use of doctors (instead of non-professionals) and opportunities for women and for young people.

PMB hires people from the zones where the focal centres are located, including ex-clients. However, it does not track hiring of indigenous people, nor the number of ex-clients hired.

It provides micro-credit for start-up enterprises as well as existing businesses (though it does not track this information).

The organisation seeks to engage with local leaders – to support local access to health care centre for women, and to the computer centres. The facilities are open to non-clients, at a higher cost. In future, PMB aims to track access – for clients and non-client families.

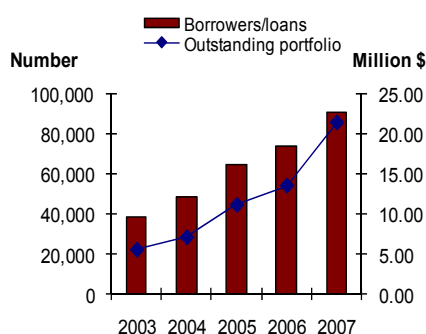
RESPONSIBILITY TO ENVIRONMENT

This aspect of social responsibility is an area that PMB may consider in future, depending on what is relevant to its own organisational practices (including for example use and disposal of medical materials at its health clinics) as well as for client enterprises. Currently these are not linked to natural resources or manufacturing that carry potential environmental risk – though this may change with more rural outreach.

RESULTS - OUTPUTS

OUTREACH

PMB growth over the past 5 years has been from 38,000 clients in 2003 to a reported 90,500 (though as discussed these may be loan accounts) by December 2007, with a portfolio of nearly \$21.4 million. Borrowers are around 90% of members (members of Community Associations who maintain savings and access other services).



Areas of operation

PMB branches are located in 8 of the 9 departments in the country – all except Pando in the remote and densely forested NW. Client distribution is oriented to poorer regions with over half in the poorest areas: El Alto, Potosi and Chuquisaca); 20% are in the better off areas (Santa Cruz and Tarija). PMB is expanding to Pando in 2008.

PMB works in urban and semi-urban areas, mainly the marginal shanty towns in and around the cities. Outreach to rural areas – around ‘medium-sized towns’ of up to 15,000 population is an estimated 20%.

Department	Population	Poverty	% PMB clients
1 La Paz	1,700,508	'Average'	6
[El Alto suburb]	649,958	Very poor	31
2 Santa Cruz	2,029,471	Less poor	14
3 Cochabamba	1,455,711	'Average'	16
4 Potosí	709,013	Very poor	6
5 Chuquisaca	531,522	Very poor	13
6 Oruro	391,870	'Average'	4
7 Tarija	391,226	Less poor	6
8 El Beni	362,521	'Average'	6
9 Pando	52,525	Very poor	-
	8,274,325	59%	100

[Census, Unicef, and PMB client data for 2006]

The following sections for field level findings draw on various client sample surveys undertaken by the PMB research team during 2007/8.¹

Financial inclusion

- the unbanked

19% of PMB client households have alternative formal savings – in a Bank or a cooperative; 5% have a bank loan. These are mostly in the name of a husband or son, sometimes in the the client herself. Formal access is substantially lower in rural areas.

Household access to formal financial services	% overall	% urban	% rural
Savings	19	23	3
Bank loan	5	6	3

[n=60]

- the vulnerable

PMB does not capture data on outreach to indigenous communities but plans to do so in future.

PMB sees women headed households, particularly women deserted by a husband or partner as particularly vulnerable. The sample indicates 37% of clients are women-headed, with 29% depending on the woman as the main financial provider. This compares with available national level data of 24% women headed households (1997, from USAID Women in Development website).

Women headed households	% sample	% urban	% rural
n	30	30	30
Women headed households	37	37	37
Main financial provider:			
- client and husband	54	53	56
- client	29	27	37
- husband (or elder)	17	20	7

- the poor

Poverty outreach – from a pilot test of the Progress out of Poverty Index – is indicated at 30% below the national poverty line, and 10% in the poorest half below the national poverty line, which is somewhat below the \$2/day line at purchasing power parity. The sample comes from the three most developed departments, and is therefore not representative of the PMB’s overall outreach – bur provides an indication of outreach in

¹ The poverty outreach data comes from a pilot test of the Progress out of Poverty Index in three regions. Other client profile data was collected through a quick survey of 60 clients in Tarija department. This covered 30 urban/peri-urban clients and 30 more rural clients. Here, the overall sample result is derived from weighting the sample according to the estimated proportion in PMB’s clientele (80% urban). The client profile is indicative, not statistical.

these three departments. It reflects relatively low depth of outreach relative to the national poverty level.²

Poverty lines	% sample	% Bolivia
	N	781
Below national poverty line	30	63
Bottom half – very poor	10	[42 <\$2/day]

781 clients <1 year with PMB from three departments: La Paz, Cochabamba, and Santa Cruz. National data from 2005

PMB needs to apply the PPI in the poorest departments too, and include a rural sample.

Support to enterprises and employment

PMB data on loan use shows that micro-credit is mainly (72%) used for trading followed by services such as sale of snacks, tailoring, hair dresser (24%), and some other industries.

Nearly two-thirds of the sample reported using PMB credit to start a new business, particularly in urban areas.

Used micro-credit to start new business	% sample	% urban	% rural
	64	70	40

[N=60]

Enterprises of group clients are micro scale, involving family members. Though some do employ hired labour. The employment effect of individual enterprises is likely to be higher. The Table below summarises information available from a FINRURAL survey of 405 clients, in 2006.

Employment in supported enterprises	Sample ^a
Total working/supported enterprise	2.05
- family members	1.7
- hired labour	0.4

Survey of 405 group clients carried out by FINRURAL in 2006. These clients were over 2 yrs with PMB.

The FINRURAL survey also covered women’s role in the financed enterprises, showing a high degree of management by the client herself, also joint management in a household enterprise; and minimal ‘loan pass’ to a man in the family.

Enterprise ‘management’	% sample
Client herself	59
Client jointly – with husband/son	39
Husband/son = ‘loan pass’	2

² The PPI for Bolivia is based on 2002 national data and includes as an indicator having a mobile phone – which has become widespread since 2002. The PPI therefore needs to be updated. Nevertheless, having a mobile phone is one of ten indicators, with just 10% weight.

FINRURAL survey [n=405]

Client profile

Women clients schooling: 56% have completed a level of formal schooling (31% have completed secondary level, 25% primary level); 44% have had no schooling or less than primary [FINRURAL sample] This compares with 85% female adult literacy in Bolivia.

On the PPI indicators, at the household level:

- 85% of children (of school age) are attending school
- 85% own a TV
- 83% have their own latrine
- 42% own a refrigerator
- 28% have earth floors
- 26% use wood for cooking

APPROPRIATE SERVICES

Client awareness

Clients were asked a series of questions on aspects that PMB expects its clients to know through FGDs

Awareness of products and transactions	All/ mostly aware	Less aware
Credit products: Available	✓	
Up-front costs		✓
Interest charge	✓	
Savings products: Available	✓	
Interest due	✓	
Terms of withdrawal	✓	
Loan insurance and terms	✓	
What to do in case of complaint	✓	

conducted by PMB research staff in 2006.³

Community Association members appear mostly aware of the financial products and transactions, and what to do in case of complaint. They know the interest in terms of the amount to pay on every \$100. But they are not able to state the details of the upfront costs

Group systems

Meetings are held regularly, though attendance varies – averaging 70%. Community association files and records are updated after each meeting by the loan officer and kept at the focal centres.

³ Client awareness and other feedback comes from Focus Groups conducted by PMB field staff. These were in 4 departments, nine branches, two Focus Groups in each branch, 10-12 participants in each Focus Group. Covered longer-term and newly joined clients, but findings are not differentiated.

Group issues that emerged in the FGDs conducted by PMB were as follows:

- Clients prefer to have the option to set the day and time for the meetings (this was not the practice in all branches)
- Reduce the length of the meeting (two hours, including a half hour session may seem long; training sessions may become optional)
- Meetings take longer than usual when a member is in default and the whole association has to stay back. There is a suggestion that only the solidarity group where that member belongs remain rather than the whole community association; and
- For staff to intervene more in cases of default rather than make it the main responsibility of the community association members.

Client feedback

Access to other financial services

One in 5 client households have a member in another MFI – mainly in other NGOs (Creceer, Fades, Fondeco) reflecting local competition. This figure may even under-represent the extent of multiple membership/borrowing. Just 3% had borrowed from a moneylender in the previous year.

Household access to:	% sample	% urban	% rural
Other MFI - FFS/NGO	21	20	27
Moneylender (in last yr)	3	3	3

n=60

Positive feedback

Clients value amongst PMB services, the following:

- ⇒ Easy access to credit
- ⇒ Quick processing and disbursement
- ⇒ Free solidarity insurance
- ⇒ Possibility to accumulate savings
- ⇒ Understanding and patient staff
- ⇒ Usefulness of the non-financial services: health and business skills training, children's corner, and computer classes
- ⇒ Availability of suggestion boxes which allows them to air their grievances and participate in PMB activities

Some issues

The Focus Groups provide some feedback on issues and concerns for clients, as follows:

- That loans be available in the local currency, not just dollars; PMB does disburse credit in Bolivianos, but

maybe this is not regularly available at all focal centres

- There is sometimes a delay in loan disbursements
- Demand for larger loan size especially among long standing clients; PMB has increased the loan amounts, but may need closer assessment and more variation with reference to different enterprise options
- Monthly rather than fortnightly meetings – PMB is considering this in some focal centres
- Higher liquidity and easier withdrawability of savings
- Additional savings (e.g. towards purchase of land and house)
- Insurance products; PMB is exploring linkages for this
- That clients be informed about what happens to the comments they put in the suggestion boxes; indicates a communication area for the credit assistants and the association leaders.

Feedback on non-financial services

According to a PMB internal evaluation of training services sampling 6,400 clients, client feedback on the training sessions is positive overall, though utility scores higher than training method.

	Very good	Good	Need to improve
Utility	32	58	10
Approach/methods:			
Business skills	20	40	40
Building Group			26
Capacity	24	50	
Health	26	45	29

PMB client survey: 6,400 clients

New clients, especially, value the various training programmes though for older clients PMB is having to review their training needs.

From the Focus Groups, clients particularly value the access to medical professionals (doctors and nurses). Their suggestions reflect the value of the services but indicate more attention needed to training, especially for older clients:

- For the health training to include new topics as it tends to be repetitive; (perhaps this also reflects on the capacities and level of commitment of the credit assistants who provide this training at the end of the association meeting.
- Doctors be available more than once a week
- Request for dental care.

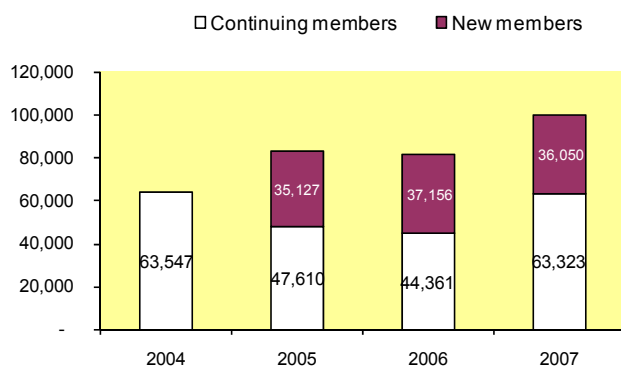
Client value the children's corners and are requesting these to be available in all focal centres.

Client exit

PMB's definition of dropout allows for members to continue to be involved in their Community Associations, with savings and access to health care and other services, and not to borrow for a few cycles. A member is considered a dropout when she informs the credit assistant of her definite intention to leave PMB and withdraws her savings. Those who ask for temporary rest from borrowing, or continue to save are not considered dropout, and continue as members.

A simple mapping of the numbers showing the number of new members each year, gives an indication of the degree of exit (comparing the top of each column to the top of the white part of the column in the following year.

Client retention and new members



Based on data provided for members, PMB's rate of dropout was very high (32%) in 2006 with the number of dropouts more than new members – resulting in an overall decline in number of members. In 2006, PMB say they 'cleaned out the data base' and removed all delinquent accounts. In 2007, the exit rate has gone back to 15%.

The data is summarised in the following table, based on sample exit surveys during two months of the year, in both 2006-7. The 2007 format allows for multiple responses, and gives a wider range of issues.

Reasons for exit	2006 N 407	2007 308
Graduation	0.5%	3%
Do not need currently/Rest	8%	4%
Issues with Community Association		
Group guarantee – covering for others' default	15%	36%
Other Internal issues/regulations	18%	36%
Dissatisfaction – Community Association		25%
Meetings too long	3%	23%
Issues with PMB financial services		
Frequency of instalments	3%	36%
Interest rate	2%	32%
Credit at another institution	2%	9%
Small loan size	2%	7%
Distance to focal centre	5%	6%
Lack of facilities at the focal centre		5%
Staff issues	1%	3%
Liquidity of savings	0.2%	2%
Issues with non-financial services		
Costs	3%	62%
Dissatisfaction - training programmes and medical services	2%	13%
Problems		
Business issues	7%	7%
Family problems	6%	8%
Own illness	4%	3%

PMB exit survey covering approximately 80% of dropouts at random during June-August in each year.

Further analysis in terms of client categories (for example, by type of livelihood, by time with PMB) would help to focus the findings for possible follow up action.

OUTCOMES

An impact study was undertaken by FINRURAL in 2006/7. The study covered a sample of 400 clients with FINRURAL for at least 2 years, based on comparison of older clients with more recent ones, as well as recall. The findings aim to cover changes in household income, in business diversification and marketing skills, in adoption of family planning methods, health awareness and access to health care services.

The findings appear positive with higher results for clients longer with PMB but numerical analysis needs refinement. It is anyway complicated by the number of clients who also are members of other MFIs.

Calculating the dropout rate		Dec-05	Dec-06	Dec-07
a	Total members at end of year	82,737	81,517	99,373
b	New members during year	35,127	37,156	36,050
c	Members at beginning of year	63,547	82,737	81,517
	Rate of dropout [(c+b-a)/c+b]*	16%	32%	15%
d	No. of Dropouts (implied)	15,937	38,376	15,373

* M-CRIL formula

PMB's own exit survey findings show a small proportion are graduates or do not currently need PMB services. The main reasons for dissatisfaction include: costs of non-financial services, issues with the Community Association, particularly in terms of the group guarantee and lengthy meetings, and some features of PMB's financial services (instalment frequency and interest rate).

PERSPECTIVE - CONCLUSION

PMB is well on track in putting its mission into practice in line with accepted social values, with a strong strategic emphasis on integrating non-financial services relevant to women with the financial services. The organisation has strong systems for social performance management at different levels, and has made a substantial effort to develop information systems relevant to tracking social goals, alongside financial measures.

Client level data indicate moderate poverty outreach, below the national incidence of poverty.

Regular systems for monitoring client feedback and exit surveys provide useful information which PMB monitors quite systematically and responds to with adaptive products and services.

Issues that need attention include: clarifying social objectives and linking these to the information system; particularly depth of outreach (potential to deepen – serve poorer clients) and indicators for ‘exclusion’; reinforcement of mission amongst field staff - including building social indicators into the appraisal and incentive system, as well as systematic training plans; making systematic use of available information, including segmenting the analysis (for example by cycle, client time with PMB) to enable a more focused response; adapting and improving training (skills and content) especially for older clients; and ensuring effective group systems within the Community Associations – especially as PMB expands.

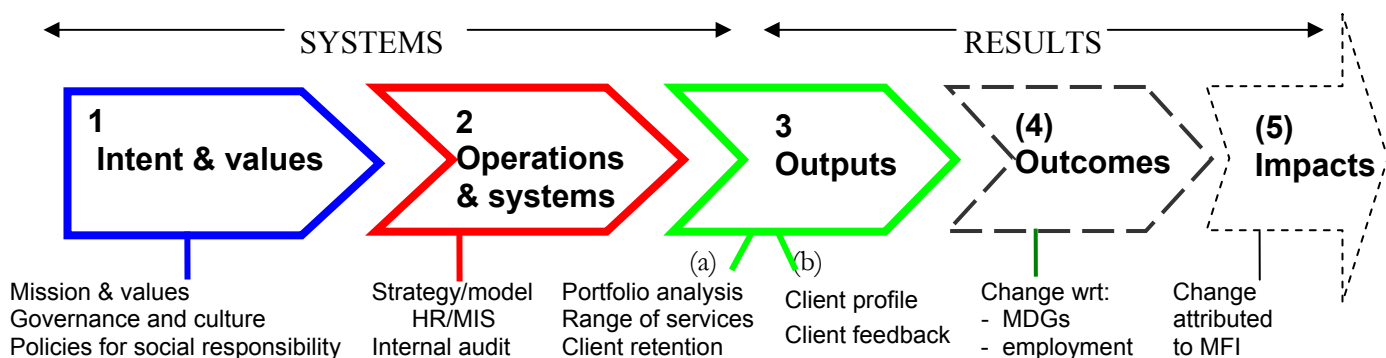
M-CRIL's Microfinance Rating Symbols

Grade	Credit Rating description	Social Rating description	Grade
$\alpha++$	Excellent systems, highest safety ➤ most highly recommended	Excellent systems and evidence for very strong adherence to social mission and values	$\Sigma\alpha++$
$\alpha+$ α	Very good systems, high safety ➤ (very) highly recommended	Very good systems and evidence for strong adherence to social mission and values	$\Sigma\alpha+$ $\Sigma\alpha$
$\alpha-$ $\beta+$	Good/satisfactory systems and safety ➤ recommended, needs monitoring and improvement to handle large volumes	Good /satisfactory systems and evidence for adherence to social mission and values	$\Sigma\alpha-$ $\Sigma\beta+$
β $\beta-$	Borderline to weak systems, significant risk ➤ acceptable after improvement	Weak systems, with evidence of limited adherence to social mission and values	$\Sigma\beta$ $\Sigma\beta-$
$\gamma+$ γ	Weak systems, very high risk ➤ not ready for investment	No systems, no evidence reflecting social mission or values	$\Sigma\gamma+$ $\Sigma\gamma$

Σ The capital sigma, represents the 'S' for Social Rating

- Mission and values relate primarily to: financial inclusion, client protection and quality services
- The social rating covers organisational systems alignment and field level evidence for outputs (who are the clients at entry, are the services appropriate). Field level information may be collected as part of the social rating exercise, if not already available as part of the MFI's own reporting system.
- If the MFI has robust evidence for change (outcomes/impact), this will be documented as part of the social rating report.
- Otherwise a first social rating does not directly collect information on outcomes, and it is not included. A subsequent social rating, however, can include direct follow up of the initial client survey to profile change at the client level.

Social rating thus usually covers the first three steps of the *social performance pathway* as shown.



This is the framework for social performance reporting. The social rating verifies social performance data reported by an MFI.