**Financial Inclusion MEAL**

**Financial Statement Analysis**

LIFT’s approach to financial statement analysis is through the review and analysis of MFOs/MFIs statements—balance sheet and income statements. Specifically, analysis of financial ratios allows for the evaluation of risks, performance, safety and soundness and gauging future performance.

**Financial Indicators[[1]](#footnote-1)**

1. **Outreach**

* number of clients
* depth (client poverty level)

1. **Portfolio Quality**

* portfolio at risk
* aging of delinquency
* loans at risk
* write-off and restructuring/refinancing (against total loan portfolio)

1. **Financial Sustainability**

* operational sustainability
* financial sustainability
* return on assets
* capital adequacy ratio

1. **Efficiency**

* operating expense to average total assets
* financial structure (loan portfolio/total assets, earning assets/total assets, return on loan portfolio)

**IP Quarterly Reporting**

1. Financial Indicators
2. Financial Statements
3. Loan Portfolio by type of loan
4. Loans disbursed by type of loan

**IP Annual Reporting**

1. Socio-economic profile: gender, income, land, status of household (Data Source: MFO/MFI client database)
2. Client Survey (Data Source: Annual MFO/MFI Client Survey)
3. Progress out of Poverty Index (PPI) (Data Source: MFO/MFI client database)
4. Social Performance Indicators (SPI) (Data Source: Annual Questionnaire)

**IP Learning Questions**

1. Impact at household (Data source: LIFT HH Survey)
2. Impact at household level (Data Source: PPI)
3. MFO/MFI sustainability (Data Source: financial reports--indicator analysis)
4. Indebtedness (Data Source: HH Survey/Socio-economic data)
5. Demand for debt consolidation loans (Data Source: Loan Portfolio and Disbursed by Type of Loan)
6. Supply versus demand driven financial services—groups vs individual lending, loan-size rationing, types of financial services demanded (Data Source: Client Survey)

**Guidelines and Reporting Requirements**

* LIFT Operational Guidelines:

<http://www.lift-fund.org/operational-guidelines>

* Quarterly report: Performance report, balance sheet, and income statement: <http://www.lift-fund.org/meal-framework-financial-inclusion>
* Narrative Report for annually and six-monthly time: including update of measurement framework and answers of evaluation and learning questions: <http://www.lift-fund.org/narrative-progress-report-template-updated-june-2016>
* Financial Report for annually and six-monthly time: expenditure report: <http://www.lift-fund.org/meal-framework-financial-inclusion>

1. Source: MFO/MFI financial statements and financial management reports [↑](#footnote-ref-1)