**LIFT Financial Inclusion Monitoring, Evaluation, Accountability and Learning**

**Reporting Framework and Guidelines for Financial Inclusion Projects**

**1. The Reporting Requirements**

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| --- | --- | --- |
| **Quarterly Report (Institutional Analysis)** | **Semi-annual Internal Reporting** | **Annual Public Reporting** |
| * Institutional and organizational Performance * Summary of update (for reporting to the Government) | * Analysis of institutional performance * Portfolio analysis by type of financial service * Analysis of social economic status of clients * Geographical analysis * Update and analysis of targets as per the measurement framework/ log frame * Update of change or new financial services * Analysis of gender issues | * Analysis of institutional performance * Portfolio analysis by type of financial service * Analysis of social economic status of clients * Geographical analysis * Analysis of demand vs supply of financial service * Update and analysis of targets as per the measurement framework/ log frame * Report of changes in Progress out of Poverty Index among the clients (PPI) * Update of change or new financial services * Analysis of gender issues |

**2. Quarterly Reports**

**2.1 Institutional Performance**

The purpose of quarterly report is to understand the progress of institutional or organizational performance throughout the year. The report is due by end of following month of quarterly period.

* First quarterly report due by end of April
* Second quarterly report due by end of July
* Third quarterly report due by end October
* Fourth quarterly (Annual performance report) due by February next year

The quarterly report will mainly track the progress the following indicators.

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| --- | --- | --- | --- |
| **Outreach** | **Portfolio Quality** | **Financial Sustainability** | **Efficiency** |
| * number of clients * % of women client | * portfolio at Risk * aging of delinquency * loans at risk * write-off and restructuring/refinancing (against total loan portfolio) | * operational sustainability * financial sustainability * capital adequacy ratio | * operating expense to average total assets * return on assets * ratio of loan portfolio to total assets * return on loan portfolio |

Balance sheet and income statement (profit and loss account) are data sources to calculate the indicators. Use the following reporting formats attached to this document and follow the formulas for the calculation of the indicators.

* Summary of indicators
* Formulas for indicators
* Balance sheet
* Income statement (profit and loss account)

**2.2 Summary of Update**

The update should cover key achievement during reporting quarterly period including the following information.

* Loan portfolio by type of loan
* Loans disbursed by type of loan

The report is due by end of the quarterly period.

**3. Annual and Semi-annual and Report**

As per the Grant Support Agreements (GSA), all partners are required to submit the following reports annually and semi-annually. The due date for submission of the report is specified in the GSA.

* Narrative report: Use the format available at <http://www.lift-fund.org/narrative-progress-report-template-updated-june-2016>
* LIFT M&E data sheet: please see annex 6.

* Financial Reports and others: There is separate set of guidelines available for financial and other reports. The reporting framework will not focus them.

The narrative report is a tool to provide the analysis of institutional performance, social performance of microfinance clients (or recipient of financial service), and achievements as per the targets set by the measurement framework. LIFT expects that the implementing partners cover the following information in the narrative report.

* Analysis of institutional performance: The information for analysis of changes in institutional performance can be captured from the quarterly institutional performance report (refer to: para 2).
* Portfolio analysis by type of financial services: Use two information sources: (a) data available at LIFT M&E data sheet and (b) partner’s owned information management system. This is basically to analyze how the institutions prioritized types of loan depending on what type of situations at the clients’ household level economy (or demand). The usefulness of each loan type for the different segment of economy will be interesting for LIFT and its stakeholders.

* Analysis of social economic status of clients: Use the following tool to capture the social performance information of the clients.
  + Progress out of Poverty Index (PPI): PPI allows the financial institutions for effective translation of the institution’s social objectives into practice. Refer to the PPI methods and tools available at <http://www.lift-fund.org/out-poverty-index-ppi-tools-for-microfinance-projects>
  + Impact or outcome assessment: LIFT Fund Management Office will cover the issues of access to financial services in its regular Household Survey (every two year). However, if partners do similar exercise, please share the results with LIFT.
  + Monitoring and household visits: This exercise is common among the financial institutions and is the action of monitoring utilization of financial services. The reports are useful for financial product development.
  + Social Performance Indicators: Microfinance institutions which are practicing measurement of social performance indicators are encouraged to report analysis of the results to LIFT.
* Geographical analysis: Use owned management information system and analyze achievements, challenges, and opportunities of financial services in different geographical context.
* Analysis of demand and supply of financial services: The partners are encouraged to exercise client satisfaction survey with reasonable sample size to understand the changes in supply and demand of financial service and the demand on debt consolidation loan.
* Update and analysis of targets: Use the indicators and targets set in the measurement framework (attached to this document) for the update at the reporting time. Not only the quantitative update but the qualitative information analyzing the changing trend is also expected to be covered by the report.
* Update of new or change in financial services: Information about increase of loan size, change of loan terms, new financial services (e.g., loan to Government School teachers, business startup loan for youth) and any types of new financial services should be analysed.

Annex 1: Summary of institutional performance indicators

Annex 2: Formulas for indicators

Annex 3: Balance sheet format

Annex 4: Income statement (profit and loss account)

Annex 5: Measurement framework

Annex 6: LIFT M&E Database format

Annex 7: MIS

Annex 1: Summary of institutional performance indicators

|  |  |  |  |
| --- | --- | --- | --- |
| **SN** | **Indicator** | **Previous reporting period** | **this reporting report** |
| 1 | Number of clients |  |  |
| 2 | % of women clients |  |  |
| 3 | % in clients in rural areas (villages) |  |  |
| 4 | Portfolio at Risk in 30 days PAR 30 |  |  |
| 5 | Portfolio at Risk in 60 days PAR 60 |  |  |
| 6 | Portfolio at Risk in 90 days PAR 90 |  |  |
| 7 | Number of loans at Risk |  |  |
| 8 | Loan amount written off |  |  |
| 9 | Loan amount restructured |  |  |
| 10 | Operational self-sufficiency OSS |  |  |
| 11 | Financial self-sufficiency FSS |  |  |
| 12 | Capital adequacy ratio CAR |  |  |
| 13 | Ratio of operating expense to total assets |  |  |
| 14 | Return on assets ROA |  |  |
| 15 | Ratio of loan portfolio to total assets |  |  |
| 16 | Return on loan portfolio |  |  |

Annex 2: Formulas for indicators

|  |  |  |
| --- | --- | --- |
| 4, 5, 6 | Portfolio at Risk PAR = | Balance of loan in arrears X 100 |
| Loan outstanding (end of period) |

|  |  |  |
| --- | --- | --- |
| 10 | Operational self-sufficiency OSS = | Total income X 100 |
| Total expense |

|  |  |  |
| --- | --- | --- |
| 11 | Financial self-sufficiency FSS = | Total income X 100 |
| Expenses+Interest on Investment+Provision for Loan Loss+Cost of Inflation Rate |

|  |  |  |
| --- | --- | --- |
| 12 | Capital adequacy ratio CAR = | Equity X 100 |
| Total average assets |

|  |  |  |
| --- | --- | --- |
| 13 | Operating expense to assets = | Current operating expense X 100 |
| Total average assets |

|  |  |  |
| --- | --- | --- |
| 14 | Return on assets ROA = | Net income X 100 |
| Total average assets |

|  |  |  |
| --- | --- | --- |
| 15 | Loan portfolio to assets = | Outstanding loan X 100 |
| Total average assets |

|  |  |  |
| --- | --- | --- |
| 16 | Return on loan portfolio = | Net income X 100 |
| Outstanding loan |

Annex 5: Measurement framework

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Outcome/Output | Indicators | Y1 | Y2 | Y3 | Y4 | Methods | Frequency |
| Operational sustainability | OSS ratio |  |  |  |  |  |  |
| Financial sustainability | FSS ratio |  |  |  |  |  |  |
| Improvement in social performance | % of clients improved in (PPI results) |  |  |  |  |  |  |
| Efficiency of MFI increased | Return on Assets |  |  |  |  |  |  |
| Return on loan portfolio |  |  |  |  |  |  |
| Operating expense to average total assets |  |  |  |  |  |  |
| Provision of microfinance services | Number of clients accessed to agricultural loan |  |  |  |  |  |  |
| Number of clients accessed to small business loan |  |  |  |  |  |  |
| Others (please specify) |  |  |  |  |  |  |
| Effective portfolio management | Loan portfolio by type |  |  |  |  |  |  |
| Portfolio at risk (PAR>30) |  |  |  |  |  |  |
| Loan write off |  |  |  |  |  |  |
| Restructured loan amount |  |  |  |  |  |  |