

OPPORTUNITY INTERNATIONAL AUSTRALIA

# SROI Pilot Project

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A Social Return on Investment analysis on  
EMFIL's microfinance operations in Kerala

July 2012

FINAL REPORT

**About Opportunity** – Opportunity International Australia (Opportunity) is a non-profit organisation that uses a business approach to solve the problem of poverty. With more than 40 years' experience working with the poor, Opportunity is a leading provider and pioneer of socially focused microfinance and support services. Opportunity is part of the global Opportunity International Network (with support partners in the United States, United Kingdom, Canada, Singapore, Hong Kong and Germany). Opportunity currently focuses its work in three countries – India, Indonesia and the Philippines, serving more than 2.7 million people with microfinance and community development programs.

**About Dia Vikas** - Dia Vikas Capital (Dia Vikas) was established in early 2008 as Opportunity's subsidiary in India. Dia Vikas operates as a social investor into the Indian microfinance sector. It specialises in providing risk capital on behalf of Opportunity and supports innovative and creative ways to serve the poorest and most disadvantaged. Dia Vikas partners with microfinance institutions and provides capital investment to directly touch the lives of millions of people in profound need in an effective and efficient way. In 2009, Dia Vikas invested in EMFIL via an equity investment, since then it has also provided support and debt capital that has helped EMFIL to achieve its social mission and remain sustainable.

**About ESAF and EMFIL** - Evangelical Social Action Forum (ESAF) was established in 1992 in Kerala with the mission to create opportunities for social and economic growth of the marginalized sections of society through the promotion of sustainable and integrated livelihood options. In 1998, ESAF started microfinance operations as an effective mean for poverty alleviation and employment creation. In August 2007 the microfinance operations were transformed into a NBFC under the name ESAF Microfinance and Investments Pvt Ltd ("EMFIL"). EMFIL therefore is the microfinance arm of ESAF. In parallel to EMFIL's microfinance services, ESAF and its associate institutions provide business development services and continue to implement livelihood programs.

## Executive Summary

This report provides a forecast Social Return on Investment (SROI) analysis of EMFIL's Income Generating Loan (IGL) product within the State of Kerala, India. It looks forward at the potential outcomes and impact that will occur generated by a capital investment in EMFIL to finance its IGL loan portfolio.

As a social investor, Opportunity through its Indian subsidiary Dia Vikas, has commissioned this analysis in order to understand EMFIL's impact and be better positioned to communicate such impact to its donor base in Australia.

This analysis is a pilot to test the SROI methodology which is currently gaining global momentum. As part of a Social Performance Management (SPM) strategy, Opportunity is looking at innovative and different ways of addressing impact evaluation, which will address the need to communicate such impact to a broader (and external) base of stakeholders.

Building on the successful track record of EMFIL's microfinance activities, this SROI analysis looked at past and existing clients of EMFIL that have accessed this particular loan product, and aimed to understand the social value created in the past to existing Clients, in order to be able to project similar outcomes for future Clients. This forecast can be considered as a benchmark for the measurement of impact and value creation to be achieved by EMFIL in the future. It provides insight into the type of data that needs to be captured in order to communicate the social impact and value generated by EMFIL's IGL product.

The primary objective of this SROI analysis was to understand and value the impact that EMFIL has on the various stakeholders involved. Given the current scenario in India's microfinance sector, being able to communicate the potential social impact to key audiences involved in investment and decision making was a key driver for this analysis.

The SROI analysis identified a list of stakeholders involved in EMFIL's activity. The analysis includes two stakeholder groups, which were considered key to look at:

- **Clients** – who reduce financial stress, build self-confidence, expand their horizons by contributing more in their households and communities, make social connections, increase their income levels and achieve an overall status improvement. They also pay a fee for service (interest rate) on their loans.
- **Equity investors** – who will invest in a unique microfinance model that will help women break a cycle of financial crisis and poverty. Their investment catalyses further investment into the microfinance sector. The recent liquidity crisis experienced by the sector reflects the need for equity investment and its key role in driving growth within MFIs. Outcomes projected are those achieved by Clients and a residual capital at the end of the investment period.

As a result from this SROI analysis we can conclude the following:

An investment of Rs. 4,900 Mn, including equity investment and interest income paid by Clients, could potentially create Rs. 15,610.3 Mn of present value, resulting in an indicative SROI ratio of 3.19:1. That is, for the equivalent of every Rs.1 invested in EMFIL Rs. 3.19 is returned in social value.

Data used for this forecast SROI analysis was based on EMFIL's projections and current operations in Kerala, and assumes the base case scenario which considers conservative assumptions. Access to existing data from the ongoing microfinance service, gave this analysis a solid foundation. Stakeholder engagement and interviews were possible by approaching Clients and staff who have

been engaged with the current delivery of the IGL product. The stakeholders engaged have already experienced outcomes which will be similar to those achieved by fore coming Clients.

This forecast analysis is robust and should be considered conservative as it does not over-claim and looks only at the material outcomes, in line with SROI principles. Conservative assumptions were used throughout the analysis for the duration of outcomes, attribution to other services or people and understanding what would have happened anyway. The SROI ratio stays above par (1:1) even when major assumptions are tested in the sensitivity analysis. As such, the SROI ratio of 3.19:1 should be considered as a baseline for future evaluations on EMFIL's IGL.

Based on the findings of this forecast SROI analysis, the following actions are recommended:

- Use this forecast SROI analysis to engage with existing and potential investors and stakeholders to communicate the potential social impact of EMFIL's microfinance services
- The outcomes identified should form the basis of an evaluation framework to track and monitor the outcomes to be achieved in the future.
- Detailed profiles of women should be captured during in-take and at start of engagement with EMFIL. Further monitoring should happen to understand how Clients are successfully being transformed.
- Conduct evaluative SROI analyses to provide EMFIL and its stakeholders with an update to monitor performance. This will provide critical input for strategic and operational planning, as well as product and services redesign.

|       |   |    |
|-------|---|----|
| 1     | SROI Analysis.....  | 6  |
| 1.1   | Background and Context for this SROI Analysis.....          | 6  |
| 1.2   | Purpose of the SROI Analysis .....                          | 7  |
| 1.3   | SROI – The Approach .....                                   | 8  |
| 1.4   | Pilot Project Approach .....                                | 8  |
| 1.5   | Pilot Project – Team.....                                   | 9  |
| 2     | About EMFIL.....  | 10 |
| 2.1   | ESAF – Background and Mission .....                         | 10 |
| 2.2   | EMFIL – Structure and Operations.....                       | 11 |
| 2.2.1 | ESAF SHG Federation .....                                   | 11 |
| 2.2.2 | Loan Products.....  | 12 |
| 2.2.3 | Savings.....  | 12 |
| 2.2.4 | Sustainability and Sources of Funds.....                    | 13 |
| 2.3   | Financial Overview and Operational Highlights .....         | 15 |
| 3     | Scope and Stakeholders.....                                 | 16 |
| 3.1   | Rationale for the Scope.....                                | 16 |
| 3.2   | Overview of Stakeholders .....                              | 16 |
| 3.3   | Stakeholder Engagement .....                                | 18 |
| 3.4   | Some limitations .....                                      | 20 |
| 4     | Inputs and Investment .....                                 | 22 |
| 5     | Description of Outcomes .....                               | 24 |
| 5.1   | The Theory of Change – The Clients .....                    | 24 |
| 5.2   | The Theory of Change - Equity Investors .....               | 30 |
| 5.3   | Other stakeholders not included in this SROI analysis ..... | 30 |
| 5.3.1 | SHG Federation .....  | 31 |
| 5.3.2 | Debt investors .....  | 32 |
| 5.3.3 | Field Staff .....   | 32 |
| 5.3.4 | Indirect impact to other stakeholders .....                 | 33 |
| 5.4   | Evidencing the Outcomes .....                               | 34 |
| 5.5   | Valuing the Outcomes.....                                   | 35 |
| 6     | Calculating Impact.....                                     | 42 |
| 6.1   | SROI Filters .....  | 42 |
| 6.2   | Calculating the impact value.....                           | 43 |
| 6.3   | Calculating the number of Clients impacted.....             | 44 |

|     |  |    |
|-----|--|----|
| 6.4 | Total Impact .....                               | 44 |
| 7   | SROI Ratio .....                                 | 47 |
| 8   | Sensitivity Analysis .....                       | 49 |
| 8.1 | Base Case Scenario - Assumptions .....           | 49 |
| 8.2 | Equity investment and debt to equity ratio ..... | 49 |
| 8.3 | Interest Rate and Operating Expense Ratio .....  | 50 |
| 8.4 | Repayment and retention rates .....              | 51 |
| 8.5 | Duration and Drop Off .....                      | 51 |
| 8.6 | Deadweight, Attribution and Displacement .....   | 52 |
| 9   | Conclusions .....                                | 53 |
| 10  | Recommendations .....                            | 55 |
| 11  | Feedback from Stakeholders .....                 | 57 |
| 12  | Appendix .....                                   | 58 |
| A.  | SROI Principles .....                            | 58 |
| B.  | Federation Structure .....                       | 59 |
| C.  | EMFIL's Loan Products .....                      | 60 |
| D.  | Interview and Survey Questions .....             | 61 |
| E.  | Loan Application .....                           | 68 |
| F.  | Socio Economic Tool .....                        | 70 |
| G.  | PPI Index .....                                  | 71 |
| H.  | SROI Filters (Framework) .....                   | 72 |
| I.  | Kudumbashree Overview .....                      | 73 |
| J.  | EMFIL's SPM Strategy (August 2011) .....         | 74 |
| K.  | EMFIL's IMPACT MAP .....                         | 74 |

# 1 SROI Analysis

This section sets the context around this pilot project. It gives some background on Opportunity's approach and work to date for understanding and measuring impact, the need to trial new methodologies and the specific objectives for conducting an SROI analysis on EMFIL. It sets the context around EMFIL's commitment to social performance and its capabilities, talks about the scope of the analysis and also provides an overview of the SROI approach, process and the resources used to conduct this pilot.

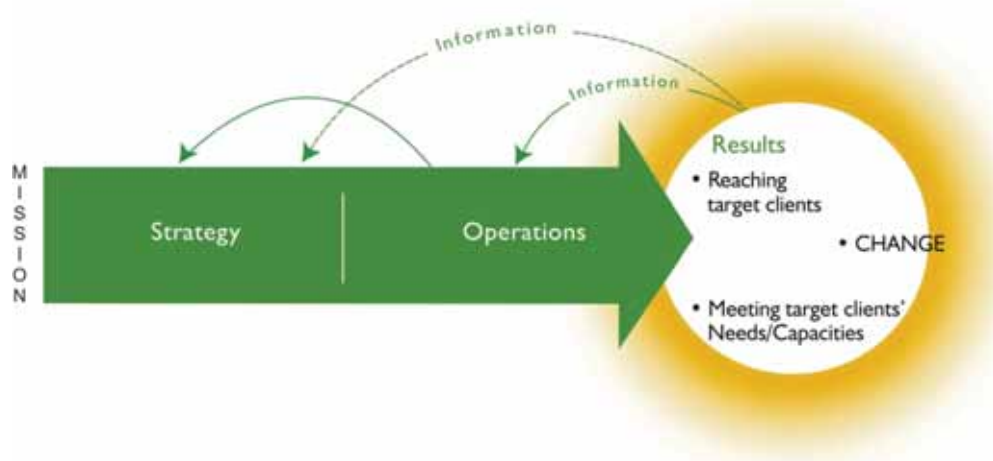
## 1.1 Background and Context for this SROI Analysis

Opportunity's mission is to provide opportunities to people in poverty to transform their lives. As a social investor, Opportunity is committed to measure and monitor its performance in achieving such social mission. As a result, Opportunity has designed and is in the process of implementing a Social Performance Management (SPM) program with its microfinance partners. This program encourages the focus on the social agenda which can be contrasted with MFI's traditional emphasis on financial indicators.

SPM is the process of translating an organisation's mission and objectives into products, services and practices on an ongoing basis; ensuring that the delivery of these products and services result in social impact. It also enables the organisation to assess, measure and refine this impact. There are three key components to the SPM strategy:

- 1) *Client Outreach* – ensuring MFI are reaching and delivering services to the right set of clients ie. Who are we serving?
- 2) *Service Delivery* – ensuring MFIs deliver transparent, respectful and prudent financial services to all clients ie. Meeting clients' needs
- 3) *Client transformation* – measuring and reporting the effectiveness in transforming clients' lives. ie. How are we transforming clients' lives?

**Figure 1. Social Performance Management (SPM)**



As part of its SPM strategy, Opportunity has promoted the Progress out of Poverty Index (PPI)<sup>1</sup> as an income measurement tool across MFIs. The PPI has been implemented as a tool to monitor and report on client outreach, indicating the type (and status) of clients the MFIs are reaching to. In

<sup>1</sup> The PPI is a practical low-cost alternative to expensive household surveys. It allows MFIs to assess the poverty levels of Clients, and how these levels change over time. Please refer to Appendix section for more detail on the PPI.

parallel, Opportunity has assisted its partners in implementing client protection principles. These have been dictated by initiatives such as the SMART Campaign and are now reflected in the regulation changes issued by the RBI, aiming to ensure safe and responsible treatment to microfinance clients in India. However, the debate around client transformation is an ongoing one. Complexities around definition of transformation, evaluation techniques and cost of implementation have been slowing down SPM's full implementation.

To address such debate, Opportunity is testing different and innovative approaches that could allow partners to assess the effectiveness of their programs when it comes to client transformation.

At the same time, a global movement towards effective philanthropy and social investment has promoted new tools to measure impact. The Social Return on Investment (SROI) is a relatively new methodology that has gained momentum in recent years, and is being widely used within the community sectors in US, UK, Europe and now Australia.

As a result of all of the above, Opportunity together with its Indian partner, EMFIL, decided to trial the SROI methodology through a pilot project with the strong belief that SROI can complement the SPM strategy, as it looks more closely and in more detail at the client transformation component. Microfinance institutions (MFIs) are operating in an increasingly commercial climate of fast growth, competition, changing markets and legal frameworks. Remaining focused on the original goal of helping poor people out of poverty is a real challenge. Incorporating the SROI into the overall SPM strategy could help the MFIs to provide a complete picture of the social change achieved through their programs.

This analysis was completed using best practice methodology developed by the SROI Network in the UK. This is the first SROI applied to the microfinance industry in India. As far as we are aware, few players in Latin America, Africa and the Philippines have also tested SROI methodology. To learn more about the SROI Network please go to [www.sroinetwork.org](http://www.sroinetwork.org)

## 1.2 Purpose of the SROI Analysis

EMFIL has a strong commitment to SPM and has achieved great progress in the areas of client outreach and client protection principles, been one of the first MFI's in India to implement these concepts. This SROI analysis addresses the need to understand the social value of EMFIL's microfinance program, as well as to develop and embed a robust evaluation framework of its activities to drive future growth and impact.

This pilot conducted a forecast SROI analysis looking at EMFIL's next 4 years of operations. This report gives detail about the process and methodology and summarises the findings from such pilot.

The objectives of conducting this pilot were:

- **To trial the SROI methodology** – as part of the overall SPM strategy, in a mission to measure and evidence client transformation.
- **To identify and engage key stakeholders** – to understand what each stakeholder wants to change, what they contribute to the program, and what actually changes for them.
- **To measure and value the forecast social impact** – understand the value created as a result of the changes experienced by each stakeholder group, by using indicators to measure the outcomes and financial proxies to value them.
- **To create a baseline analysis to drive social performance management** – to articulate the key drivers of the social value created and to identify what data EMFIL should gather in order to better evaluate the impact of its activities in the future.



- **To use the SROI report and analysis to engage with existing and potential investors** – to better demonstrate and be able to communicate to investors the social value created by EMFIL’s programs, which will help in attracting additional funds.

This SROI analysis should guide EMFIL’s forward planning and establish what needs to be monitored and measured in order to demonstrate impact. It will also allow Opportunity to assess the value added of using the SROI methodology when assessing social impact.

### 1.3 SROI – The Approach

Social Return on Investment (SROI) is a framework for measuring and accounting for the broad concept of value which incorporates social, environmental and economic benefits. SROI puts a value on the amount of change (impact) that takes place as a result of the program and looks at the returns to those who contribute to creating the change. It estimates a financial value for this change and compares this value to the investment required to achieve that impact, resulting in an SROI ratio. It takes standard financial measures of economic return a step further by capturing social as well as financial value.

The SROI process works by developing an understanding of the program, how it meets its objectives, and how it works with its stakeholders. Critical to the process is the development of an impact map demonstrating the impact value chain for each stakeholder group. It links a stakeholders’ objectives to inputs (e.g. what has been invested), to outputs (e.g. number of microfinance clients), through to the outcomes (e.g. increase in income through microenterprise development). It then identifies indicators of achievement of outcomes which are capable of being quantified by applying financial proxies.

The next step in the process is to estimate how much of the outcome would have happened anyway and what proportion of the outcome the program is responsible for. This is achieved by looking at four filters for assigning value:

- Attribution - who else contributed to the outcome?
- Deadweight - what would have happened anyway?
- Displacement - were others displaced to create the outcome?
- Drop off - when did the value creation stop?

SROI uses a principle-based approach, which underpins how SROI should be applied. Judgement is required throughout an SROI analysis, as there are no right or wrong answers or standardized ways to measure outcomes. Following these principles throughout the analysis and constantly referring back to them ensures the integrity of the results. The SROI principles which guide the methodology are described in Appendix A.

This analysis was conducted by an accredited SROI practitioner<sup>2</sup>. Using an SROI accredited practitioner gives assurance that the person understands and has applied the principles of SROI. To be accredited, the person needs to attend an SROI training course and have a report assured by an independent body. Independent assurance is provided by the SROI Network. An assured report means the analysis has been independently checked by qualified assessors and assured by a panel to have been prepared in line with the principles of SROI and is therefore to a consistent standard.<sup>3</sup>

### 1.4 Pilot Project Approach

The SROI methodology consists of 6 key stages. The following is a summary of the project approach which followed the SROI established process.

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<sup>2</sup> As of October 2011, there were over 40 accredited SROI practitioners globally.

<sup>3</sup> This report has not been submitted for assurance. This is a decision that needs further discussion with both Opportunity and EMFIL.

**Figure 2. The SROI Process**



1. **Establishing Scope and Identifying Stakeholders** – Clear boundaries of what the SROI analysis will cover, who will be involved in the process and how, what type of analysis it will be, the objectives and the time period it will cover.
2. **Mapping Outcomes** – Engage with stakeholders to develop an impact map, or theory of change, which shows the relationship between objectives, inputs, outputs and outcomes. This can be done through workshops, surveys, phone calls, one-on-one interviews, focus groups, target conversations, etc.
3. **Evidence outcomes** – Gathering data to show whether outcomes have happened and then value them. For a forecast analysis, you can identify relevant indicators and financial proxies through the stakeholder engagement; this gives a starting point to know what type of data will need to be collected in the future to evaluate the outcomes.
4. **Establish impact** – Determine those aspects of change that would have happened anyway or are of a result of other factors.
5. **Calculate the SROI and a Sensitivity Analysis** – Add up all the benefits, subtract any negatives and compare the result to the investment. Conduct a sensitivity analysis to further understand how value is created and test how the assumptions affect the result.
6. **Report, use and embed** – Report to stakeholders, communicate and use the results. Discuss ways to build and embed the SROI process in the organisation.

## 1.5 Pilot Project – Team

This forecast SROI analysis had input from the following individuals and organisations:

- **Tatiana Peralta**, Project Coordinator at Opportunity, accredited SROI practitioner and author of the report. Tatiana was in charge of the pilot, engaging with EMFIL management and staff, conducting the stakeholder interviews, doing the SROI analysis and writing this report.
- **Calum Scott**, Impact Director at Opportunity. Calum overviewed the pilot and provided peer review and support on the project scope and the discussions throughout process.
- **Saurabh Baroi**, Relationship Manager at Dia Vikas. Saurabh provided support with the engagement with EMFIL, information delivery and engaged as well in the follow up discussions.
- **Sandhya Suresh**, Research and Development Manager at EMFIL. Sandhya was the internal project coordinator on behalf of EMFIL. She and her team worked closely with Tatiana throughout the stakeholder engagement, assisting with the information gathering and providing valuable input and comments throughout the process based on her wide experience in the field.
- Management and staff from both EMFIL and Opportunity were engaged throughout the pilot to provide inputs and comments during the analysis.

## 2 About EMFIL

This section gives an overview of EMFIL's microfinance operations, the history and background of the organisation and the relationship between EMFIL and its umbrella organisation, ESAF. It discusses the social focus and mission of EMFIL, describes the products and services offered to EMFIL's clients and the model used for offering these, including an overview of the organisation's financial and operational highlights over the last three years. Additionally, it speaks about EMFIL's sources of funds to enable the microfinance operations, which gives a great introduction to the type of stakeholders the analysis will look at. It finally introduces the relationship between EMFIL and its Federation structure - a key driver of EMFIL's social mission - which remains as EMFIL's differentiator when it comes to social outcomes.

### 2.1 ESAF – Background and Mission

Evangelical Social Action Forum (ESAF) was established in 1992 in Kerala with the mission to create opportunities for social and economic growth of the marginalized sections of the society through the promotion of sustainable and integrated livelihood options.

In 1995, ESAF started its Micro Enterprise Development program in three villages of Thrissur, Kerala<sup>4</sup> capitalizing on microfinance as an effective mean for poverty alleviation and employment creation. ESAF Microfinance rapidly expanded in most districts of Kerala and in some parts of Tamil Nadu, Maharashtra, Gujarat, Chhattisgarh, Jharkhand and Delhi.

In August 2007 the microfinance operations were transformed into a NBFC<sup>5</sup> under the name ESAF Microfinance and Investments Pvt Ltd (EMFIL). Since then, the MFI has witnessed impressive growth of its client base, increasing its outreach from 46,677 borrowers in 2006 to 335,834 borrowers in March 2012, resulting in a 40% CAGR<sup>6</sup> in portfolio growth.

#### VISION

**To be a sustainable, professionally managed and transparent institution, providing financial services, with emphasis on economic development and empowerment of the poor and marginalized segments of the society.**

#### MISSION

**To positively impact the lives of the neglected class across India, by offering them exclusive financial services along with livelihood development services, healthcare, education, housing and training for skill development.**

To fulfil this mission, EMFIL has developed a broad range of loan products to meet its clients' needs, such as income generation loans, general loans for household consumption, short term loans for traders, house repair or construction loans and also environmental loans (for sanitation, water or solar energy light).

Beyond micro credits, ESAF (as the umbrella organisation) provides a combination of financial and non-financial products to EMFIL's client base, with a focus on micro insurance, business development services, training, community health, education, amongst others. These non-financial services are provided through ESAF's subsidiaries: i) ESAF Swasraya Producers Company

<sup>4</sup> ESAF's and EMFIL's headquarters are based in Thrissur, district of the State of Kerala.

<sup>5</sup> NBFC as per RBI guideline stands for Non-Banking Financial Company. For more information please go to: [http://www.rbi.org.in/scripts/BS\\_NBFCNotificationView.aspx?Id=6857#234](http://www.rbi.org.in/scripts/BS_NBFCNotificationView.aspx?Id=6857#234)

<sup>6</sup> Compound Annual Growth Rate - defined as the year on year growth rate over a specified period of time, assuming the yearly growth was steady.

Limited- promoting capacity building and value addition ii) ESAF Healthcare Services Pvt. Ltd - affordable healthcare iii) ESAF Home & Infrastructure Pvt. Ltd. - affordable housing iv) ESAF Retail Pvt. Ltd - selling and marketing.

## 2.2 EMFIL – Structure and Operations

EMFIL aims to serve economically active underserved poor, with a focus on women, providing them with financial services only for productive purposes.

Delivery of the microfinance services is done through Self-Help Groups (“SHGs”), officially called ‘Sangam’, which are administrated through a network of branches across different states. EMFIL has its own modified version of Grameen methodology wherein individual members are clubbed together in a Joint Liability Group (JLG) of 5 members for borrowing from EMFIL. Four or five similar groups constitute one Sangam.

EMFIL’s microfinance operations are interlinked with other financial and non-financial services implemented by: 1) State level Federations of which EMFIL clients are members and 2) ESAF’s subsidiaries. Please refer to Section 2.2.1 for further explanation on the Federation structure.

As of March 31, 2012 EMFIL had 147 branches, spread over 35 districts in 5 states (Kerala, Tamil Nadu, Maharashtra, Chattisgarh, Madhya Pradesh). Operations are organized under three zones - Kerala, Tamil Nadu and Central India zones. Although a strong push for expansion into the Central and Northern states of India has been EMFIL’s most recent strategy, about 69% of EMFIL’s operations are in Kerala, 20% in Tamil Nadu and the rest in Central India.

As of March 2012, total number of employees were working in EMFIL was 1462. Of this, 83% are considered field staff, directly working with EMFIL’s clients as loan officers or branch managers.

EMFIL has some unique features in its structure and operations, which distinguish the organisation as a socially focused entity. These are:

- Community Ownership – major portion of company’s profit is owned and shared among the Federation (please refer to next sections)
- Prominence of women staff in the structure. 78% of EMFIL’s loan officers are women, most of them graduating from the Sangam structure
- Livelihood intervention through group entities
- Flexible collection methods based on the cash flow of clients
- Democratic participation by the members in the operations

For further information on EMFIL’s financial and operational results please refer to Section 2.3.

### 2.2.1 ESAF SHG Federation

For a woman to access EMFIL’s microfinance services she must first be a member of the ESAF Federation SHG Trust. The Federation is the apex body of all Sangams (SHGs). Every client becomes a member of the Federation by paying an annual membership fee of Rs.100 .

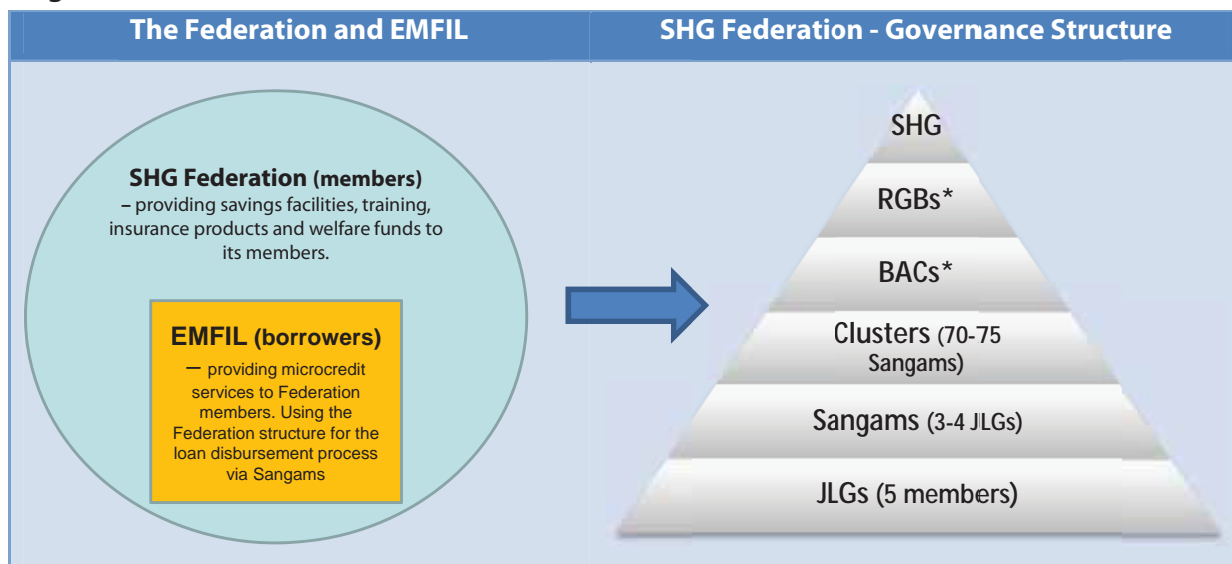
Sangams are coordinated in clusters which elect their leaders to represent them through Branch Advisory Committees and ultimately voice their interest at the board level. Such network of SHGs forms the SHG Federation, which is fully owned by the Sangam members. ESAF SHG Federation has three SHG Federations, one each in the states of Kerala, Tamil Nadu and Maharashtra. Please refer to Figure 3 below. For a more detailed explanation on this structure please refer to Appendix B.

The SHG Federations aim at providing a voice and stake to the Sangam members. Acting as the interface between EMFIL and the clients, the SHG Federation facilitates linkage and customers feedback, and enables the MFI to better understand the market dynamics and to innovate for

effective delivery. Furthermore, the Federation supports social and economic empowerment of women. SHG Federations are responsible for organising and implementing savings and insurance schemes, member welfare schemes, bank networking, skills training, awareness programmes, various community initiatives and publishes 'Spandanam' (a tri-monthly newsletter distributed to all members).

Federation costs are covered through member subscriptions and in some cases, government grants for development activities. The Federations and EMFIL's costs are therefore, independent.

**Figure 3. SHG Federation Structure.**



\* Representative General Body (RGB) and Branch Advisory Committees (BAC). Please refer to Appendix B for more detail on this governance structure.

### 2.2.2 Loan Products

EMFIL provides 4 different types of loans to its clients. The Income Generation Loan (IGL) accounts for 96.5% of EMFIL's current loan portfolio. This loan is granted in order to create assets or provide working capital for any lawful income generation activity conducted by a member or her family.

To avail an IGL a Client needs to be member of the Federation and between 18-58 years old. The proposed activity for which the loan is sought should be profitable, permissible by the law, and it is desired that the member has prior experience.

The IGL loan amount ranges between 8,000 and 15,000 rupees depending on the member's ability to repay. Usually first loan cycles will be in the lower range, and as the member progresses to the next loan cycle, the size of the loan may increase. The repayments are weekly, and the term of the loan is for 52 weeks. Interest rate is currently at 26% with a processing free of 1%. Please refer to Appendix C for a summary of IGL and all other loan products.

### 2.2.3 Savings

Given its legal structure (NBFC), EMFIL is not allowed to take direct deposits from its Clients. Therefore, savings are deposited with the SHG Federations through EMFIL's regular operations. Staff collects regular savings, which are voluntary in Kerala. Under this scheme, the members can put aside a minimum of Rs.10 every week which is collected by the loan officer and deposited in the branch. This amount is later transferred to the SHG Federation bank account. The savings amount earns a fixed interest rate paid every year. The savings can be withdrawn by the member during emergencies and sudden financial crisis within the household. Or it can be withdrawn when the member decides to leave the SHG Federation and exit the Sangam.

## 2.2.4 Sustainability and Sources of Funds

EMFIL is a financially sustainable organisation, covering its costs through interest income earned on its loan portfolio. EMFIL is currently running at profit margins close to zero given most recent RBI guidelines which require MFIs to cap their interest rates. This has posed a challenge to EMFIL who will need to sustain and even improve its Operating Expense Ratio<sup>7</sup>, currently at 13.3% in order to keep profit margins sustainable. Any net profit at the end of the financial year is normally accounted as retained earnings for the next period. No dividend distribution is currently in place.

To expand its operations and grow its loan portfolio, EMFIL sources capital investment from both, debt investors (commercial lenders) and equity investors (mainly social investors). The availability of funding drives EMFIL's growth both within existing locations and in new regions.

### Equity

About 62% of EMFIL's equity is held by the SHG Federations, the Federations alone own 68% of total equity. This source of capital comes from the mobilisation of member savings. While such unique structure can pose some regulatory concerns, it can be argued that EMFIL is giving its Clients (members) the opportunity to have ownership of the services offered as well as promoting a savings culture to its Client base. At the same time, these funds allow EMFIL to keep down its cost of capital.

In recent years, two social investors brought additional equity capital into EMFIL. These were Dia Vikas Limited, currently holding 24% of shareholding and Manaveeya Investings Ltd, holding 6%. The rest of EMFIL's equity is held by an ESAF Staff Welfare Trust and by a few individuals related to the Company.

### Debt

Since October 2010, post the Andhra Pradesh crisis, uncertainty in the microfinance sector caused banks to reduce, and in some cases discontinue, funding to MFIs. Previously, commercial banks in India provided a fairly reliable source of funds for MFIs through Priority Sector Lending<sup>8</sup> requirements. However, commercial funding has dropped dramatically, demonstrating that there is still a severe liquidity crunch within the sector, significantly hampering the provision of services and expansion to underserved regions.

Despite the overall situation in India, EMFIL has been able to attract debt funding, both by accessing funds that had already been sanctioned previous to the crisis and by attracting new funding agreements with its usual lenders. While EMFIL's projections were affected by less debt funding available, EMFIL has still managed to grow its loan portfolio over the past months.

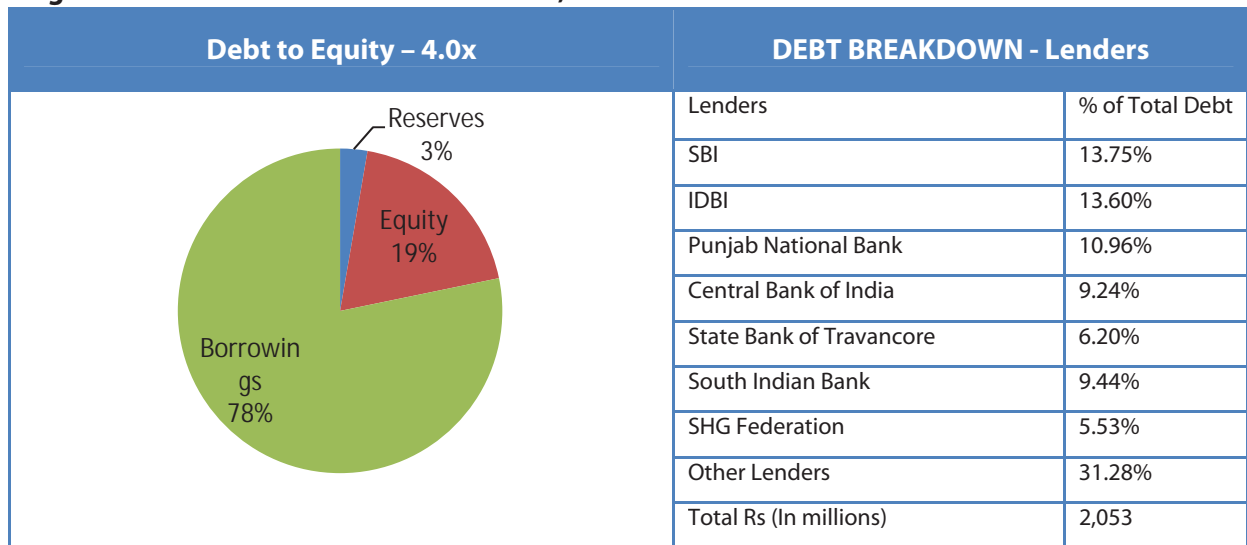
It is expected that the recently announced regulations by the RBI will cause funding limitations to ease throughout 2012, with some of the larger MFIs, like EMFIL, already accessing incremental borrowings.

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<sup>7</sup>As of March 2012. Operating Expense Ratio equals Operating expenses/Average portfolio.

<sup>8</sup> The RBI regulates commercial banks on Priority Sector Lending (PSL), which requires banks to lend to selected 'priority' sectors. These sectors include: agricultural, small enterprises, retail trade, micro credit, education loans, and housing loans. MFIs have recently been categorized as a separate category under PSL.

**Figure 4. Sources of Funds as of March 31, 2012.**



## 2.3 Financial Overview and Operational Highlights <sup>9</sup>

**Table 1. EMFILs 3 yr. financial highlights**

|  | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011 - 12 | Growth %<br>2009-10 | Growth %<br>2010-11 | Growth %<br>2011-12 |
|--|-----------|-----------|-----------|-----------|---------------------|---------------------|---------------------|
| <b>Total Assets Rs. Mn</b>             | 773       | 1,849     | 2,318     | 2,797     | 139.2%              | 25.4%               | 21%                 |
| <b>Incremental Borrowings (Rs. Mn)</b> | 641       | 849       | 233       | 330       | 32.4%               | -72.6%              | 42%                 |
| <b>Total Revenue Rs.Mn</b>             | 235       | 298       | 537       | 652       | 26.8%               | 80.2%               | 21%                 |
| <b>Profit After Tax Rs. Mn</b>         | 7         | 10        | 13        | 41        | 42.9%               | 30.0%               | 215%                |

**Table 2. EMFILs 3 yr. operational highlights**

|  | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011-2012 | Growth %<br>2009-10 | Growth %<br>2010-11 | Growth %<br>2011-12 |
|--|-----------|-----------|-----------|-----------|---------------------|---------------------|---------------------|
| <b>No. of Branches</b>                         | 96        | 105       | 150       | 147       | 9.4%                | 42.9%               | -2.0%               |
| <b>No. of Districts</b>                        | 26        | 30        | 35        | 34        | 15.4%               | 16.7%               | -2.8%               |
| <b>No. of Employees</b>                        | 1,197     | 1,139     | 1,591     | 1,462     | -4.8%               | 39.7%               | -8.1%               |
| <b>No. of Borrowers</b>                        | 145,701   | 220,011   | 322,590   | 335,834   | 51.0%               | 46.6%               | 4.1%                |
| <b>Disbursement (Rs. Mn)</b>                   | 1,295.4   | 2,397.4   | 4,120.8   | 4,555.9   | 85.1%               | 71.9%               | 10.6%               |
| <b>Gross loan portfolio (Rs. Mn) millions)</b> | 756.7     | 1,561.2   | 2,095.7   | 2,822.8   | 106.3%              | 34.2%               | 34.7%               |

**Table 3. Breakdown of EMFIL's operations per state.**

| States                                    | Kerala  | Tamil Nadu | Maharashtra | Chhattisgarh | Madhya Pradesh | TOTAL   |
|---|---------|------------|-------------|--------------|----------------|---------|
| <b>Districts</b>                          | 11      | 7          | 7           | 6            | 2              | 33      |
| <b>Branches</b>                           | 86      | 25         | 21          | 10           | 5              | 147     |
| <b>Sangams</b>                            | 18,512  | 4,288      | 2,587       | 1,035        | 490            | 26,912  |
| <b>Members</b>                            | 316,315 | 68,174     | 45,140      | 19,303       | 7,626          | 456,558 |
| <b>Borrowers</b>                          | 231,616 | 49,515     | 38,133      | 14,042       | 6,128          | 339,434 |
| <b>Loan Accounts</b>                      | 235,557 | 51,489     | 44,666      | 15,100       | 6,442          | 353,254 |
| <b>Outstanding amount (\$Rs million)</b>  | 2,053   | 359        | 268         | 105          | 39             | 2,823   |
| <b>Disbursement to date (Rs. Million)</b> | 3,412   | 532        | 390         | 156          | 65             | 4,556   |
| <b>Loan officers</b>                      | 561     | 132        | 100         | 47           | 16             | 856     |

<sup>9</sup> As reported in EMFIL's 2011 Annual Report. 2012 figures are as per recently released audited statements.



### 3 Scope and Stakeholders

This section of the report lays out the scope for this SROI pilot project, defining what is being analysed and giving a summary of the purpose, type and timeframe of the analysis. It also covers an overview of the stakeholders identified, the rationale behind including or excluding each stakeholder group in the analysis, and describes the type and level of engagement with each group. At the end, this section includes a few reflections and comments on the limitations of the stakeholder engagement conducted for this analysis.

#### 3.1 Rationale for the Scope

This analysis was conducted with the purpose of identifying outcomes experienced by EMFIL's microfinance clients with the intention of guiding forward planning and establishing what needs to be monitored and measured in order to demonstrate and communicate impact, both to internal and external stakeholders.

This SROI analysis looks solely at the activities related to EMFIL's microfinances services. Specifically, it looks at EMFIL's microcredit service focusing in one product, the Income Generating Loan (IGL), which accounts for 96.5% of EMFIL's loan portfolio. The analysis excludes all other services offered by either EMFIL or its parent organisation ESAF, which relate to other services such as savings and insurance, to health and other livelihood programs.

Additionally, the SROI analysis looked only at EMFIL's operations in the State of Kerala, both for time constraints and to simplify the analysis –as the North of India has a very different scenario and EMFIL's current portfolio is distributed mainly within Kerala (68%).

The analysis is a forecast SROI analysis. The time period of the analysis included the activities and value to be created by a projected equity investment of Rs. 1,000 Mn over the next 4 yrs. Although a forecast, the analysis was strongly based on the outcomes experienced and reported by stakeholders who have been and are going through EMFIL's services. This evidence provided a basis to articulate the theory of change for the stakeholder groups and subsequently measure and value the future outcomes to be achieved by the continuous operations of EMFIL.

#### **Figure 5. Summary of the scope for this SROI analysis.**

**Organisation:** ESAF Microfinance and Investments Pvt Ltd (EMFIL)

**Activity:** Income Generating Loan

**Location:** Kerala, India

**Purpose:** to identify outcomes, guide forward planning and establish what needs to be monitored and measured to demonstrate impact.

**Type of analysis:** forecast analysis. It does not evaluate the program, but engages with the current stakeholders to understand what change has happened and put in place mechanisms to evaluate in the future.

**Timescale** – the analysis covers 4 years of operations (2012 – 2016).

#### 3.2 Overview of Stakeholders

Stakeholders are defined as people or organisations that experience change, whether positive or negative, as a result of the activity being analysed. After scoping the project, all stakeholders that are (will be) involved in EMFIL's operations were identified. The table below summarises the stakeholders and the rationale for including or excluding them from the analysis.

#### **Table 4. Rationale for stakeholder inclusion or exclusion.**

| Stakeholder Group                        | Included / Excluded  | Rationale   |
|--|--|---|
| Clients                                  | <ul style="list-style-type: none"> <li>Included</li> </ul> | <ul style="list-style-type: none"> <li>Major beneficiaries of EMFIL's microfinance services, who are experiencing outcomes directly. This group also provides a 'significant' input, an interest rate payment, which allows EMFIL to cover its operational costs and run sustainably.</li> </ul>  |
| Equity Investors                         | <ul style="list-style-type: none"> <li>Included</li> </ul> | <ul style="list-style-type: none"> <li>More specifically, social investors, who provide equity funding to expand EMFIL's loan portfolio and invest in required infrastructure. While this stakeholder group is not experiencing a direct or personal social impact, they allocate funds with the objective of achieving social outcomes for the key beneficiaries (Clients). Their input represents a significant and most relevant contribution to achieve EMFIL's mission.</li> </ul>   |
| Banks / Lenders                          | <ul style="list-style-type: none"> <li>Excluded</li> </ul> | <ul style="list-style-type: none"> <li>Commercial lenders provide debt capital to fund EMFIL's loan portfolio at a cost. While this capital is a key input to operate the microfinance arm of EMFIL, this stakeholder group was excluded from the analysis for two reasons: 1) their input results in a flow of capital, which comes into the activity and then goes out, the only net cash flow is the cost of the capital (interest rate) which is already reflected in the interest rate charged to the Client group 2) while potential economic outcomes to this stakeholder group were identified through the consultation with other stakeholders, further understanding of what exactly the outcome would look like and how to value it limited the analysis. The project had no access to representatives from this group, which was an additional limitation.</li> </ul> |
| Clients' Family (spouse and/or children) | <ul style="list-style-type: none"> <li>Excluded</li> </ul> | <ul style="list-style-type: none"> <li>Beneficiaries who are likely to experience indirect outcomes. Access to family members was limited, with a few individuals consulted. On an ongoing basis, access to this group will be significantly more limited than the access to the Client group, therefore focusing on the Clients for this first analysis was reasonable. Also, the outcomes for this stakeholder group are harder to identify and evidence as they are not directly linked to EMFIL's activities.</li> </ul>  |
| SHG Federation                           | <ul style="list-style-type: none"> <li>Excluded</li> </ul> | <ul style="list-style-type: none"> <li>All borrowers of EMFIL need to be part of the ESAF Federation to access the microfinance services. The Federation structure provides women with additional benefits. Although these benefits can be significant they were defined as out of scope, with the base case scenario only focusing on EMFIL's credit operations. This group could later be included as a separate scenario (one that includes benefits provided by the Federation to its members).</li> </ul>  |
| Loan Officers / Field                    | <ul style="list-style-type: none"> <li>Excluded</li> </ul> | <ul style="list-style-type: none"> <li>Key stakeholder for the successful delivery of the</li> </ul>  |

|  |  |  |
|--|--|--|
| Staff  |  | service. This group was consulted during the stakeholder engagement process. Field staff, not only provided relevant information about the Client's journey with EMFIL, but also evidenced significant personal change (benefits created by working as field staff for EMFIL). The fact that approximately 78% of EMFIL's field staff are women, some of which were previous clients, suggests that this group is also a direct beneficiary of EMFIL's activity. However, given the much larger scale that the Client group represents, this group was left out of scope and excluded from the analysis. Their feedback on the Client's experienced outcomes fed this SROI analysis. |
| Management                                     | <ul style="list-style-type: none"> <li>• Excluded</li> </ul> | <ul style="list-style-type: none"> <li>• Although management are a key stakeholder for the successful delivery of the service and their views and knowledge were valuable inputs into the process, it can be debated whether or not they are a stakeholder that experiences personal change as a result of the activity. For this analysis, this group has been excluded.</li> </ul>   |
| Local Government / State Government            | <ul style="list-style-type: none"> <li>• Excluded</li> </ul> | <ul style="list-style-type: none"> <li>• Lack of access to this group limited the inclusion in this analysis. However, there is microfinance research providing evidence of the social benefits and savings that governments can be experiencing from local microfinance activities. While this was left out of scope, it is definitely a group that would be interesting to look at in the future.</li> </ul>   |
| Customers and Employees of Clients - Community | <ul style="list-style-type: none"> <li>• Excluded</li> </ul> | <ul style="list-style-type: none"> <li>• This group would reflect the impact of microfinance at a community level. Something worthwhile looking at in the longer term, but out of scope for this analysis given its pilot phase.</li> </ul>  |

Through the analysis, stakeholders were engaged to understand what changes for them. As the time available to complete the SROI analysis was limited, effort was paid to ensure adequate engagement with major stakeholders. Engagement with the Clients was prioritised, since they are the group going through the process of change and personally benefiting from the activities of EMFIL's program.

Other key stakeholders such as EMFIL's field staff and management provided significant input based on their knowledge and experience in operating the microfinance service, sharing personal perspectives as well as their views on the outcomes experienced by the Clients.

Although the project did not have access to other equity or debt investors, Opportunity's (including Dia Vikas) role as a social investor financing MFIs in India gave this analysis sufficient knowledge about these particular stakeholder groups. The investment analysis was also conducted based on Opportunity's knowledge of the sector and of EMFIL more specifically.

### 3.3 Stakeholder Engagement

Given the nature of this pilot project, a forecast analysis, stakeholder engagement was limited to a few representatives per group (if available). This stakeholder engagement aimed to understand the 'theory of change', to identify the potential outcomes to happen in the future and to

recommend mechanisms to track them, so that over time, EMFIL can evaluate its actual performance on the forecasted social outcomes.

Below is a summary of stakeholder groups, the size of the group and the number of stakeholders engaged per group.

**Table 5. Size of stakeholder group and numbers of stakeholders consulted per group.**

| Stakeholder Group                        | Size of the Group  | Number Consulted (accessed)   |
|--|--|---|
| Clients                                  | <ul style="list-style-type: none"> <li>Approx. 400,000 clients</li> </ul>                                | <ul style="list-style-type: none"> <li>A total of 45 clients were accessed through visiting three EMFIL branches and 8 different Sangams. The number of women per Sangam varied, 4-20 women in one Sangam. The branches visited were a good representation of Kerala's reached population, with one branch being from the 'hilly' regions, other one from the coastal region and the third one a city based branch in Thrissur.</li> <li>In addition, 75 Clients were surveyed at a later point in time. The survey asked Clients specific questions around what they value and levels of expenditure on various items, that would help the analysis to get initial financial proxies.</li> </ul> |
| Clients' Family (spouse and/or children) | <ul style="list-style-type: none"> <li>Undefined</li> </ul>  | <ul style="list-style-type: none"> <li>4 family members (either spouses or parents) were interviewed while visiting the various Sangams. Access to these stakeholders could not be planned as they are not officially reachable through EMFIL's programs.</li> </ul>  |
| SHG Federation                           | <ul style="list-style-type: none"> <li>Approx. 500,000 members</li> </ul>                                | <ul style="list-style-type: none"> <li>45 clients, who apart from borrowers, are also members of the Federation, were interviewed. In addition interviews covered the SHG manager and an SHG trustee.</li> </ul>  |
| Loan Officers / Field Staff              | <ul style="list-style-type: none"> <li>Approx. 1,000</li> </ul>  | <ul style="list-style-type: none"> <li>15 field staff - 11 loan officers, 3 branch managers and 1 area manager</li> </ul>   |
| Management                               | <ul style="list-style-type: none"> <li>Approx. 40-50</li> </ul>  | <ul style="list-style-type: none"> <li>10 top management members</li> </ul>   |
| Equity Investors                         | <ul style="list-style-type: none"> <li>Undefined – currently EMFIL has 2 equity investors</li> </ul>     | <ul style="list-style-type: none"> <li>Dia Vikas and Opportunity representing one of EMFIL's equity investors (24% stake) provided significant knowledge and input to this process.</li> </ul>  |
| Debt Investors                           | <ul style="list-style-type: none"> <li>Undefined – EMFIL currently has +15 commercial lenders</li> </ul> | <ul style="list-style-type: none"> <li>Not consulted</li> </ul>   |
| Local Government / State Government      | <ul style="list-style-type: none"> <li>Undefined</li> </ul>  | <ul style="list-style-type: none"> <li>Not consulted</li> </ul>   |
| Customers and Employees of Clients       | <ul style="list-style-type: none"> <li>Undefined</li> </ul>  | <ul style="list-style-type: none"> <li>Not consulted</li> </ul>   |

Most forecast SROI analysis are done based on projected outcomes for a new program or activity, for which in most cases stakeholders have not yet been involved in the new activity. This SROI analysis was able to leverage EMFIL's track record (+10 yrs) in operating microfinance services. The analysis accessed and engaged stakeholders that have been involved with EMFIL over the last 1-4 years plus staff currently involved in the activity. The outcomes identified were based on the

stories and information gathered from current stakeholders, which makes this analysis more precise and based on actual facts rather than future estimates.

Tatiana Peralta, as the SROI practitioner, travelled to Kerala in December to conduct the stakeholder engagement process. The field visit lasted for 7 working days, based in EMFIL's headquarters in Thrissur and visiting selected branches. A mixture of one-one-one interviews, focus groups and workshops were used to gather input for this analysis. All stakeholder interviews were conducted face to face.

A few weeks after the field visit, a Client survey was conducted by the R&D team who visited different branches, and surveyed 75 Clients. The survey addressed questions around what is valuable for Clients and their levels of expenditure. The results from the Client survey gave valuable insights that were later used for financial proxies' value.

**Table 6. Type of engagement with each stakeholder group**

| Stakeholder Group                        | Type of Engagement   | Duration  |
|--|--|---|
| Clients                                  | <ul style="list-style-type: none"> <li>One-on-one interviews</li> <li>Focus groups (through Sangam meetings)</li> <li>Client Survey</li> </ul> | <ul style="list-style-type: none"> <li>45-60 mins doing both interviews and focus groups.</li> <li>In average, 10 minutes / Client surveyed.</li> </ul> |
| Clients' Family (spouse and/or children) | <ul style="list-style-type: none"> <li>One-on-one interviews</li> </ul>  | <ul style="list-style-type: none"> <li>15-30 minutes on interviews</li> </ul>   |
| SHG Federation                           | <ul style="list-style-type: none"> <li>One-on-one interviews</li> <li>Focus groups (through Sangam meetings)</li> </ul>                        | <ul style="list-style-type: none"> <li>45-60 mins doing both interviews and focus groups.</li> </ul>  |
| Loan Officers / Field Staff              | <ul style="list-style-type: none"> <li>One-on-one interviews</li> <li>Focus groups (through Sangam meetings)</li> </ul>                        | <ul style="list-style-type: none"> <li>60-90 minutes on focus groups</li> <li>15-30 minutes on individual interviews</li> </ul>                         |
| Management                               | <ul style="list-style-type: none"> <li>One-on-one interviews</li> <li>Workshops</li> </ul>   | <ul style="list-style-type: none"> <li>One hour per interview</li> <li>2hr workshops</li> </ul>   |

Please refer to Appendix D for detailed information on stakeholder engagement and interview questions, survey format and survey results.

### 3.4 Some limitations

This was a pilot project and as such Opportunity and EMFIL should reflect on how to improve the initial limitations experienced while conducting this SROI analysis. A few key points, some of which are specific to this analysis and others which are more generally experienced within the microfinance sector, include:

- Client interviews were conducted by an accredited SROI practitioner with the help of EMFIL's staff translating the conversations. There was certainly a language barrier between the interviewee and the interviewer. While the translator helped bridge the communication gap, it is possible that key insights (be it positive or negative ones) were missed or that messages were reworded in an attempt to synthesize or emphasize specific statements from the Clients. This issue might be addressed by training key staff in conducting this type of interviews and stakeholder engagement. EMFIL already has an R&D department which could potentially conduct such interviews or train field staff to do so in an ongoing basis.

- Given the limited time frame for the field visit and the limited resources, the number of Clients sampled (when compared to the actual client base) is really small. The forecast nature of this analysis allowed this, however if further evaluations are to be done, the sample size will need to be significantly larger.
  
- Interviews were conducted while in Sangam meetings. This was an efficient way to get access to Clients but might have not been the most efficient way to interview them. The original stakeholder engagement plan involved individual interviews. However focus groups (with all present members of a Sangam) proved to be more effective and less confronting for the Clients. When a group was interviewed and one or two Clients spoke up for the entire group, the women seemed to be more confident and open to talk and share their experiences. Accessing Clients for individual interviews out of the Sangam meeting scenario might be a better option, but one that will need additional resourcing.
  
- Identifying positive outcomes was easily achieved. However, identifying negative outcomes was certainly a challenge. This has proved to be a key issue in most impact studies on microfinance within India and globally. Whether it is caused by peer pressure or by 'organisational' pressure (as EMFIL representatives were present while the interviews), Clients seem to shy away from talking about any negative outcomes experienced. Depending on the cultural context, speaking about personal issues or problems might be socially 'wrong'. Another cause for this behaviour can be the Client's perception that what she says will affect her relationship with EMFIL or with her Sangam, which in turn could affect the possibility of getting another loan. To overcome this issue, the interviewer spoke to those closer to the Clients ie. the loan officers, identifying the potential negative outcomes experienced by the Clients. For future evaluations, a balance between independent interviewers and staff trained to collect specific information should be EMFIL's aim.

## 4 Inputs and Investment

Investment, in an SROI analysis, refers to the financial value of the inputs. Inputs should reflect what stakeholders are contributing in order to make the activity possible. Inputs look at the amount required to generate the projected outcomes that have been identified and quantified.

The investment considered for this SROI analysis consists of: i) the input from equity investors which comes in the form of capital investment and will drive the number of Clients financed and ii) the input from Clients which will reflect the interest paid by the Clients on their loans.

The analysis assumes an equity investment of Rs. 1,000 Mn <sup>10</sup>over the four years. This is based on current projections, which assume two large equity investments over such period of time. While this investment figure could change in the future depending on the ability of EMFIL to attract further equity investment, the base case scenario uses this figure as the basic assumption. The amount of equity investment dictates the number of Clients reached, but it has no effect in the resulting SROI ratio given a linear relationship between the two variables. However, it certainly influences the total social benefits achieved.

A key assumption in conducting this SROI analysis, is the gearing ratio, also known as the debt to equity ratio. One of the main benefits when providing equity investment to an MFI is to enable them to leverage such equity with commercially available debt. The provision of these two types of capital is what will dictate EMFIL's growth and expansion, reaching a larger number of Clients who will achieve social outcomes. While debt is invisible in the SROI analysis, as debt investors were not included in the analysis, this ratio allows the SROI to consider the equity investment inputted and its effect on debt funding. The base case scenario assumes a debt to equity ratio of 3.5x<sup>11</sup> the equity investment. The total funds available will affect the actual number of Clients reached over the next four years.

EMFIL, as a sustainable organisation, covers its operational cost from the interest paid by its Clients. This interest rate covers the cost of running the microfinance service, as well as the capital cost of the loan. SROI projections assume a 27% interest rate charged on EMFIL's loan which has been considered as the Clients input. Recent regulation in the sector is requiring MFI's to cap the interest rate charged to their Clients. Projecting a 27% interest rate assumes EMFIL will be (and remains) compliant on such regulation over the four years of the analysis. An average loan size has been fixed at Rs.10,000<sup>12</sup> for analysis purposes. This projected Client input represents a significant portion of the investment included in this SROI analysis.

An additional assumption is that If there is any profit, EMFIL reinvests as retained earnings as it has had no dividend distribution nor will be having one in place in the near future. Retained earnings are used to finance additional portfolio, and therefore will affect the interest income paid by the Clients. The analysis is driven by an Operating Expense Ratio of 14%,<sup>13</sup> which for the purpose of this analysis, results in close to zero profit margin. Bad debts are written off before net margins are calculated, therefore capital investment remains untouched.

**Table 7. Summary of Inputs, including cash flows projected on interest income.**

|                                   | Yr1     | Yr2     | Yr3     | Yr4     |
|-----------------------------------|---------|---------|---------|---------|
| <b>Number of Clients financed</b> | 450,000 | 450,500 | 451,055 | 451,671 |
| <b>Interest Income</b>            | 1,215   | 1,216   | 1,218   | 1,220   |

<sup>10</sup> Total equity projected over the next four years.

<sup>11</sup> Projected debt to equity ratio.

<sup>12</sup> This number has been used for simplification of the analysis; this can later be adjusted to EMFIL's current average loan size on its IGL portfolio in Kerala which should be very close to Rs 10,000.

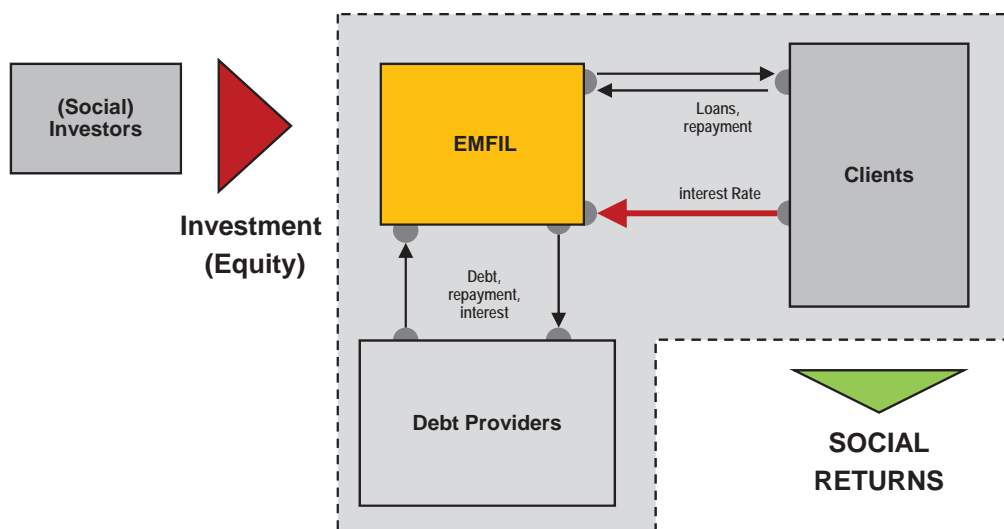
<sup>13</sup> Projected Operating Expense Ratio is 13%, prior years the ratio has been greater than 14%. To use a conservative assumption, the ratio was left at 14%.

|  |                                |       |     |     |
|--|--------------------------------|-------|-----|-----|
| <b>(Rs. in millions)</b>                                   |                                |       |     |     |
| <b>Interest Income after Discounting (Rs. in millions)</b> | 1,110                          | 1,014 | 928 | 848 |
| <b>Present Value</b>                                       | <b>Rs. 3,900 (in millions)</b> |       |     |     |
| <b>Equity investment</b>                                   | <b>Rs. 1,000 (in millions)</b> |       |     |     |
| <b>Total Inputs included in this SROI analysis</b>         | <b>Rs 4,900 (in millions)</b>  |       |     |     |

The base case scenario includes an equity investment of Rs. 1,000 Mn plus a total Client input of Rs. 3,900 Mn, accounting for cash flows over 4 years of operations and discounting these to present value. The total investment considered was Rs. 4,900 Mn.

Another Client input looked at was: Clients' time. In some SROI analysis stakeholder time is given an input value. However, this SROI assumed that Clients' time spent in the activity ie. attending Sangam meetings (half an hour every week in average) had no opportunity cost. This seems realistic given i) the fact that Clients are mostly unemployed and ii) EMFIL's has flexibility in the way Sangam meetings operate, where if a Client has paid work to attend to, she is allowed to be absent at the meeting and have other Sangam members representing her. Additionally 100% of Client's surveyed<sup>14</sup> reported no incurred cost for attending Sangam meetings.

**Figure 6. Relationship between stakeholders, inputs and outputs.**



Note: Red arrows reflect inputs to be considered.

<sup>14</sup> Client Survey on Financial Proxies, see Appendix for summary of results.



## 5 Description of Outcomes

### 5.1 The Theory of Change – The Clients

The theory of change allows us to define, map and link the objectives, inputs, outputs and outcomes for a particular stakeholder group.

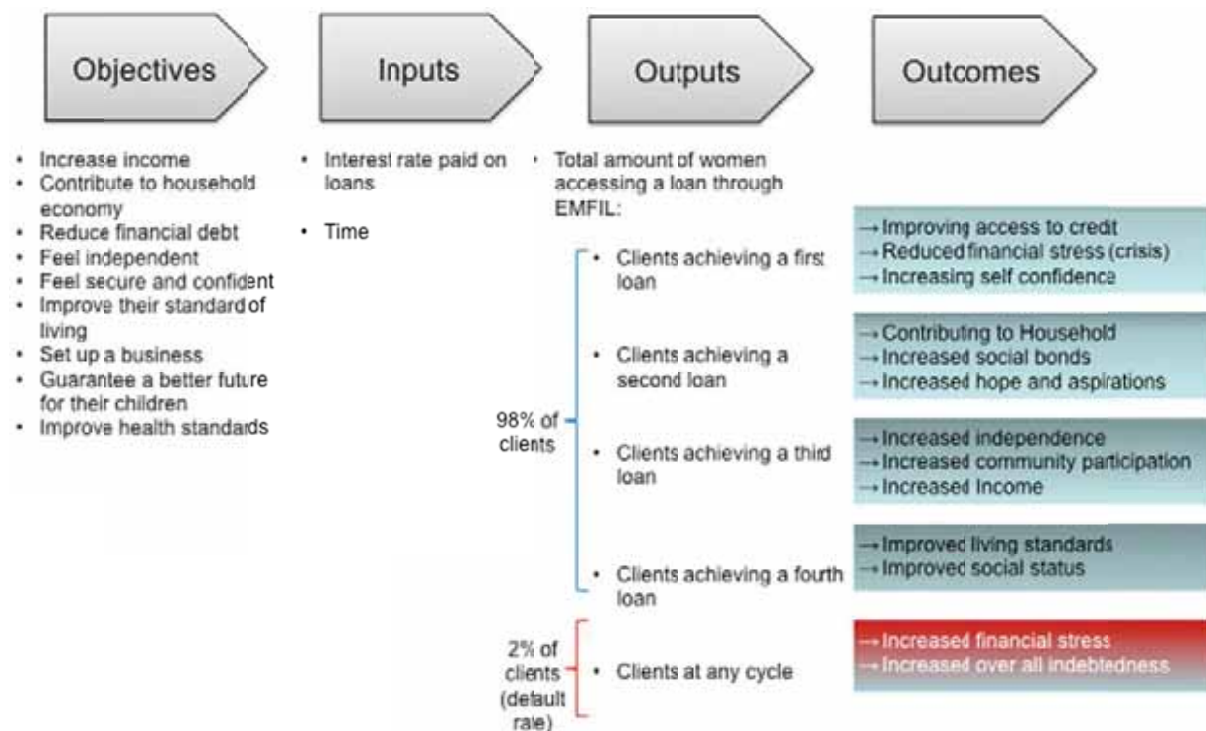
A list of stakeholder groups, who either affect or are affected by the activity, was identified when scoping the project. While all groups could be experiencing positive changes (directly or indirectly), for simplification purposes and given limited access to the other stakeholder groups, a decision was made to focus this SROI analysis on the Clients group.

EMFIL's Clients are the major beneficiaries of the program as they are the ones contracting the service and accessing it, participating in the related activities, directly receiving the benefits and experiencing the positive (or negative) outcomes generated at a personal level.

Through the stakeholder consultation process, a variety of outcomes were identified for the Clients. The identified outcomes were later mapped as a client journey with EMFIL, aiming to describe what a client achieves through each stage of her journey. This journey is defined by the number of loan cycles she has engaged in. The further a Client gets, the most outcomes she achieves. Although in reality, the outcomes might not be "solely" related to one specific cycle, the stakeholder interviews suggested the outcomes followed a sequence, and early outcomes would be a necessary foundation for the later outcomes to kick in. It also suggested that the later outcomes would take time to be achieved. Mapping outcomes this way helped ensure the analysis would not be double counting, as it looks at incremental outcomes, most of which are consequence of previous outcomes. It also allowed a distinction between the shorter term outcomes and the longer term ones.

Figure 7 is a visual representation of the Clients theory of change, which reflects the average 'Client Journey', outlining the outcomes identified and achieved in each loan cycle. While each individual will have a different and their own journey, this approach helped the analysis to be simplified.

**Figure 7. Theory of Change for the Clients**



The following is a detailed description of identified outcomes from the stakeholder interviews, the rationale for assigning outcomes to a particular stage and the interconnection between the different outcomes. Figure 8 at the end of this section summarises all outcomes in what is called the 'Client Journey', with a visual of how outcomes are interconnected, and initial outcomes lead to later outcomes.

**First Loan Cycle** - Outcomes in this cycle relate to meeting immediate financial needs (or crisis) and to breaking negative cycles consequence of financial exclusion or bad debts.

- *Improved access to credit* – Kerala is a state with high competition on credit. Various providers are playing in the field, but for EMFIL's Clients such credit can be either impossible, hard to get or highly exploitative. While in the interviews, statements around moneylenders, gold finance companies and other 'non formal' sources of credit were made comparing those services with the benefits from EMFIL's loans (e.g. a weekly repayment scheme, loan at their doorstep, lower interest rates, group model, friendly relationship with loan officer...). This outcome is directly linked to the reduced cost of accessing the loan.

*"I had some debt with a money lender, because I gave birth and had to cover the medical expenses of my baby, who was born with health problems. Now I have been able to repay such debt with the help of EMFIL's loan." - Client testimony.*

- *Increased self-confidence* - when accessing a loan with EMFIL, clients feel good about themselves, they have been admitted into a Sangam, they have been given a loan (maybe for a first time), they can make a decision on how to use it and now they have the responsibility to repay it. This makes them confident, allows them to believe in themselves. The feeling of belonging to the group is in itself a strong one.

*"We are now more happy, because we can buy, we can decide. This makes us confident."  
" We feel stronger and with more courage to withstand any problem." - Client testimony.*

- *Reduced financial stress*– interviewed clients specified that after joining EMFIL, the levels of stress in their household had gone down. This included statements like fighting less with their husbands, meeting immediate needs, helping other household members in their business. With first loan timers, very few times would they talk about an income generating activity. Clients were happy to accept that the loan was channelled towards household needs that would in turn ease the overall financial stress. This fits well with latest literature on microfinance, where women need first to break some on-going cycles and once achieved, will then start investing in income generating activities. Therefore, this outcome is directly linked with the timeliness of a cash flow, as it allows households to solve financial crisis without recourse to extreme solutions such as money lenders, or mortgaging their own assets.

*"I was going to money lenders and mortgaging my wife's gold to cover our house expenses. All of these would create lot of tension in the house. Now that my wife has this loan, this stress has gone down there is no more tension in our house." - Client's husband testimony.*

*"Before, we would need to ask our husbands for money, but they would not have it or not want to give it to us. So there was always disappointment, frustration and fights - Friction was there. Now we can help them with our loans, reducing the tension and their burden."  
– Sangam leader testimony.*

**Second Loan Cycle** – outcomes in this cycle are about women’s empowerment to take control of their own lives and believe they can change their own future. The fact that the Clients have been involved a longer period of time, creates additional benefits described below, all consequence (or sequence) of the first outcomes:

- *Increased contribution to their Household* – by accessing EMFIL’s loans and after helping reduce the overall financial stress of their household, women become relevant contributors to their household economy, either through their own economic activity or becoming a channel for loans to household activity. This contribution is recognised and valued by other members of the household which in turn increases their influence in the household’s decision making process around investment and expenditure. This reflects a change in the household dynamic that empowers women to have a say and a voice of their own when it comes to relevant family decisions. Clients constantly reported to be more respected by their husbands for obtaining credit.

*“Now because women are giving the money, they want to know, they ask: where are you using my money? There is more communication, more transparency between us.” – Client’s husband testimony.*

- *Increased social bonds and connectedness* – in all interviews women spoke about the importance of being part of the Sangam group, and the connectedness they felt towards the members of their group. A Sangam provides a Client with a support network, bringing women together and providing opportunities to bond, to exchange information, share their problems or financial struggles and to discuss their needs. Some women spoke about a willingness to remain as members of the group without availing another loan, showing the value of belonging to that group. Self-confidence (previous outcome) is interlinked with this outcome, as the group stays together the individuals’ self-confidence also becomes stronger; and without self-confidence the women would not achieve the social connection.

*“Our Sangam has now 27 members, up from 15 last year, and the number keeps increasing because more and more women from the neighbourhood want to join our group. This is very satisfying for me and the rest of the Sangam members. We feel pride for being part of this group.”- Client testimony.*

- *Increased hope and aspirations* –the women constantly spoke about their dreams and hopes. Through EMFIL’s loans, they felt capable of doing something meaningful, setting themselves specific goals about what they wanted for their own future and their children’s future. Clients liked to report on their personal plans around activities to generate income, investments in their household like renovation work, about what they will do with their next loan, about increasing the number of women in their group, etc. All this showed an increased hope.

*“We would like to have more Sangam members, to have more and more women taking the benefits from EMFIL. We see a lot of hope, it can only happen if everyone works together and is united, and if more and more people join.”– Client testimony*

**Third Loan Cycle** – during this cycle and after achieving some or all of the above outcomes, women start seeing economic results as they have started income generating activity on their own

or have been investing the loans into their household's economic activities. Empowerment keeps going on and additional results are reached such as independence and community participation (consequence of an increased self-confidence, increased hope and increased contribution to household).

- *Increased independence* –being able to contribute to their household and make some decisions, increases the women's autonomy, allowing them to stand up and be responsible for their own well-being. After some time, they become less vulnerable by taking measures to protect themselves, they feel they have a right to decide over their generated income and some even start building their own asset base. A change in their mobility is also evident, with more women going out and doing things on their own.

*"This branch is in a Muslim area, a lot of the women need support (approval) from their husbands to do things. Initially, Clients would be accompanied by their husbands to the meetings, they would not come by themselves. Now they come alone, there is a gradual shift. They become more confident, first by coming alone to the meetings, then starting to go out into the markets and other places, doing things by themselves. That is a great transformation." – Branch Manager testimony.*

- *Increased community participation*- with increased self-confidence and social bonds, plus a longer term engagement with EMFIL, community participation kicks in. It is not just the women's' position within the household that improves, but also their engagement in community activities. Some will be Sangam representatives, looking after their groups interests and issues; others will have access to their community leaders, or attending local government gatherings. Some will even run for elections at the Panchayat<sup>15</sup> level. All this reflects empowerment through giving women a voice and allowing them to influence not only their households but also their community. Women reported being respected by their family and neighbours for being engaged with EMFIL.

*"I was at an EMFIL event, and when I looked at other cluster leaders, I decided to run for elections myself. I am now the Federation Trustee. By looking at them, I got the courage to do it myself... As a cluster leader, I advise my group's women to utilise the loans in an income generating activity, not just spend it. I really try to spread this message..." – Federation Trustee testimony*

- *Increased Income* – after the initial years of engagement, Clients of EMFIL are able to break the negative cycles of bad debt and meeting immediate financial needs. Most of them would have either helped their household's economic activities or start one for their own. As the bad debt decreases and the basic financial needs get met, women start seeing incremental income which can then be further invested in their activity. When asked about their financial situation, clients in the first cycles were unable to state that it had changed much, but clients in further cycles often spoke about an improved financial situation overall. Such incremental income enables the Client and her household to have a more cushioned daily expenditure in items such as food, education, clothing, transportation, etc. Such income increase allows the Client to start living more comfortably and with less pressure on a daily basis. Eventually this will result in further investing in long term assets which is reflected in the next outcome.

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<sup>15</sup> Panchayat is the government entity at the 'village' or community level.

*“With my second loan, I helped my husband buy an auto-rickshaw. We have a one year old baby and we were indebted to cover the birth’s expenses, now we are finally getting some stable income from my husband’s daily work. He works very hard, and he is grateful for this loan, we all are.”- Client’s testimony*

**Fourth Loan Cycle** – outcomes in this cycle are about long term economic results and continued activity generated by the women’s empowerment process.

- *Improved living standards* – After a couple of cycles with excess income, the women are able to invest in improving their living standards. This outcome is hard to standardize, as every woman will do something different with the excess income according to their specific situation. However, EMFIL’s SPM strategy has in place ‘well-being’ measures that will allow to track how women are improving their living circumstances around topics like health, housing, sanitation and water facilities, amongst others. Such improvements are an incremental benefit in the Clients life, where it is not just the fact that she can afford them, but also that she and her Family will enjoy such living standards over the long term.

*What would you show me to see the change in you life? How would you proof it?-*

- *“You can look at our homes, which used to be incomplete, now they are fully constructed, we’ve invested the extra money in our homes.” – Client testimony.*

- *Improved social status* – not only do the women achieve better living standards, but they start enjoying a better social status. This can be reflected in women accessing mainstream financial services or employing other people within their business or simply affording to buy what before was seen as luxury. The journey the women have gone through, which includes outcomes of both financial and social empowerment, will at the end result in the women accessing a different level of comfort within their own society.

*Where would you be today, if you weren’t part of all this?*

- *“I wouldn’t be a known figure in Thrissur amongst Sangam members. I would just be a housewife. Now I have my own business. I go out and attend EMFIL’s events representing the women from my group. People look up at me just as I looked at the cluster leaders the first event I went.”- Federation Trustee testimony*

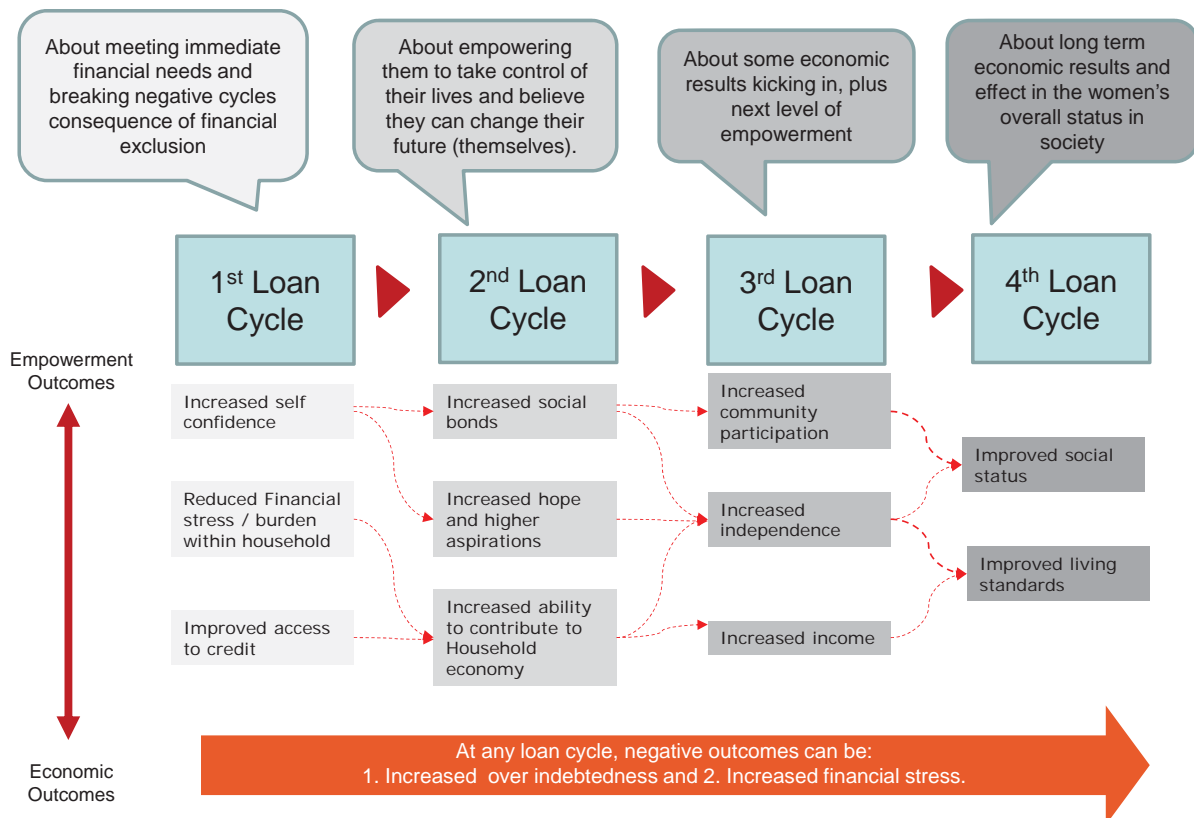
**At any cycle** – Women accessing EMFIL’s services can also experience negative outcomes. These outcomes were harder to identify given the context of the interviews and the fact that Clients would find it hard to speak about any negative outcome. However, discussions with loan officers and staff of EMFIL suggested that the analysis should include at least two ‘possible’ negative outcomes, which relate to Client’s ability to repay their loan. These outcomes are:

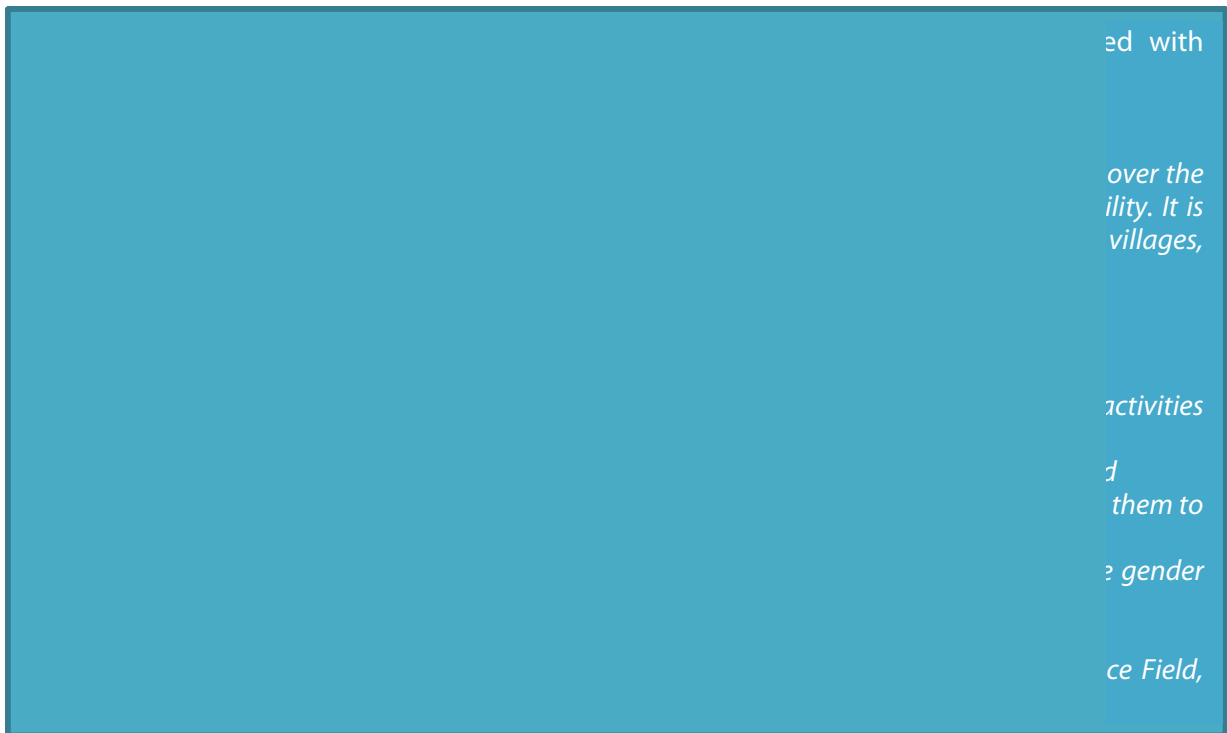
- *Increased stress for not being able to pay* – some Clients will have difficulty at one stage to repay EMFIL’s loan. This will generate stress for the Client and her household. If the lack of ability to repay persists over more than one week, this stress can be transferred to the Client’s loan group and later on to her Sangam. This has a variety of consequences, both economic and social, that will increase the Client’s stress given a damaged reputation with her Sangam members and with EMFIL’s loan officer. This outcome therefore can be related to the ‘timely repayment’ of Clients.
- *Increased over all indebtedness* – Clients of EMFIL (particularly in Kerala) are exposed to a variety of financial services (both formal and informal sources) that can provide hard or inflexible conditions of credit. If not careful or financially savvy, or if exposed to a financial crisis, Clients can end up in a negative cycle of over indebtedness, where instead of helping the Client, EMFIL’s services can be contributing to an increased (an inappropriate)

amount of indebtedness. It was discussed that Clients under such circumstances would end up defaulting their loan, as EMFIL is usually seen as the least 'severe' of credit providers. Therefore, this outcome will be strongly related to EMFIL's overall default rate.

*Note: The analysis identified potential negative outcomes that were described as very hard to observe and therefore hard to evaluate or measure. These types of outcomes come as an indirect consequence of what we think is a positive outcome. For example, a woman empowered, contributing now to her household, might be experiencing instead of respect and praise from male members, physical and emotional violence, if male members feel substituted or less empowered. There is research in different communities within India and other countries exploring such social effects, but no hard evidence has yet been found. Another highly researched topic has been the idea that women, while starting their own income generating activities, they are still responsible for household chores but get no additional help from other members of her household. Therefore, she could be experiencing double the workload, while not getting double the benefits as women tend to share and invest in their households, or she might be missing on time spent with her children. These topics were deeply explored while in the interviews, but Clients stated not to have any of such negative outcomes, reemphasizing the positive side of being empowered and being able to contribute. Loan officers and EMFIL staff also provided some insights, but again stated that these issues might be present but very hard to know and even harder to evaluate and measure. When asked if this would be more of a norm than an exception, they would state that there would be very few cases this was observed and as such was decided not to be included in this analysis.*

**Figure 8. Summary of a Client Journey with EMFIL.**



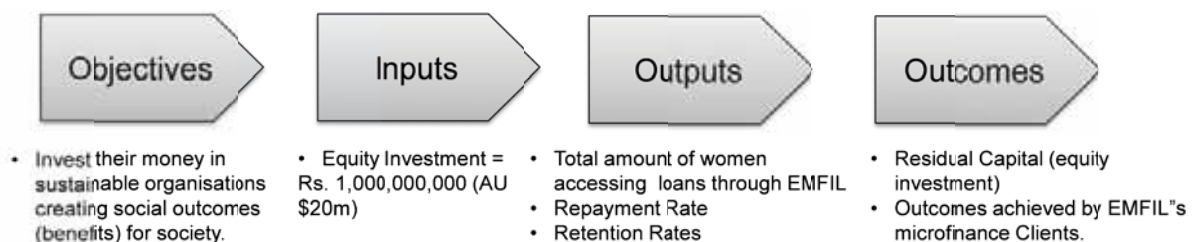


## 5.2 The Theory of Change - Equity Investors

Investment from this stakeholder group is key to achieve EMFIL’s social mission. While this stakeholder group is not experiencing a direct or personal social impact, this group allocates funds with the objective of achieving social outcomes for society, in this case, the Clients. Their input represents a significant and most relevant contribution to achieve EMFIL’s mission. Equity investment also improves EMFIL’s ability to attract debt funding, which is another key component of EMFIL’s microfinance model.

This SROI assumes that equity investors have a social interest and will be mainly looking at the social impact achieved by EMFIL over the years. Their input has been considered in the analysis ie. equity investment, and the only outcome accounted for is the fact that at the end of the investment period, 4 years, there is residual capital which can be reinvested in another social activity. This analysis assumes that EMFIL remains sustainable (as it currently is) and that its portfolio remains healthy over the period of investment, resulting in an economic benefit *equal* to the original investment. This means that the equity value would not change over time except for the discounting factor. Additionally, the analysis does not account for any opportunity cost on such investment, assuming that investors are socially focused and therefore looking for social outcomes instead of financial returns.

**Figure 9. Theory of Change for Equity Investors**



## 5.3 Other stakeholders not included in this SROI analysis

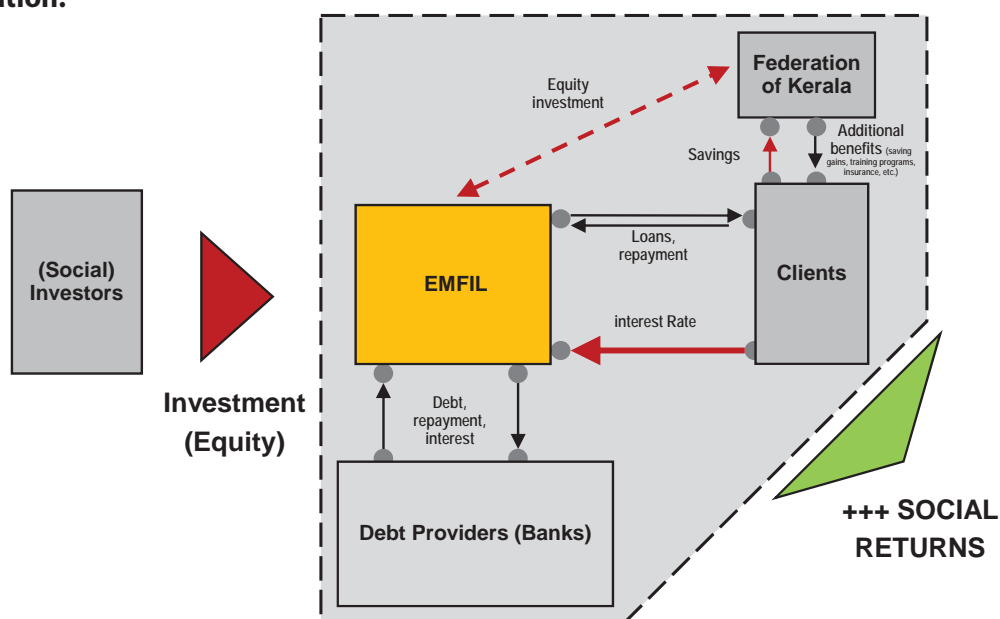
Outcomes potentially experienced by other stakeholder groups were excluded from this SROI analysis for the reasons explained in previous sections. The fact that these groups were not included in the analysis does not mean that they are not experiencing social or economic benefits. There are three groups in particular that need further comprehension and analysis, and that could potentially be looked at in a second stage of this pilot, these are: debt investors, the SHG Federation and EMFIL's field staff. The following is a quick summary of the identified change or benefits identified through the stakeholder engagement process.

### 5.3.1 SHG Federation

The SHG Federation is responsible for many aspects of the product which EMFIL provide to its customers. Without it, EMFIL could not fulfil its social mission, nor could its clients benefit from the holistic development which such structure provides. Therefore, the SHG Federation can and should be seen as a crucial component when considering aspects of client experience, empowerment and development. While this group was excluded from the analysis, it is highly recommended to further look at the additional outcomes generated by the inputs of this group. Additional services offered by the Federation include the mobilisation of savings, the welfare offered to members and the trainings on individual / personal development such as financial literacy and leadership trainings. While EMFIL and the SHG Federation work closely together, they are independent entities with independent cost structures and services offered. Although the SHG Federation structure does have a strong influence in the delivery of EMFIL's microfinance services, for the purpose of this SROI analysis; such influence was considered part of EMFIL's DNA.

Further analysis is also recommended to find out the actual benefits generated by the investment of mobilised savings into EMFIL's equity and what this means for the Federation's members. Outcomes such as increased net worth, stronger safety nets, and increased financial literacy should be looked at when talking about the SHG Federation. Such outcomes were not included in this SROI analysis. Furthermore, if EMFIL put in place a dividend distribution scheme to the SHG Federation members, it would allow a more sophisticated SROI analysis looking at the valuation of EMFIL's shares and how this would affect the economic well-being and status of SHG Federation members.

**Figure 10. Relationship between inputs, outputs and outcomes, if including the SHG Federation.**



Note: Red arrows reflect inputs to be considered.



### 5.3.2 Debt investors

Direct engagement with this stakeholder group was not possible during the SROI analysis given its short time frame. However, this stakeholder group was discussed while interviews with EMFIL's management and discussions with Dia Vikas, who has been heavily involved in aiding MFIs in accessing debt capital from commercial banks and other lenders.

Throughout these conversations, potential benefits and economic outcomes were identified for debt providers which need further analysis. These outcomes relate to the fact that MFI's like EMFIL (large, established and with a strong social focus) have continued to access debt funding regardless of the current scenario in India, which post the Andhra Pradesh crisis, has suffered an absolute lack of liquidity and flow of capital into the MFI sector.

EMFIL's debt capital cost currently stands at an average of 14%. According to some stakeholders, this cost of capital is high compared to EMFIL's actual risk. EMFIL has proved to be a well ran and sustainable organisation, without any defaulted debt over the last years. This suggests that access to debt funding for EMFIL comes at a very high cost given a wider perception of the MFI sector, which does not reflect its organisational risk. This could be accounted as a potential economic benefit to debt providers, who continue lending to EMFIL, with a proposed benefit resulting from 'a higher price at a lower risk'.

An additional benefit to look at is the fact that MFI's like EMFIL qualify as Priority Sector Lending (PSL)<sup>16</sup>. As per RBI guidelines, commercial banks are obliged to lend 40% of their portfolio to organisations identified as PSL. IF they do not comply with this requirement, banks then would have to invest the pending balance in a Rural Infrastructure Development Fund (RIDF), earning a limited return. Lending to EMFIL therefore suggests that banks are able to comply with this RBI requirement at no (or very low) risk and still earn a high margin. It would be worthwhile to further understand the other categories of PSL's, their risk and their borrowing costs to then conduct a risk analysis and understand whether there is any further economic benefit for debt providers when lending to EMFIL.

### 5.3.3 Field Staff

This group was extensively consulted during the stakeholder engagement process. It not only provided relevant information about the Client's journey with EMFIL, but it also evidenced significant personal change as a result of working for EMFIL. EMFIL has a strong focus in hiring and retaining female staff to conduct its field operations, approximately 83%<sup>17</sup> of field staff in Kerala is represented by women, most being previous Clients or related to current Clients.

*"An exception to the trend of low female staff representation is ESAF, which has greater percentage of female loan officers than the majority of MFIs reporting from India. According to ESAF, female loan officers are better able to relate to the social, economic, and emotional needs of clients, as they belong to the same socio-economic strata of the society. Daughters of the Sang am members who possess the relevant qualifications for a post are given priority during loan officer hiring. Like many other MFIs, ESAF uses Sangam meetings as a platform for its female members to share concerns regarding their homes and communities, as well as to engage in loan operations, and thus provide a wellspring of experience from which to draw loan officers. Furthermore, ESAF asserts that female staff in general is better placed to envision new initiatives for the welfare and overall empowerment of its female clients." – Excerpt from Microfinance India, The Social Performance Report 2011 published by Access.*

<sup>16</sup> The RBI regulates commercial banks on Priority Sector Lending (PSL), which requires banks to lend to selected 'priority' sectors. These sectors include: agricultural, small enterprises, retail trade, micro credit, education loans, and housing loans. MFIs have recently been categorized as a separate category under PSL.

<sup>17</sup> Breakdown of staff per state provided by EMFIL as of December 2011.

There is a strong case to believe that this group is also experiencing direct social and economic benefits from EMFIL's activities. Through stakeholder interviews, some of the change identified was mostly around employment, women's empowerment and community recognition. The reason for not including this stakeholder group in the analysis was the much larger scale that the Client group represents. Further understanding and analysis on this group is recommended as the change experienced by it can be significant.

*"I gain a lot of recognition within the community for doing this job. This is a big change. Before I was a normal person, now I'm like a council, someone people look up to. I have a good relationship with people all around this area. Even after moving from one branch to another, the relationship with clients/members continues. Clients keep relating and visiting me at the branch and inviting me to social events. There is a strong human bond created by working with EMFIL. I am not from this area. My family lives 200 km away, but moved here because I got married and my husband's family is here. Getting this local recognition is invaluable, and is thanks to working with EMFIL that I now have it. As a school teacher, my previous job, the interaction was mostly with the kids, I had very limited interaction with the community itself. But with this job I meet more people, and I get constant interaction with them. I am grateful for this." – Interview with Branch Manager.*

### 5.3.4 Indirect impact to other stakeholders

#### **Clients' Family**

While there is a lot of research and theory around the impact microfinance has in the Client's family and household, this analysis decided to focus only on the impact generated for the Client and by the Client when engaging with EMFIL. Outcomes to the Client already reflect some benefits also experienced by her household, especially around reduced financial stress, increased income and improved living standards. Indirect outcomes related to other members of the Family, such as improved education for the children, were not included in this analysis. The main reason was limited time and limited access to the stakeholder group. In addition, understanding the true effect and linkage between microfinance and indirect outcomes to the Client's Family has proven a hard task for many other impact evaluations. In an attempt to simplify this analysis, and to be as 'acute' as possible this group was left out of scope.

#### **Local / State Government**

Microfinance has a strong case for potential savings (synergies) generated for local and state governments. EMFIL's (and ESAF) agenda will constantly overlap with local government programs addressing poverty alleviation and livelihood development. A good example of this is Kudumbashree<sup>18</sup>. Again, a short time frame and limited access to representatives of this stakeholder group did not allow a deep analysis and understanding of the specific scenario in Kerala, but conversations with management, staff and Clients provided evidence of such overlap, pointing out potential benefits (and savings) generated for local government by EMFIL's activities as well as potential areas of collaboration with local entities.

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<sup>18</sup> Since 1998, the government of Kerala introduced a state program named Kudumbashree, aiming to alleviate poverty by empowering women through collective action. A key component of this program is microfinance services targeting poor women mostly in rural areas. For further information please refer to the Appendix section.

*“The Ministry of Rural Development, Government of India, has commenced implementing the National Rural Livelihood Mission (NRLM)...This Mission has the following initiatives to propel its agenda:*

1. *Universal social mobilization especially of the Poverty Line families and women*
2. *Promotion of institutions of the poor ie. SHGs and their higher level federations, livelihoods collective, producer cooperatives, etc. While existing institutions are to be strengthened, the existing staff will continue to be used.*
3. *Skills and capacity building of rural poor households and institutions of the poor*
4. *Provision of revolving fund and capital subsidy only in those SHGs where 70% or more are from BPL families*
5. *Universal financial inclusion implying linking the SHGs with banks for loans and savings and with insurance companies for managing their life and other risks*
6. *Interest subsidy will ensure that SHGs can obtain their loans at a rate not exceeding 7%*
7. *Study of the existing livelihoods to facilitate diversification of the activities of rural poor.”*

*-Excerpt from Microfinance India, State of the Sector Report 2011, published by Access.*

## 5.4 Evidencing the Outcomes

The table below shows the outcomes experienced by the Client group, the indicators used to measure the outcomes, whether data could be accessed to measure the outcome (currently in place or with potential to be in place) and, finally, if the outcome was included in the SROI ratio.

All indicators were suggested by either the Clients themselves through the stakeholder engagement process, by the loan officers, who commented on the ‘transformation’ process perceived in their Clients, or by EMFIL’s R&D staff who have high expertise in researching and surveying the Clients. Negative outcomes and their indicators were also identified. The analysis included only the negative outcomes that loan officers were able to perceive or identify, those that were not included, were mentioned in various conversations but were stated to be highly difficult to identify and measure. Speaking about the negative outcomes was a difficult task for the interviewers as most interviews were conducted surrounded by other Sangam members and staff from EMFIL. Isolating the Clients to have a more private conversation was hard to achieve. Interview methodologies could improve to get better settings were Clients might feel comfortable enough to speak about the negative impact they might have experienced without feeling any peer pressure.

**Table 8. Outcomes and Indicators**

| Stakeholder   | Outcomes                                  | Indicator  | Potential Access | Access in Place | Included in SROI |
|---|---|--|------------------|-----------------|------------------|
| CLIENTS   |   |  |                  |                 |                  |
| In first Loan Cycle   | Improved access to Credit                 | No. of women that had never accessed personal credit before                    | ✓                | ✓               | ✓                |
|   |   | Change in no. of women accessing loans through informal sources (moneylenders) | ✓                | ✓               | ✓                |
|   | Increased Self confidence                 | No. of women that report feeling good/positive about themselves                | ✓                |                 | ✓                |
|   |   | No. of women attending Sangam meetings (Attendance Rate %)                     | ✓                | ✓               | ✓                |
|   | Reduced financial stress                  | Improved relationship with partner on financial matters                        |                  | ✗               | ✗                |
| Decreased levels of financial debt (paid off other HH debt) |   |  | ✓                |                 | ✓                |
| In Second Loan Cycle  | Increased contribution to their household | No. of women that report increased participation in HH decision making         | ✓                |                 | ✓                |
|   |   | No. of women visiting their Sangam members outside the Sangam meeting          | ✓                |                 | ✓                |
|   | Increased social bonds                    | No. of women reporting feeling strong about their Sangam                       | ✓                |                 | ✓                |
|   |   | No. of women that report having increased hope, dreams for themselves          | ✓                |                 | ✓                |

|  |   |  |   |   |   |
|--|---|--|---|---|---|
|  | for their future  | and their HH   |   |   |   |
| <b>In Third Loan Cycle</b>                   | Increased community participation                                       | No. of women running for elections   | ✓ | ✓ | ✓ |
|  |   | No. of women that have taken a leadership role in their Sangams (at least once)        | ✓ | ✓ | ✓ |
|  | Increased independence  | Change in no. of women going out on their own  | ✓ |   | ✓ |
|  |   | No. of women that have invested money in their own business                            | ✓ | ✓ | ✓ |
| Increased Income                             | No. of women reporting increased income                                 | ✓  | ✓ | ✓ |   |
| <b>In Fourth Loan Cycle</b>                  | Improved living standards   | Health – Change in no. of clients accessing appropriate health services                | ✓ | ✓ | ✓ |
|  |   | Sanitation – Change in women reporting using proper sanitation facilities              | ✓ | ✓ | ✓ |
|  |   | Water – Change in women reporting access to clean water                                | ✓ | ✓ | ✓ |
|  |   | Housing – Change in women living in pucca residences                                   | ✓ | ✓ | ✓ |
|  | Improved status (social and economic)                                   | Change in no. of women accessing mainstream financial services                         | ✓ | ✓ | ✓ |
|  |   | No. of women employing other people  | ✓ |   | ✓ |
|  | No. of women that report increased expenditure in 'new/luxury' HH items | ✓  |   | ✓ |   |
| <b>Negative Outcomes (at any loan cycle)</b> | Increased over all indebtedness (negative outcome)                      | No. of women that default their loan (PAR 30 or 90? days)                              | ✓ | ✓ | ✓ |
|  | Increased stress for not being able to pay (negative outcome)           | No. of women that defaulted at any one time during loan cycle (PAR 7 days)             | ✓ | ✓ | ✓ |
|  | Increased workload in household   | No. of women reporting they have increased their workloads                             | ✗ | ✗ | ✗ |
|  | Decreased time spent with children and family                           | No. of women reporting they have decreased the time spent with their families          | ✗ | ✗ | ✗ |
|  | Increased tension with husband  | No. of women reporting physical or emotional violence from males with in her household | ✗ | ✗ | ✗ |

For some of the above indicators, EMFIL currently has in place processes that collect Client data. Through paperwork such as the Loan Application Form, the Socio Economic Tool (filled by Clients at their entry point) and the PPI Index recently rolled out to all branches, EMFIL already has Client information that could serve as baseline data for impact evaluation. These tools have indicators suggesting Client's status at their start of the journey with EMFIL. However, there is little (or no) information going into EMFIL's information and management systems (MIS), and therefore, data analysis and data tracking remains a hard task for EMFIL. See Appendix E, F and G which show the current paperwork. Recommendations as to how to track and measure these indicators will be further explained in Section 10 - Recommendations.

## 5.5 Valuing the Outcomes

The outcomes that were able to be monetised and included in the SROI analysis are shown and then discussed below.

**Table 9. Indicators and Financial Proxies per Outcome (per Client).**

| Outcomes                         | Indicator   | Financial Proxy                          | Financial Value* |
|----------------------------------|---|--|------------------|
| <b>CLIENTS</b>                   |   |  |                  |
| <b>Improved access to Credit</b> | No. of women that had never accessed personal credit before | Interest Rate paid on EMFIL's loan (27%) | Rs 2,700         |
|                                  | Change in no. of women accessing                            | Difference in interest rates             | Rs 2,000         |

|  |  |   |            |
|--|--|---|------------|
|  | loans through informal sources (moneylenders)                                      | (Moneylenders – EMFIL)  |            |
| <b>Increased Self confidence</b>                                     | No. of women that report feeling good/positive about themselves                    | Average expenditure on social activities ie. visiting family and relatives                                  | Rs 1,968   |
|  | No. of women attending Sangam meetings (Attendance Rate %)                         | Membership Fee paid to be member of Federation  | Rs 100     |
| <b>Reduced financial stress</b>                                      | Reduced levels of debt with informal sources of credit                             | Reduced amount of debt with informal sources of credit  | Rs 2,500   |
| <b>Increased contribution to their household</b>                     | No. of women that report increased participation in HH decision making             | Average money invested into consumer durables (furniture & appliances)                                      | Rs 7,768   |
| <b>Increased social bonds</b>  | No. of women visiting their Sangam members outside the Sangam meeting              | Average expenditure on social activities ie. visiting family and relatives (excluding transportation costs) | Rs 2,496   |
|  | No. of women reporting feeling strong about their Sangam                           | Cost of setting up a Sangam   | Rs 2,000   |
| <b>Increased hope and higher aspirations for their future</b>        | No. of women that report having increased hope, dreams for themselves and their HH | Average annual cost of 'paid' education in Kerala   | Rs 2,364   |
| <b>Increased community participation</b>                             | No. of women running for elections   | Cost of running for election  | Rs 3,000   |
|  | No. of women that have taken a leadership role in their Sangams (at least once)    | Fee paid for sitting at a cluster meeting   | Rs 1,000   |
| <b>Increased independence</b>  | Change in no. of women going out on their own                                      | Average cost of a trip to the market  | Rs 840     |
|  | No. of women that have invested money in their own business                        | Level of loan expenditure in their own business   | Rs 5,000   |
| <b>Increased Income</b>  | No. of women reporting increased income  | Income Increase as per PPI  | Rs 13,687  |
| <b>Improved living standards</b>                                     | Health – No. of clients accessing appropriate health services                      | Average expenditure in health services  | Rs 8,298   |
|  | Sanitation – Change in women reporting using proper sanitation facilities          | Average expenditure in sanitation facilities  | Rs 8,000   |
|  | Water – Change in women reporting access to clean water                            | Average expenditure in water facilities   | Rs 7,538   |
|  | Housing – Change in women living in pucca residences                               | Average expenditure in household renovations  | Rs 7,818   |
| <b>Improved status (social and economic)</b>                         | Change in no. of women accessing mainstream financial services                     | Average balance in savings account  | Rs 2,400   |
|  | No. of women employing other people  | Average salary for a production unit employee   | Rs 10,000  |
|  | No. of women that report increased expenditure in 'new/luxury' HH items            | Average expenditure in gold assets  | Rs 11,875  |
| <b>Increased over all indebtedness (negative outcome)</b>            | No. of women that default their loan (PAR 30 or 90? days)                          | Defaulted Loan Amount (100%)  | Rs -10,000 |
| <b>Increased stress for not being able to pay (negative outcome)</b> | No. of women that defaulted at any one time during loan cycle (PAR 7 days)         | Defaulted Loan Amount (10% of full loan amount)   | Rs. -1,000 |

\* Financial value allocated to one individual achieving the outcome ie. value per Client.

The following is a description of the rationale used to calculate the value for each of the outcomes to be experienced by EMFIL's Clients:

### **Improved access to Credit**

This outcome was applied to women in their First loan cycle. The immediate outcome when accessing a loan through EMFIL is the access to better credit conditions, or the access to credit for the first time. This outcome was valued through two indicators with different financial proxies:

- For the number of women that had never accessed credit before (25% of new Clients) the financial proxy used was **the interest rate paid on the loan**. This is based on the assumption that if a Client is paying for a service, the cost of such service reflects the value the Client puts in the service provided ie. in this case, 27% of interest rate<sup>19</sup> on an average loan of Rs. 10,000 means a financial proxy of **Rs2,700**.
- For the number of women that had accessed credit before (75% of new Clients) the financial proxy used was **the difference between the rates paid to informal sources of credit vs. the rate paid to EMFIL**. This is based on the assumption that most Clients would have access to informal sources of credit, be it money lenders or gold finance companies who charge higher interest rates. According to CDS Research<sup>20</sup>, the average rate paid in Kerala to money lenders is 47%, therefore the difference is a 20% reduced cost on an average loan of Rs 10,000 which means a financial proxy of **Rs 2,000**.

### *Increased Self confidence*

This outcome was also applied to women in their First loan cycle. Loan officers consistently spoke about the change perceived in their Clients after the first year of Sangam interaction. Two indicators were used for this outcome:

- On average 80% of women attend Sangam meetings. As this outcome is highly related to being part of the Sangam structure and process, it was only applied to 80% of women. This percentage can be tracked using attendance rate registered by loan officers. The financial proxy used was the **membership fee** paid by the clients to be part of the Sangam currently at **Rs.100 / year**.
- Clients reported “feeling good, capable and positive” as a result of increased self-confidence. This could be a very soft indicator to track, but still a relevant one. It was also applied to only 80% of the Clients, using the attendance rate as an estimate of women achieving this outcome. The financial proxy used was the **average amount spent by Clients in visiting family and friends**, assuming that this was a good reflection of Clients feeling positive about themselves. According to the Client Survey<sup>21</sup> on financial proxies this was valued at **Rs. 1,968/year** assuming one visit per month.

### *Reduced financial stress*

This is the last outcome applied to those clients going through their First loan cycle. This was reported to be an immediate outcome by most interviewed Clients.

- The sole indicator for this outcome is the **reduced amount of household debt with informal sources of credit**. The analysis assumes that 30% of clients will achieve this outcome. The financial value assigned was **Rs2,500** assuming that 25% of EMFIL’s loan is used to repay other household debt attached to tougher credit conditions. The repayment of such debt reduces the financial stress experienced by the Client and her household.

### *Increased contribution to their household*

As a result of the outcomes experienced during the First loan cycle, in their Second loan cycle, Clients start contributing to their household economy be it by accessing a loan from EMFIL and

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<sup>19</sup> EMFIL’s projected interest rate as per RBI guidelines.

<sup>20</sup> CDS Research, Cost of Basic Services in Kerala, 2007.

<sup>21</sup> Please refer to Client Survey in Appendix E.

distributing it to another household member or by investing in their own income generating activity.

- The indicator used for this outcome is the number of women that report increased participation in household decision making, assuming this would be a result of being able to contribute to their household's economy. The financial proxy used for this outcome was provided by the Client Survey on financial proxies, where 46 women **estimated the value they would spend in household items such as kitchen utensils or durable items**. Women were given ranges of expenditure, from which the weighted average of their responses was valued at **Rs. 7,768**. This was applied to 30% of Clients going through a second cycle.

### *Increased social bonds*

As a result of the increased self-confidence and all the Sangam interaction during the First loan cycle, Clients experience an increase in their social connectedness, especially with their Sangam. Two indicators were used to measure this outcome:

- The number of women visiting their Sangam members outside the weekly meeting, valued by using the **average cost of visiting family and friends less the cost of transport**. The assumption for this valuation is that Sangam members become like family for Clients, thus the analysis used the same financial proxy as the one reported for visiting family and relatives in the Client Survey, but excluded the transportation costs as most Sangam members live within the same community. Value is applied to 50% of Clients who visit each other at least once a week, resulting in **Rs. 2,496 / year**.
- The number of women reporting a strong connection with their Sangam members valued by **EMFIL's average cost of setting up a Sangam** , **Rs. 2,000**. The analysis assumes that 80% of members feel strong about their Sangam.

### *Increased hope and higher aspirations for their future*

Another outcome experienced as a result of going through the Second loan cycle, is that the perceptions of their own life start changing.

- Clients report increased hope and higher aspirations both for themselves and their children. This indicator will be valued with the **average cost of 'paid' education in Kerala** as a proxy for valuing their increased aspirations especially for their children. This value currently stands at **Rs. 2,364/year** as per CDS Research.<sup>22</sup>This was applied to 30% of Clients in their Second loan cycle.

### *Increased independence*

Linked to most of the previous outcomes achieved, increased independence is evidenced by one or all of the following:

- Change in number of women going out on their own –The Client survey results showed that 25% of the Clients stated they never go into the markets. This can be a good indicator to understand women's mobility and independence. For those who reported making a trip to the markets, the **average cost of a trip to the market** was Rs35. The analysis assumes that 25% of Clients increase their mobility, and values the outcome estimating women make at least two trips / month, which results in a financial proxy of **Rs. 840/year**.

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<sup>22</sup> CDS Research, Cost of Basic Services in Kerala, 2007.

- Number of women that have invested money in their own business – It is estimated that about 25% of Clients invest the money in a business of their own separately from the business run by their husbands or other members of their family. This improves women’s independence, in that she is not just contributing to the household as a previous outcome reflected, but now she is actually running her own business, which will in turn allow her to manage her income, her assets, and her own cashflows. This will all contribute to an increased independence. The financial proxy used is the **portion of the loan amount that is invested in her own business**. If these women invest at least 50% of their loan in their own business, this means a proxy of **Rs. 5,000**.

### *Increased community participation*

Also linked to the previous outcomes, specially the increased social bonds and the higher hope and aspirations, the analysis assumes that in their Third loan cycle Clients start engaging in activities related to the wider community and participating in the political or social agenda of their local community. This can be measured by:

- Number of women running for local elections – EMFIL’s Clients have had high participation at the local government elections, in past year more than 200 Clients were elected by their local communities. While the outcome might not be a winning one for all Clients, the fact that they have made the effort to participate and run for elections is a great indicator for increased community participation. This can be valued by the **cost of running for election** which in average costs **Rs. 3,000**.<sup>23</sup> The analysis assumes 25% of Clients run at least once for a local election.
- Number of women with leadership roles within their Sangams. This indicator will consider all women that have been a Sangam President or a Secretary at any one time during their engagement with EMFIL. It is estimated that 25% of EMFIL’s clients will occupy at least once a leadership role. This in turn is usually translated into broader community work, with women in these roles representing their Sangams at the Cluster level and Federation level. The financial proxy used was the **fee paid to Sangam leaders attending a cluster meeting**, currently valued at **Rs. 1,000 / year** (assuming two meetings per year).

### *Increased Income*

This outcome is linked to the Third loan cycle, in the strong belief that Clients first need to achieve the previous outcomes to finally start seeing an incremental benefit in their income. This can be measured by using the PPI index and tracking the Clients on a year by year basis, and understanding how Clients’ income changes over time.

- **Income increase (decrease) as measured by the PPI Index**. This SROI analysis assumes that 30% of Clients achieve a \$0.75/day income increase, which translates into **Rs. 13,688**. Such income flow allows the Client to live more comfortably with constant cashflows affording her household food, clothing, education, health, etc. She is able to stabilize her daily expenditure through the increased income.

### *Improved living standards*

Once in their Fourth loan cycle, Clients start realising the economic benefits of going through the previous outcomes. This is usually reflected in a significant improvement of their living standards. This is a hard outcome to measure as each Client will take a different decision as to where to invest her money. However, EMFIL’s staff and management have a strong focus in making sure the following living standards are met:

<sup>23</sup> Figure to be confirmed with EMFIL, initial estimate.



- Change in number of women reporting access to appropriate health services valued by the **average expenditure in health services** reported by existing Clients, **Rs. 10, 372<sup>24</sup>**. The analysis assumes 20% of women in the Fourth cycle achieve this.
- Change in number of women using proper sanitation facilities valued by the **average expenditure in sanitation facilities** reported by existing Clients, **Rs. 10,000<sup>25</sup>**. The analysis assumes 20% of women in the Fourth cycle achieve this.
- Change in number of women reporting access to clean water valued by the **average expenditure in water facilities, Rs. 9,423<sup>26</sup>**. The analysis assumes 20% of women in the Fourth cycle achieve this.
- Change in number of women living in pucca residences valued by **average expenditure in house renovations** reported by existing Clients, **Rs. 9,772<sup>27</sup>**. The analysis assumes 20% of women in the Fourth cycle achieve this.

*Note: In the previous cycle, the analysis assumes that 30% of Clients report an increased income which could be argued it would afford or pay for the above living standards. The reason for adding an incremental value to these living standards is given the fact that the Clients and their families will not only be able to 'afford' such standards but also to 'enjoy' them over the long term. There is a strong belief that accessing these types of services will have increased benefits which cannot be valued by the cost itself, as this would underestimate the value of the benefits. However, the analysis found it extremely hard to measure the increased benefits; therefore the valuation applied an **80%** to the average expenditure assuming this would be a good estimate of the additional benefits.*

#### **Improved status (social and economic)**

Also an outcome for clients in their Fourth loan cycle, as a result of everything else happening, Clients spoke about their improved social status. This can be measured by one or all of the following:

- Change in number of women accessing mainstream financial services - the essence of microfinance is to bridge the gap for those living in financial exclusion. Having more Clients accessing mainstream financial services is one of EMFIL's key objectives and also an indicator of an improved social and economic status. The analysis assumes that at least 30% of Clients achieving a Fourth cycle get access to financial services. The financial proxy is an **average balance in a savings account** valued at **Rs. 2,400 / year** (assuming these Clients save at least Rs 200 / month).
- Another usual indicator of a Client being successful and improving her status is when she starts employing other people to help her with the business. The financial proxy to value this outcome is **the average rate per day paid to a 'production' employee** using minimum salary / day, which currently stands at Rs. 100 (US\$2dollar a day)<sup>28</sup>. Assuming 30% of Clients could pay up to 100 days a year this outcome is valued at **Rs10,000**.
- A key indicator often mentioned by some Clients was the fact that they could now spend their money in things they consider a luxury. Given the Kerala context, where gold is a key item to invest in, women stated how important was for them to build their gold asset base, both for their own use, as well as for other females in the family who would need a 'gold base' in order to find a good husband.<sup>29</sup> The analysis assumes that 30% of Clients are capable of further growing their gold asset base, as an informal way of 'investing and

<sup>24</sup> Client Survey on Financial Proxies

<sup>25</sup> Client Survey on Financial Proxies

<sup>26</sup> Client Survey on Financial Proxies

<sup>27</sup> Client Survey on Financial Proxies

<sup>28</sup> Figure to be confirmed by EMFIL, initial estimate. <http://www.paycheck.in/main/salary/officialminimumwages/kerala>

<sup>29</sup> Note: Valuing this is a controversial topic, and one that can generate lots of debate especially in the Western context. However, through the stakeholder interviews, it was found that women were highly interested in owning more gold which would be a key indicator of her social status. This report is not a sociological study, but rather an analysis that aims to discover what is valued by the Clients. In this context, it was seen as appropriate to state what the Clients actually value rather than to not state it.

saving' for the future. The financial proxy used is the **average expenditure in buying gold assets** as reported by existing Clients, **Rs. 11,875<sup>30</sup>**.

### **Increased stress for not being able to pay**

If a Client is unable to meet her weekly repayment other Sangam members or even a discussion with the loan officer can help her with the specific situation. Most cases, it will be her group members who will repay the loan on her behalf. While this might or might not be recorded in EMFIL's books, the negative outcome of increased financial stress is present. If the outcome is not recorded, it would be hard for EMFIL to know it has happened. But for those recorded incidents of no repayment the indicator would then be:

- *No. of women that have delays in their repayments (PAR >7days<sup>31</sup>)* – PAR >7 days is estimated at 7%<sup>32</sup>. This is a good indicator for delayed payments which will indicate the presence of financial stress experienced by Clients. The analysis values this outcome by assuming **10% of the loan amount** is paid late (only for those Clients experiencing this outcome, 7%). The financial value is **Rs. -1,000**.

### **Increased over all indebtedness**

At any cycle during their journey with EMFIL, Clients can experience this negative outcome. The one indicator which is highly related to an increased indebtedness is:

- *No. of women defaulting their loan (PAR>30 days<sup>33</sup>)* – current PAR for EMFIL's portfolio is 2%. The analysis assumes that 2% of total Clients availing a loan at any cycle will default. The value assigned to this outcome is the **defaulted loan amount**, for this analysis, we will assume that 100% of the amount is defaulted, which would give a value of **Rs. -10,000** (EMFIL's average loan size). This is considered a conservative assumption.

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<sup>30</sup> Client Survey on Financial Proxies, Appendix E.

<sup>31</sup> Portfolio at Risk overdue for 7 days. Check whether this figure is available, otherwise estimate from EMFIL's staff.

<sup>32</sup> Figure as reported in EMFIL's research: A study on Over-indebtedness of Microfinance Clients at EMFIL., March 2011. We can use either figure (PAR 7 days or this research result)

<sup>33</sup> Portfolio at Risk overdue for 30 days.

## 6 Calculating Impact

### 6.1 SROI Filters

As in any other impact evaluation, it is important to present a realistic and pragmatic view of the social value that will be created by EMFIL. SROI methodology achieves this by applying a few key filters and concepts. For this analysis, general assumptions were made for each of the filters. The filters and the assumptions behind each are briefly explained below. Please refer to Appendix H to see the framework generally applied to estimate these filters.

- 1. Deadweight** – Deadweight is an estimation of the value that would have been created if the activities from EMFIL had not existed. This answers the question: what would have happened anyway? A **25% deadweight** was assigned to all outcomes experienced by the Clients, in the assumption that some of EMFIL's Clients would have achieved similar outcomes through other programs in the region, such as Kudumbashree<sup>34</sup>, or through other credit services offered by competing MFI's or other sources of credit. Please refer to Appendix I for a detailed explanation of Kudumbashree.
- 2. Displacement** – Displacement is an assessment of how much of the activity displaced other outcomes. I.e. what (or who) has been displaced? Displacement could be happening at the community level with concepts such as a woman opening her own business and displacing someone else, or saturating a specific market by offering the same product or service. These are more economic questions that need to be further studied and addressed in the future. For the purpose of this SROI analysis, displacement was assumed to be **0%**.
- 3. Attribution** – Attribution reflects the fact that EMFIL's program might not be wholly responsible for all of the value created by the activity or service. I.e. who else contributed to the change?

EMFIL estimates that 70% of its Client base in Kerala also belongs to Kudumbashree. Although most Clients stated that EMFIL's microfinance services were more flexible and valuable to them, it seemed that some of the outcomes around social connection, empowerment and independence, were also achieved through the government's program. While in the interviews, it was hard for Clients to separate those outcomes achieved via EMFIL and those achieved via Kudumbashree. Therefore, the analysis assumed Kudumbashree contributed by 50% to achieve the outcomes identified, but only applied to 70% of Clients, which resulted in a rounded **35% attribution rate** assigned to all Client outcomes.

In addition, it could be debated whether the Federation should be attributed for achieving some of the outcomes identified, since it was left out of scope. However, it is important to remember that the analysis assumes the Federation structure and 'mission' is embedded in EMFIL's DNA (reflected in its processes and services). Therefore, the fact that EMFIL uses the Federation structure to achieve some of the social outcomes, is considered part of EMFIL. What were left out of scope are the services provided solely by the Federation such as the savings and the training programs.

- 4. Drop-off** – Drop-off is a measure which recognises that outcomes may not continue to last year on year and in future years may be less, or if the same, will more likely be influenced by other factors. I.e. what percentage the value of the outcome declines each year. Given the nature and structure of this SROI analysis, which assumes that the further the Client engages with EMFIL the stronger the outcomes are, the **drop off rate is 0%**.

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<sup>34</sup> Kudumbashree is a poverty alleviation and empowerment program managed by the State Government of Kerala. Please refer to Appendix section for further detail.

**Duration** – while this is not a filter in itself, it is an indication of how long the outcome is meant to last. The duration for outcomes experienced by women was **4 years**. Four years was a sensible assumption, since that was the ideal 'Client Journey' discussed and used in this analysis. According to Clients interviewed and to staff from EMFIL the change observed in Clients would remain longer than their engagement with EMFIL, some stakeholders would even state that change would last for ever, therefore a duration of 4 years might be under estimating the impact. This means that even if Clients drop out before the fourth loan cycle, the outcomes achieved during the first, second or third cycles are meant to last more than the year of engagement.

## 6.2 Calculating the impact value

By applying the above filters to each of the outcomes and indicators described in the previous section, the SROI arrives at an estimated value of impact per outcome indicator. The following table summarises the indicators and its financial proxies, the quantity applied (ie. how many women achieve the specific outcome), the SROI filters applied to each indicator, and finally the estimated value per outcome indicator. These are all assumptions that will later be tested in a sensitivity analysis. Positive outcomes applied to Clients who repay, while negative outcomes apply to those Clients that default their loans.

**Table 10. Summary of assumptions per indicator, assigned value and estimated impact.**

| C<br>Y<br>C<br>L<br>E      | Indicator  | Quantity (%) | Duration | Value (Rs) | Deadweight | Displacement | Attribution | Drop-Off | Impact per Client (Rs) |
|----------------------------|--|--------------|----------|------------|------------|--------------|-------------|----------|------------------------|
| F<br>I<br>R<br>S<br>T      | No. of women that had never accessed personal credit before                        | 25%          | 4        | 2,700      | 25%        | 0%           | 35%         | 20%      | 1,316                  |
|                            | Change in no. of women accessing loans through informal sources                    | 75%          | 4        | 2,000      | 25%        | 0%           | 35%         | 0%       | 975                    |
|                            | No. of women that report feeling good/positive about themselves                    | 80%          | 4        | 1,968      | 25%        | 0%           | 35%         | 0%       | 959                    |
|                            | No. of women attending Sangam meetings (Attendance Rate %)                         | 80%          | 4        | 100        | 25%        | 0%           | 35%         | 0%       | 49                     |
|                            | Decreased levels of financial debt (paid off other HH debt)                        | 30%          | 4        | 2,500      | 25%        | 0%           | 35%         | 0%       | 1219                   |
| S<br>E<br>C<br>O<br>N<br>D | No. of women that report increased participation in HH decision making             | 30%          | 4        | 7,768      | 25%        | 0%           | 35%         | 0%       | 3,787                  |
|                            | No. of women visiting their Sangam members outside the Sangam meeting              | 50%          | 4        | 2,496      | 25%        | 0%           | 35%         | 0%       | 1,217                  |
|                            | No. of women reporting feeling strong about their Sangam                           | 80%          | 4        | 2,000      | 25%        | 0%           | 35%         | 0%       | 975                    |
|                            | No. of women that report having increased hope, dreams for themselves and their HH | 30%          | 4        | 2,364      | 25%        | 0%           | 35%         | 0%       | 1,152                  |
| T<br>H<br>I<br>R<br>D      | No. of women running for elections   | 25%          | 4        | 3,000      | 25%        | 0%           | 35%         | 0%       | 1,463                  |
|                            | No. of women that have taken a leadership role in their Sangams (at least once)    | 25%          | 4        | 1,000      | 25%        | 0%           | 35%         | 0%       | 488                    |
|                            | No. of women going out on their own  | 25%          | 4        | 840        | 25%        | 0%           | 35%         | 0%       | 410                    |
|                            | No. of women that have invested money in their own business                        | 25%          | 4        | 5,000      | 25%        | 0%           | 35%         | 0%       | 2,438                  |
|                            | No. of women reporting increased income  | 30%          | 4        | 13,688     | 25%        | 0%           | 35%         | 0%       | 6,673                  |
| F<br>O<br>U<br>R<br>T<br>H | Health – Change in no. of clients accessing appropriate health services            | 20%          | 4        | 8,298      | 25%        | 0%           | 35%         | 0%       | 4,045                  |
|                            | Sanitation – Change in women reporting using proper sanitation facilities          | 20%          | 4        | 8,000      | 25%        | 0%           | 35%         | 0%       | 3,900                  |
|                            | Water – Change in women reporting access to clean water                            | 20%          | 4        | 7,538      | 25%        | 0%           | 35%         | 0%       | 3,675                  |
|                            | Housing – Change in women living in pucca residences                               | 20%          | 4        | 7,818      | 25%        | 0%           | 35%         | 0%       | 3,811                  |
|                            | Change in no. of women accessing mainstream financial services                     | 30%          | 4        | 2,400      | 25%        | 0%           | 35%         | 0%       | 1,170                  |

|             |  |     |   |         |     |    |     |    |        |
|-------------|--|-----|---|---------|-----|----|-----|----|--------|
|             | No. of women employing other people  | 30% | 4 | 10,000  | 25% | 0% | 35% | 0% | 4,875  |
|             | No. of women that report increased expenditure in 'new/luxury' HH items                  | 30% | 4 | 11,875  | 25% | 0% | 35% | 0% | 5,789  |
| A<br>n<br>y | No. of women that default their loan (PAR > 30, 90)                                      | 2%  | 4 | -10,000 | 25% | 0% | 35% | 0% | -4,875 |
|             | No. of women that had a delay in their payment at any one time during loan cycle (PAR>7) | 7%  | 4 | -1,000  | 25% | 0% | 35% | 0% | -488   |

### 6.3 Calculating the number of Clients impacted

To arrive at a number of Clients impacted, the analysis looked at the initial number of Clients to be accessing EMFIL's loans driven by the total capital available (equity + debt investment) and the average loan size. - If we assume an equity investment of Rs.1,000 Mn , a debt to equity ratio of 3.5x and an average loan size of Rs. 10,000 - the starting number of Clients financed in the first year is 450,000 Clients.

The analysis then looked at the point in time the Clients would access the loan and the number of cycles they would achieve. Two key variables affecting the number of Clients through time were the repayment rate and the retention rate. Base case scenario assumes a repayment rate of 98%. The retention rate used between cycles was 80%, meaning 80% of Clients in their First cycle would go to a Second cycle, of which 80% would then achieve a Third cycle, and finally 80% of Clients in the Third cycle would go into their Fourth cycle. New Clients come into the portfolio by any of the following options: i) writing off any bad debt from defaulting Clients ii) re-using the capital from dropped out Clients or iii) assuming retained earnings are invested in loan portfolio.

These are all assumptions that can be tested via the sensitivity analysis, and discussed further with EMFIL and other stakeholders.

**Table 11. Projected number of Clients per Loan Cycle and year of analysis**

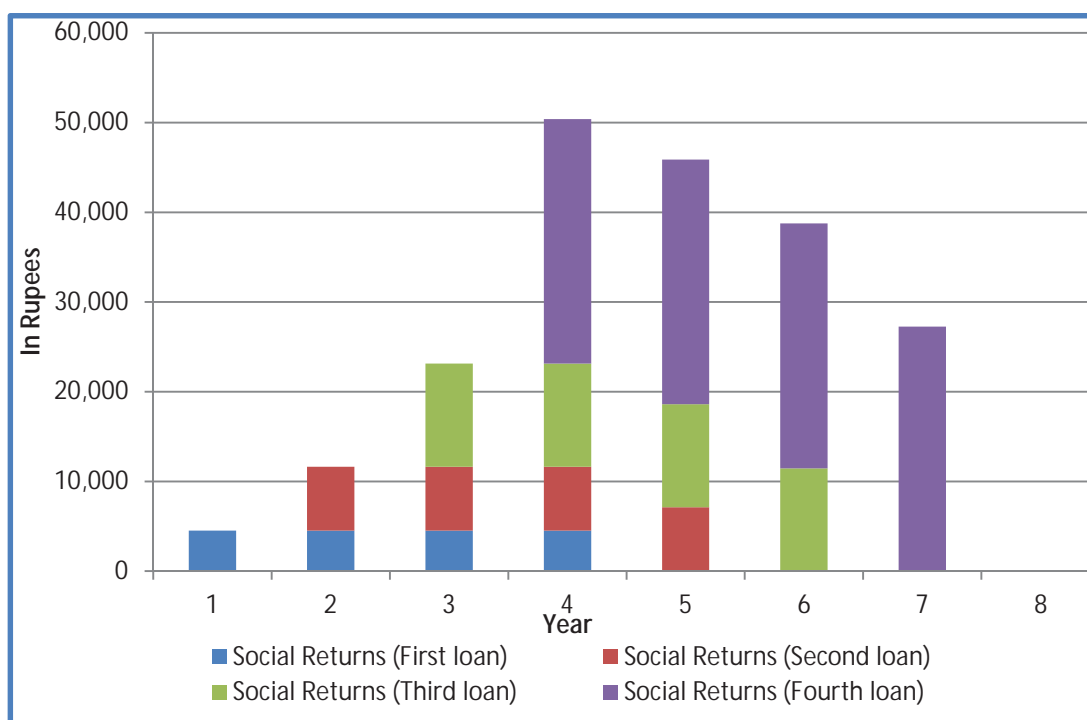
|                                  | YR 1    | Yr2     | Yr3     | Yr4     |
|----------------------------------|---------|---------|---------|---------|
| <b>First Cycle (New Clients)</b> | 450,000 | 90,500  | 90,655  | 90,827  |
| <b>Second Cycle</b>              | 0       | 360,000 | 72,400  | 72,524  |
| <b>Third Cycle</b>               | 0       | 0       | 288,000 | 57,920  |
| <b>Forth Cycle</b>               | 0       | 0       | 0       | 230,400 |
| <b>Total Clients / year</b>      | 450,000 | 450,500 | 451,055 | 451,671 |

### 6.4 Total Impact

Using the above number of Clients going through each Loan Cycle at each point in time, and using the corresponding outcomes and their impact value, the SROI analysis calculated the total social benefits ie impact, to be achieved by EMFIL's IGL loan over the next four years. To see a full version of EMFIL's impact map used for the base case scenario please refer to Appendix K.

Figure 9 is an illustration of the projected outcomes for a single Client going through the 'Average Journey'. This represents the journey if all outcomes are achieved. It is important to note that all outcomes considered in this analysis are incremental which means that an outcome achieved in a later cycle is added to the outcome achieved in the previous cycle. As explained, outcomes were assigned a duration of 4 years, therefore the impact calculation assumes a woman experiencing an outcome during the fourth loan cycle will keep on experiencing the benefits over following years. This is regardless of her continuing (or not) to be engaged with EMFIL. Figure 9 is a good illustration of the duration of outcomes, and what it means for projected cash flows.

**Figure 9. Illustration of the 'Average Journey' as lived by one Client if experiencing ALL outcomes.**



It is also relevant to remember that the analysis has assumptions per outcome indicator (please refer to Table 10) which gives an estimate of how many Clients (reaching a specific loan cycle) will experience x or y outcome. This is based on existing data and on discussions with EMFIL’s staff. Some outcomes assumed 80% of Clients would achieve it, while others assumed only 15% of the Clients would do so. These “quantity” variables were used in each outcome in order to not over estimate the total amount of impact and value created.

The impact map reflects all the assumptions per outcome and the resulting projected cash flows, which add up to the total impact summarised below in Table 12 . This a summary of the total value attributed to each outcome, and to each loan cycle, and the resulting total impact using the base case scenario assumptions. For further detail on these assumptions please go to Section 8. Sensitivity Analysis.

**Table 12. Total Impact per outcome and per Loan Cycle**

| Cycle and number of Clients achieving per cycle | Outcome  | Total Impact per Outcome (Rs '000) | Total Impact per Loan Cycle (Rs'000) |
|---|--|------------------------------------|--------------------------------------|
| FIRST Loan Cycle<br>(721,982 Clients)           | Improved access to Credit                              | 3,062,106                          | 6,447,177                            |
|   | Increased Self confidence                              | 2,329,172                          |                                      |
|   | Reduced financial stress                               | 1,055,899                          |                                      |
| SECOND Loan Cycle<br>(504,924 Clients)          | Increased contribution to their household              | 2,294,516                          | 5,796,942                            |
|   | Increased social bonds                                 | 2,804,146                          |                                      |
|   | Increased hope and higher aspirations for their future | 698,280                            |                                      |
| THIRD Loan Cycle<br>(345,920 Clients)           | Increased community participation                      | 674,544                            | 4,429,225                            |
|   | Increased independence                                 | 984,834                            |                                      |

|  |  |           |                   |
|--|--|-----------|-------------------|
|  | Increased Income                           | 2,769,846 |                   |
| FOURTH Loan Cycle<br>(230,400 Clients)                                       | Improved living standards                  | 2,844,266 | 6,116,147         |
|  | Improved status (social and economic)      | 3,271,882 |                   |
| <b>Total Value of positive outcomes applied to Clients that repay (98%)</b>  |  |           | 22,789,490        |
| ANY Loan Cycle<br>(71,713 Clients)   | Increased over all indebtedness            | -703,258  | -949,398          |
|  | Increased stress for not being able to pay | -246,140  |                   |
| <b>Total Value of negative outcomes applied to Clients that default (2%)</b> |  |           | <b>-976,624</b>   |
| <b>TOTAL VALUE</b>   |  |           | <b>21,840,092</b> |

## 7 SROI Ratio

To calculate the net present value (NPV), the costs and benefits generated in different time periods need to be summed. For these costs and benefits to be comparable, projected cash flows of social benefits were discounted to get a present value. A discount rate of 9.5%<sup>35</sup> was used for the NPV calculations. Table 13 shows a summary of the discounted cash flows.

**Table 13. Social Benefits – Projected Cash Flows.**

| (In Rs '000)                                      | Yr1                   | Yr2       | Yr3       | Yr4       | Yr5       | Yr6       | Yr7       | Total Value (Rs '000) |
|---|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|
| <b>First Loan Clients</b>                         | 1,004,606             | 1,206,643 | 1,409,027 | 1,611,794 | 607,188   | 405,151   | 202,767   | 6,447,177             |
| <b>Second Loan Clients</b>                        | 0                     | 1,033,274 | 1,241,077 | 1,449,235 | 1,449,235 | 415,962   | 208,159   | 5,796,942             |
| <b>Third Loan Clients</b>                         | 0                     | 0         | 921,902   | 1,107,306 | 1,107,306 | 1,107,306 | 185,405   | 4,429,225             |
| <b>Fourth Loan Clients</b>                        | 0                     | 0         | 0         | 1,529,037 | 1,529,037 | 1,529,037 | 1,529,037 | 6,116,147             |
| <b>Defaulted Clients*</b>                         | -59,231               | -118,528  | -177,898  | -237,350  | -178,118  | -118,821  | -59,451   | -949,398              |
| <b>Equity Recovery**</b>                          | 0                     | 0         | 0         | 1,000,000 | -         | -         | -         | 1,000,000             |
| <b>Social Benefits (per Year)</b>                 | 945,375               | 2,121,389 | 3,394,106 | 6,460,023 | 4,514,648 | 3,338,634 | 2,065,916 | 22,840,092            |
| <b>Discounted Cash Flows</b>                      | 863,356               | 1,769,261 | 2,585,134 | 4,493,426 | 2,867,829 | 1,936,797 | 1,094,495 | 15,610,299            |
| <b>Present Value of projected Social Benefits</b> | <b>Rs. 15,610 Mn.</b> |           |           |           |           |           |           |                       |
| <b>Net Present Value (Net of investment)</b>      | <b>Rs. 10,710 Mn.</b> |           |           |           |           |           |           |                       |

\*Clients experiencing negative outcomes at any cycle, resulting from financial stress and defaulted loans.

\*\* Assuming (at least) 100% Equity recovery after period of investment.

Based on the above projected cash flows, the forecast social value to be created by EMFIL is estimated at Rs. 10,710. Mn. The formula for this is:

**Social value created by EMFIL** = [Present value of benefits] – [Present value of investments] = Rs. . 15,610 – Rs. 4, 900 = Rs. 10,710 Mn.

Once the present value of projected outcomes is known, the SROI ratio is calculated. This analysis resulted in an SROI ratio of **3.19:1**.

|  |   |   |  |  |  |
|--|---|---|--|--|--|
| <div style="background-color: #4a86e8; color: white; padding: 10px; border-radius: 15px; display: inline-block;"> <b>EMFIL's Forecasted SROI Ratio</b><br/> <b>3.19:1</b> </div> | = | <table style="margin: auto; border-collapse: collapse;"> <tr> <td style="background-color: #d9e1f2; padding: 5px; border-radius: 10px; width: 80%;"> <b>Present value of social benefits</b><br/>                     Rs. 15,610.3 (Mn)                 </td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black; width: 80%;"></td> </tr> <tr> <td style="background-color: #d9e1f2; padding: 5px; border-radius: 10px; width: 80%;"> <b>Present value of investment</b><br/>                     Rs. 4,900 (Mn)                 </td> </tr> </table> | <b>Present value of social benefits</b><br>Rs. 15,610.3 (Mn) |  | <b>Present value of investment</b><br>Rs. 4,900 (Mn) |
| <b>Present value of social benefits</b><br>Rs. 15,610.3 (Mn)   |   |   |  |  |  |
|  |   |   |  |  |  |
| <b>Present value of investment</b><br>Rs. 4,900 (Mn)   |   |   |  |  |  |

This ratio results from the assumptions used in the base case scenario, and can be considered as a realistic valuation of the social impact that will be generated by EMFIL, as assumptions were considered conservative. A number of considerations that would impact positively or negatively the SROI ratio are summarised in Table 14.

<sup>35</sup> India Deposit Rate as of March 31, 2012 as published by RBI.



**Table 14. Positive vs negative effects on the ratio.**

| Assumptions that would have a <b>positive</b> effect on the SROI Ratio   | Assumptions that would have a <b>negative</b> effect on the SROI Ratio   |
|--|--|
| <ul style="list-style-type: none"> <li>• Including social and economic benefits experienced by other stakeholders such as the Federation, field staff, debt investors and family of Clients.</li> </ul>  | <ul style="list-style-type: none"> <li>• Including and valuing other identified negative outcomes for Clients.</li> <li>• If other stakeholders are included and this were experiencing negative outcomes.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Looking at the return on investment generated only by the input of equity investors ie. excluding the Client input</li> <li>• Reducing the interest rate charged to Clients</li> </ul>  | <ul style="list-style-type: none"> <li>• If including other stakeholders, and they have a significant input without experiencing a proportional benefit.</li> <li>• Increasing the interest rate charged to Clients</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Improved debt to equity ratio, repayment rate and retention rates.</li> </ul>   | <ul style="list-style-type: none"> <li>• Decreased debt to equity ratio, repayment rate and retention rates.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Decreasing the operating expense ratio, which would in turn increase profits ie. retained earnings. This could in turn finance additional Clients or if possible, reduce interest rate charged to Clients.</li> </ul>                       | <ul style="list-style-type: none"> <li>• Increasing the operating expense ratio, this would affect EMFIL’s sustainability generating a negative effect on the residual equity capital or would force EMFIL to raise its interest rates which would have a significant effect on the Clients’ input.</li> </ul>                                       |
| <ul style="list-style-type: none"> <li>• Decreasing attribution, displacement and deadweight rates.</li> </ul>   | <ul style="list-style-type: none"> <li>• Increasing attribution, displacement and deadweight rates.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Further exploring the increased loan size and its ‘increased’ benefits. The base case assumes the same loan average size for all cycles, which can be underestimating the effect of accessing larger loan sizes in later cycles.</li> </ul> | <ul style="list-style-type: none"> <li>• If higher loan sizes in later cycles turned out to have a negative effect, or decreasing benefits. This is dependent on EMFIL’s ability to understand Clients needs and repayment capability. EMFIL’s PAR of less than 2% allowed the analysis to believe that such capability is well in place.</li> </ul> |
| <ul style="list-style-type: none"> <li>• Assuming a longer duration of outcomes, by looking at intergenerational effects or by assuming that EMFIL has a ‘for ever’ effect on its Clients. Base case uses duration of 4 yrs. which seemed a good balance.</li> </ul>                 | <ul style="list-style-type: none"> <li>• Assuming a shorter duration of outcomes. For example, a duration of one year would assume that the Client only experiences the outcome the year she is engaged with EMFIL.</li> </ul>   |
| <p>While the amount of investment does not affect the SROI ratio, increased equity investment would in turn increase the number of Clients reached and therefore increase the amount of social benefits generated.</p>   | <ul style="list-style-type: none"> <li>• Less investment would not affect the SROI ratio, but would allow for a smaller number of Clients reached and therefore a decreased amount of social benefits would be generated.</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>• Including a drop off rate. This would assume that the benefit of outcomes decreases over time. This analysis assumes that given EMFIL’s long term focus in its Clients, drop off should be set to zero.</li> </ul>  |

To address the various debates on the assumptions made, the following section describes the sensitivity of the base case scenario and analyses the key assumptions used and their effect on the SROI ratio. The reader of this report can test the assumptions made, and understand the variations (effects) in the ratio if different assumptions are made.

## 8 Sensitivity Analysis

### 8.1 Base Case Scenario - Assumptions

The key assumptions driving the analysis and used in the base case scenario resulting in a 3.19:1 SROI ratio are summarised below.

**Table 15. Summary of assumptions used in base case scenario**

| Variable  | Assumptions   |
|---|---|
| Equity Investment   | Rs 1,000,000,000  |
| Debt-to-Equity Ratio  | 3.5x  |
| Average Loan Size   | Rs 10,000   |
| Interest Rate (Clients)   | 27%   |
| Operating Expense Ratio   | 14%   |
| Repayment Rate  | 98%   |
| Average Retention Rates   |   |
| From 1 <sup>st</sup> to 2 <sup>nd</sup> Cycle   | 80% of women in 1 <sup>st</sup> loan go to a 2 <sup>nd</sup> loan cycle       |
| From 2 <sup>nd</sup> to 3 <sup>rd</sup> Cycle   | 80% of women in 2 <sup>nd</sup> loan cycle go to a 3 <sup>rd</sup> loan cycle |
| From 3 <sup>rd</sup> to 4 <sup>th</sup> Cycle   | 80% of women in 3 <sup>rd</sup> loan cycle go to a 4 <sup>th</sup> loan cycle |
| Timeframe for the analysis  | 4 years   |
| Discount Rate (applied to projected cash flows)   | 9.5%  |
| Deadweight (for all outcomes)   | 25%   |
| Attribution (for all outcomes)  | 35%   |
| Displacement (for all outcomes)   | 0%  |
| Drop Off (for all outcomes)   | 0%  |
| Duration (for all outcomes)   | 4 years   |
| <b>Other key assumptions used for modelling purposes</b>  |   |
| <ul style="list-style-type: none"> <li>• All capital investment (equity and debt) are 100% utilised to finance loan portfolio</li> <li>• Average loan size is the same for all cycles.</li> <li>• Loans repaid by Clients that drop out at any given cycle (driven by retention rates) finance new Clients</li> <li>• Loans defaulted (driven by repayment rate) are written off, and new Clients get financed</li> <li>• Outcomes achieved in each loan cycle are assumed to be incremental as all outcomes are highly interrelated</li> <li>• Any profit is reinvested as retained earnings which will be used to finance portfolio.</li> </ul> |   |

### 8.2 Equity investment and debt to equity ratio

Given the way this SROI analysis was structured, a change in the amount of equity investment does not affect the SROI ratio. The reason for this is the linear relationship between the amount of capital available and the number of Clients financed. If we increase the equity investment, more Clients will achieve the projected outcomes, but the investment needed is proportional, therefore the relationship between outcomes (social benefits) and inputs (equity investment + interest income) remains the same. This does not mean that investment has no effect in the total social value created; it only means the ratio remains constant.

On the contrary, the more EMFIL can leverage the equity investment with debt funding, the higher the social return should be. This makes sense as debt investment is not considered in the

investment equation (for the reasons explained in previous sections), therefore, additional debt funding increases social outcomes, but its input is not accounted in the SROI equation.

The three tables below demonstrate the effect an increased equity investment has on: i) SROI ratio ii) total number of Clients and iii) total social returns. They also reflect the sensitivity for the debt to equity ratio.

**Table 16. Sensitivity for equity investment and debt to equity ratio.**

|                   |       | Debt-to-Equity Ratio |      |      |      |      |      |     |
|-------------------|-------|----------------------|------|------|------|------|------|-----|
|                   |       | 3.19                 | 2    | 2.5  | 3    | 3.5  | 4    | 4.5 |
| Equity Investment | 500   | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |
|                   | 1,000 | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |
|                   | 1,500 | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |
|                   | 2,000 | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |
|                   | 2,500 | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |
|                   | 3,000 | 2.96                 | 3.05 | 3.12 | 3.19 | 3.24 | 3.28 |     |

**Table 17. Sensitivity for equity investment and total number of Clients ('000).**

|                   |       | Debt-to-Equity Ratio |     |     |     |     |       |     |
|-------------------|-------|----------------------|-----|-----|-----|-----|-------|-----|
|                   |       | 722                  | 2   | 2.5 | 3   | 3.5 | 4     | 4.5 |
| Equity Investment | 200   | 100                  | 115 | 130 | 144 | 159 | 174   |     |
|                   | 400   | 200                  | 230 | 259 | 289 | 318 | 348   |     |
|                   | 600   | 300                  | 344 | 389 | 433 | 478 | 522   |     |
|                   | 800   | 400                  | 459 | 518 | 578 | 637 | 696   |     |
|                   | 1,000 | 500                  | 574 | 648 | 722 | 796 | 870   |     |
|                   | 1,200 | 600                  | 689 | 778 | 866 | 955 | 1,044 |     |

**Table 18. Sensitivity for equity investment and total social returns(Rs. in Millions).**

|                   |       | Debt-to-Equity Ratio |       |       |       |       |       |     |
|-------------------|-------|----------------------|-------|-------|-------|-------|-------|-----|
|                   |       | 15.6                 | 2     | 2.5   | 3     | 3.5   | 4     | 4.5 |
| Equity Investment | 200   | 2.16                 | 2.48  | 2.80  | 3.12  | 3.44  | 3.76  |     |
|                   | 400   | 4.33                 | 4.97  | 5.61  | 6.24  | 6.88  | 7.52  |     |
|                   | 600   | 6.49                 | 7.45  | 8.41  | 9.37  | 10.32 | 11.28 |     |
|                   | 800   | 8.66                 | 9.94  | 11.21 | 12.49 | 13.76 | 15.04 |     |
|                   | 1,000 | 10.82                | 12.42 | 14.01 | 15.61 | 17.21 | 18.80 |     |
|                   | 1,200 | 12.99                | 14.90 | 16.82 | 18.73 | 20.65 | 22.56 |     |

### 8.3 Interest Rate and Operating Expense Ratio

Interest rate is a key driver of the denominator used to calculate the SROI ratio. The higher the interest rate charged to Clients, the more investment (input) is considered, therefore the lower the SROI ratio. This sensitivity shows the significant effect this variable can have in the ratio. If the interest rate input was excluded from the analysis, the SROI ratio goes up to 19.10, which shows the effect of the equity investment on its own. This sensitivity also shows the reduced cost to Clients if interest rates are lower, a key point of discussion for socially focused MFIs like EMFIL.

The Operating Expense Ratio is what dictates EMFIL's profitability in this analysis. If this ratio is higher the profits will go down, or even negative, which would mean EMFIL would be operating in a non-sustainable way and the SROI ratio would decrease. On the contrary, the lower the ratio the more sustainable EMFIL is. Any profit in this analysis is plugged back into EMFIL as retained earnings which then finances additional loan portfolio, increasing the number of Clients financed

and thus increasing the SROI ratio. Another point of discussion with EMFIL for the purpose of an SROI analysis, is whether the benefit could be passed on to existing Clients by lowering interest rates which would also have a positive effect on the SROI ratio.

**Table 19. Sensitivity for interest rate and operating expense ratio.**

|               |     | Operating Expense Ratio |       |       |      |      |      |     |
|---------------|-----|-------------------------|-------|-------|------|------|------|-----|
|               |     | 3.19                    | 0%    | 10%   | 20%  | 30%  | 40%  | 50% |
| Interest Rate | 0%  | 14.53                   | 12.36 | 10.16 | 8.35 | 6.98 | 6.27 |     |
|               | 7%  | 8.06                    | 7.65  | 6.79  | 5.89 | 5.09 | 4.54 |     |
|               | 17% | 4.69                    | 4.64  | 4.56  | 4.17 | 3.72 | 3.29 |     |
|               | 27% | 3.17                    | 3.18  | 3.19  | 3.20 | 2.95 | 2.66 |     |
|               | 37% | 2.30                    | 2.33  | 2.36  | 2.40 | 2.43 | 2.25 |     |
|               | 47% | 1.74                    | 1.77  | 1.81  | 1.85 | 1.89 | 1.93 |     |

## 8.4 Repayment and retention rates

The higher the repayment rate the higher the SROI ratio as it increases the number of Clients achieving further social outcomes, at the same time it reduces the number of Clients achieving any negative outcome. A lower repayment rate would have the opposite effect.

Every time a Client drops out, the analysis uses the capital to refinance a new Client. Outcomes in later cycles are usually valued higher than outcomes on previous cycle. Therefore, since new Clients will only achieve first loan outcomes, their benefits are less than if the existing Client had moved on to the fourth cycle. Outcomes per cycle are driven by a combination of the value of social benefits achieved in that cycle and the number of Clients achieving them, which is driven by the retention rates.

**Table 20. Sensitivity for repayment and retention rates.**

|                             |      | Repayment Rate |      |      |      |      |      |      |
|-----------------------------|------|----------------|------|------|------|------|------|------|
|                             |      | 3.19           | 75%  | 80%  | 85%  | 90%  | 95%  | 100% |
| Retention Rate (First Year) | 0%   | 1.12           | 1.36 | 1.62 | 1.88 | 2.15 | 2.43 |      |
|                             | 20%  | 1.44           | 1.67 | 1.92 | 2.17 | 2.43 | 2.69 |      |
|                             | 40%  | 1.68           | 1.94 | 2.17 | 2.41 | 2.66 | 2.92 |      |
|                             | 60%  | 1.84           | 2.14 | 2.39 | 2.62 | 2.86 | 3.12 |      |
|                             | 80%  | 1.97           | 2.32 | 2.57 | 2.80 | 3.04 | 3.28 |      |
|                             | 100% | 1.97           | 2.34 | 2.63 | 2.90 | 3.17 | 3.43 |      |

## 8.5 Duration and Drop Off

The longer the duration of outcomes, the higher the SROI ratio will be. This is a sensitive assumption and one that needs further discussion and analysis. It would be ideal to understand the real effect of each outcome in a Client's life. This is always tricky to evidence and needs to be based on stakeholder engagement and deep consultation with them, to really understand the duration of outcomes. The assumption of 4 years can be considered optimistic by some and pessimistic by others.

The same applies for the drop off rate, which for the base case scenario assumed to be zero. This can again be debated and further discussed. The assumption used in this analysis is that the further the Client engages with EMFIL, the stronger the outcomes are, therefore there was no drop off projected in achieved outcomes.

In this sensitivity, it is important to note that if drop-off equals 100%, duration does not impact the result because all outcomes will last only one year. The same way, if duration equals 1 year, drop-off is no longer relevant.

**Table 21. Sensitivity of drop-off and duration.**

|          |   | Drop-Off |      |       |       |       |       |        |
|----------|---|----------|------|-------|-------|-------|-------|--------|
|          |   | 3.19     | 0%   | 20.0% | 40.0% | 60.0% | 80.0% | 100.0% |
| Duration | 1 | 1.01     | 1.01 | 1.01  | 1.01  | 1.01  | 1.01  | 1.01   |
|          | 2 | 1.80     | 1.64 | 1.48  | 1.33  | 1.17  | 1.01  | 1.01   |
|          | 3 | 2.53     | 2.11 | 1.75  | 1.44  | 1.20  | 1.01  | 1.01   |
|          | 4 | 3.19     | 2.44 | 1.89  | 1.48  | 1.20  | 1.01  | 1.01   |
|          | 5 | 3.79     | 2.69 | 1.97  | 1.50  | 1.20  | 1.01  | 1.01   |
|          | 6 | 4.34     | 2.87 | 2.01  | 1.51  | 1.20  | 1.01  | 1.01   |

## 8.6 Deadweight, Attribution and Displacement

The higher the attribution rate, deadweight or displacement rate, the lower the SROI Ratio will be.

The base case scenario assumed a 25% deadweight which seemed appropriate given the context where EMFIL operates, where financial services are available and poor people do have access to a variety of services and programs. The existence of government programs such as Kudumbashree allows us to assume that some of the outcomes could have happened anyway (25% deadweight) or be partially attributed (35% attribution rate) to existing programs or competing institutions.

**Table 22. Sensitivity of deadweight and attribution rates.**

|             |      | Deadweight |      |       |       |       |       |        |
|-------------|------|------------|------|-------|-------|-------|-------|--------|
|             |      | 3.19       | 0%   | 25.0% | 40.0% | 60.0% | 80.0% | 100.0% |
| Attribution | 0%   | 6.39       | 4.82 | 3.89  | 2.64  | 1.39  | 0.14  | 0.14   |
|             | 25%  | 4.82       | 3.65 | 2.95  | 2.02  | 1.08  | 0.14  | 0.14   |
|             | 35%  | 4.20       | 3.19 | 2.58  | 1.77  | 0.95  | 0.14  | 0.14   |
|             | 50%  | 3.26       | 2.48 | 2.02  | 1.39  | 0.77  | 0.14  | 0.14   |
|             | 75%  | 1.70       | 1.31 | 1.08  | 0.77  | 0.45  | 0.14  | 0.14   |
|             | 100% | 0.14       | 0.14 | 0.14  | 0.14  | 0.14  | 0.14  | 0.14   |

Similarly, the base case assumed a displacement rate of 0%. The reason for this was a limitation to understand what activities have been displaced. Possibly, through further discussion with EMFIL's management, the analysis can estimate a displacement rate that makes sense and has a strong rationale behind. If not, the analysis will maintain the 0% until further rationale on potential displaced activities is available.

**Table 23. Sensitivity of displacement and attribution rates.**

|             |      | Displacement |      |       |       |       |       |        |
|-------------|------|--------------|------|-------|-------|-------|-------|--------|
|             |      | 3.19         | 0%   | 20.0% | 40.0% | 60.0% | 80.0% | 100.0% |
| Attribution | 0%   | 4.82         | 3.65 | 2.95  | 2.02  | 1.08  | 0.14  | 0.14   |
|             | 25%  | 3.65         | 2.78 | 2.25  | 1.55  | 0.84  | 0.14  | 0.14   |
|             | 35%  | 3.19         | 2.42 | 1.97  | 1.36  | 0.75  | 0.14  | 0.14   |
|             | 50%  | 2.48         | 1.90 | 1.55  | 1.08  | 0.61  | 0.14  | 0.14   |
|             | 75%  | 1.31         | 1.02 | 0.84  | 0.61  | 0.38  | 0.14  | 0.14   |
|             | 100% | 0.14         | 0.14 | 0.14  | 0.14  | 0.14  | 0.14  | 0.14   |

## 9 Conclusions

The SROI analysis demonstrates that EMFIL's activities create significant social value for its stakeholders.

An investment of Rs. 4,900 Mn, including equity investment and interest income paid by Clients, could potentially create Rs. 15, 610.3 Mn of present value, resulting in an indicative SROI ratio of 3.19:1. That is, for the equivalent of every Rs.1 invested in EMFIL Rs. 3.19 is returned in social value. This forecast SROI analysis could potentially be considered as a benchmark for the measurement of impact and value creation to be achieved by EMFIL in the future. It provides insight into the type of data that needs to be captured in order to communicate the social impact and value creation generated by EMFIL's IGL product.

This analysis found that EMFIL's unique approach in offering microfinance services to its Clients achieves not only outcomes around Client's economic situation but also outcomes around empowerment and social connectedness, as described by the stakeholders themselves. There is a tendency in microfinance, and in emerging SPM strategies, to focus on change around income levels. While this is a key outcome to achieve the social mission of lifting people out of poverty, definitions around changing people's lives ie. transformation need to be wider than change in Clients' poverty levels. While income is the most quantifiable of outcomes, this analysis found that there are many other key changes that stakeholders value and consider important, sometimes even more important than solely increasing their income. Understanding what these changes are and how EMFIL could track them over time is a challenge, but one that should be prioritised and overcome. This forecast SROI analysis is a good first step in doing so.

The analysis also found the value of engaging in a 'longer' journey with EMFIL. Through stakeholder engagement, both with Clients and with EMFIL's staff, it was clear that the more loan cycles the Client goes through, the more outcomes she achieves and the stronger they get. Clients get more connected, more financial savvy and more empowered by their own belief in themselves. While the 'Client Journey' is a simplification for the purpose of this analysis, it certainly reflects the sequence of outcomes as described by or observed in the interviewees, and allows the analysis to only account for later outcomes, if the early ones have been achieved. This emphasises the value of EMFIL's holistic model and approach to supporting women over a longer term. Retaining its Clients ie. enabling them to make further progress cycle after cycle, is a key output.

Duration of outcomes also plays a significant role in the ratio result. Assuming that outcomes last for more than one year is a key assumption and one that certainly generates substantial value. If duration is set to only one year, as explained in the section above, the SROI ratio drops to 1:1, losing most of its value. This is actually a sensible assumption but a realistic one. Clients spoke about the duration of the achieved outcomes as long lasting and therefore duration was set (conservatively) to 4 years. The incremental valuation of outcomes also has an incremental effect on the ratio, with the more Clients achieving further cycles the higher the SROI ratio.

As for the investment side, the analysis reflects the relevance that equity investment has on providing capital to an MFI. EMFIL is capable of leveraging its equity with debt funding available. Debt funds come at a high cost, but provide EMFIL with the necessary loan capital to finance, operate and expand its portfolio. Therefore, equity investment is what triggers and enables growth in an MFI. Given current scenario in the Indian Microfinance sector, an equity investment has a significant effect in accessing commercial funds.

On the other side, the analysis also looked at the Client's input and compared it to the social outcomes achieved for the Client group. This tells a powerful story. The microfinance sector has been widely criticised for charging Clients an interest rate, and in specific cases, a high interest rate. This was tested during the stakeholder engagement. The study, and the interviews with Clients, did not reflect any 'negative' insights around the interest rate paid by EMFIL's Clients. On the contrary, it evidenced the fact that Clients considered EMFIL's products to be flexible and

accessible, and to be better than previous credit products accessed by the women themselves or by other members of their households.

In addition, EMFIL is an organisation that runs sustainably but with really low (close to zero) profit margins, which shows the commitment to its social mission. Recent RBI guidelines around interest rate cap will further restrict the interest charged to Clients, which will be both a challenge for EMFIL as it will need to keep its costs at minimum levels, but also an assurance to social investors that Clients are accessing microfinance services at a 'prudent' cost. As explained in the sensitivity analysis, the interest rate is a key driver of the SROI ratio, as it drives 'the investment'. If the interest rate is decreased the ratio increases significantly e.g decreasing it from 27% to 17%, would give a ratio of 4.61:1. If excluded completely from the analysis ie. set to 0%, the ratio goes as high as 11.43:1, which represents an SROI ratio only looking at 'capital' investment. Lowering interest rates through improving operational efficiencies should always be a top of mind priority for socially focused MFIs.

As a conclusion, EMFIL is well positioned to continue implementing an SPM strategy given i) its strong commitment to the social mission of the organisation ii) its well ahead position on this topic compared to other MFIs in the Indian scenario and iii) its focused staff and an R&D department heading the SPM initiatives. EMFIL currently has collected +45,000 data entries of PPI scorecards - measuring its outreach and estimating poverty levels of its Clients. It has also translated the Client Protection principles<sup>36</sup> to 7 local languages, which dictate the key principles to guide the delivery of microfinance services world-wide. However, in order to have a fully implemented SPM strategy, one that is constantly tracking the transformation journey of its Clients, there is still work to do. This SROI analysis is a great exercise for EMFIL to further consider how it will be measuring its Client transformation. As stated before, this forecast SROI analysis provides deep insight into the type of data that needs to be captured in order to communicate the social impact and value creation generated by EMFIL's services. The following section gives some recommendations around how to use this analysis and what the next steps could look like.

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<sup>36</sup> As per the Smart Campaign.

## 10 Recommendations

Based on the findings of this forecast SROI analysis, recommendations both for EMFIL and for Opportunity are set out below.

|                                  | Recommendations  |
|----------------------------------|--|
| <b>Use of this SROI analysis</b> | <ul style="list-style-type: none"> <li>• Use this analysis to engage with existing and potential investors and stakeholders to communicate the potential social impact of EMFIL's activity</li> <li>• Identified outcomes and indicators through this forecast analysis should guide discussions with EMFIL's management and staff to agree on an evaluation framework to track and monitor achieved outcomes. A framework that looks holistically at Clients' transformation and that can provide future feedback on the actual impact generated by EMFIL's activity is needed.</li> </ul>  |
| <b>Impact Evaluation</b>         | <ul style="list-style-type: none"> <li>• Based on the agreed evaluation framework, EMFIL should conduct a baseline SROI analysis, aiming to document Clients' status and circumstances at entry point ie. at the start of their first loan cycle. This could be done with a 'small' but representative sample. The PPI, the Socio-economic tool and the loan application already in place are great sources of information to understand Clients' status when they first engage with EMFIL. Baseline data from existing Clients has already been captured through these tools. EMFIL could use such baseline data and go back to existing Clients re-using these tools to understand what has changed over time, and how it is related to the years of engagement with EMFIL.</li> <li>• A key issue for ongoing monitoring and evaluation is the lack of processes and systems for data collection. Currently, results from the Socio Economic tool are not captured in any system, as they are only used to assess prospective Clients. As for PPI data, the use of a separate system to collect data entry poses a problem. It is recommended that collection of data using these two tools is embedded in daily operations and captured in EMFIL's new information system, Doing so will facilitate the ongoing monitoring of EMFIL's social performance.</li> </ul>                           |
| <b>Other Stakeholders</b>        | <ul style="list-style-type: none"> <li>• EMFIL's key differentiator as a socially focused MFI is its Federation structure and services. There is a need for further understanding of the change created by the additional services provided by the SHG Federation. This analysis was limited by the lack of information on Federation activities and a complex delivery of services e.g. savings. To better understand the impact of these activities, the analysis could compare Clients that have received the services to Clients that have not received them, especially for all the training programs currently in place, or for Clients that have significant savings versus Clients that do not mobilise huge amounts of savings. The limited timeframe of the field visit did not allow further exploration of such service components, but the analysis recognises its potential impact and recommends further study.</li> <li>• While field staff was excluded from this analysis, there was strong evidence that this group are experiencing change. Understanding the impact, finding ways to value it and monitoring it over time is highly recommended as this is an easily accessible stakeholder group.</li> <li>• Explore engagement with other stakeholders to better understand outcomes for them and their impact, especially debt investors and family of Clients.</li> </ul> |
| <b>Stakeholder Engagement</b>    | <ul style="list-style-type: none"> <li>• Language barriers were an issue while conducting this forecast analysis and during the field visit. For future evaluations, it is recommended that staff of</li> </ul>  |



|                           |   |
|---------------------------|---|
|                           | <p>EMFIL is trained further in SPM and particularly in SROI methodology to be able to conduct meaningful engagement that can constantly feed into impact evaluations following an agreed framework. The R&amp;D staff is already driving EMFIL's SPM strategy and has performed lots of studies and analysis which require constant engagement with Clients. R&amp;D staff could potentially be trained further in SROI and look at establishing the evaluation framework in the near future.</p> <ul style="list-style-type: none"> <li>• For further stages of SROI analysis, techniques for stakeholder engagement need to be discussed and improved. While field staff is an ideal channel for engagement, from time to time, independent (and local) researchers / consultants could run interviews and survey Clients to further assess specific outcomes and impact.</li> <li>• It is also recommended that for further studies, client base is segmented into different types of Clients, looking possibly at income levels, minorities, education levels, etc. This could be known through the socio economic tool if incorporated in the MIS system.</li> </ul> |
| <b>SPM implementation</b> | <ul style="list-style-type: none"> <li>• As a socially focused MFI and with a growing commitment to demonstrate its social impact, EMFIL is one of India's most advanced MFIs around SPM implementation. However, it is recommended that EMFIL's management look closer at the results that need to be generated on SPM measures. This SROI analysis, can feed further into EMFIL's organisational SPM framework (see Appendix J) as it looks closely at the component of measuring Client transformation. While the SPM framework has been agreed, there were no processes or systems in place to capture such data and produce results on an on-going basis.</li> </ul>   |
| <b>Interest Rates</b>     | <ul style="list-style-type: none"> <li>• EMFIL and any other socially focused MFI should constantly look at ways of lowering the operating expenses aiming to pass such benefits to their Client base, through reducing interest rates.</li> </ul>  |
| <b>Financial Proxies</b>  | <ul style="list-style-type: none"> <li>• SROI places a strong focus in understanding stakeholders and what they value, therefore understanding cultural contexts and background is essential. Financial proxies are estimates of value. The fact that this SROI analysis is one of the few SROIs conducted and applied to a developing context posed significant challenges when looking for financial proxies. Through the stakeholder engagement there was deep understanding of the cultural context, however finding ways (or financial proxies) to value specific outcomes posed an additional challenge. Further understanding of the <i>value</i> to Clients via surveys, research and debates with local experts is definitely recommended.</li> </ul>  |
| <b>Outcomes</b>           | <ul style="list-style-type: none"> <li>• Valuing increased income is the simplest way to put a financial value to an outcome. However, this SROI shows that there is much more than the value created by increased cash flows. This analysis recommends looking at ways to measure and evaluate the 'softer' outcomes, which appeared to have significant value to Clients.</li> </ul>  |
| <b>Reflections</b>        | <ul style="list-style-type: none"> <li>• It is recommended that both EMFIL and Opportunity reflect on the SROI process and methodology, and brainstorm: <ul style="list-style-type: none"> <li>○ What are the lessons learned through this SROI study?</li> <li>○ What is EMFIL's take out from this pilot project?</li> <li>○ What is Opportunity's take out?</li> <li>○ Would it be worthwhile looking at other products and services?</li> <li>○ What did EMFIL like / did not like about this process and the results?</li> </ul> </li> <li>• What are the costs involved? What are the risks of adopting the SROI as a standard methodology across Opportunity partners?</li> </ul>  |

## 11 Feedback from Stakeholders

The following is a summary of comments from ESAF and Dia Vikas, as key stakeholders while conducting this pilot.

### **Feedback from ESAF:**

- SROI has enabled EMFIL to assign a value to the social transformation that the client undergoes which is definitely a useful piece of information for any stakeholder in the MF sector.
- There is increased discussion and attention now around the social and economic transformation of the clients, which is generated through the financial and non-financial services that we make. This analysis helped us better understand the wider concept of transformation.
- EMFIL takes pride in sharing the findings of SROI with its stakeholders and that it could be a platform to launch SROI in the MF sector.

The findings from this SROI pilot were presented to EMFIL's board, who congratulated EMFIL/s management for participating in such project and thanked Dia Vikas for supporting EMFIL in undertaking this project.

### **Feedback from Dia Vikas:**

#### *Benefits to Dia Vikas*

- SROI will help us complementing our efforts in PPI as well as the overall SPM strategy.
- We have something measurable in the social impact arena, hence helps us in positioning ourselves as a social investor.
- This study has helped us in bettering our understanding on how our resources are impacting the partners and clients.
- This study may help us in defining our strategy for EMFIL .

#### *Benefits to EMFIL*

- Having a document that may help it to strategise its programs
- Having a document that can help to raise funds from other social investors, as the theory of change and social impact is clearly laid out
- The exercise helped EMFIL identifying social indicators that can be tracked and could report results on such indicators.
- Strengths:
  - Less time consuming in the field compared to other impact studies
  - Measurable and quantified output
  - Focusing on key result areas
- Weaknesses
  - The values that are assigned to the outputs are subjective values and a consensus on which value should be assigned is difficult to gain, this could be further discussed with the sector.
  - After the field visit, the analysis requires a lot of deliberations between the MFI and the researcher. An implementing agency may find it difficult to engage in such elaborate process after the field study is over.
  - The SROI report is quite detailed but may not sustain the interest of all the readers. Hence a summarised version may help.

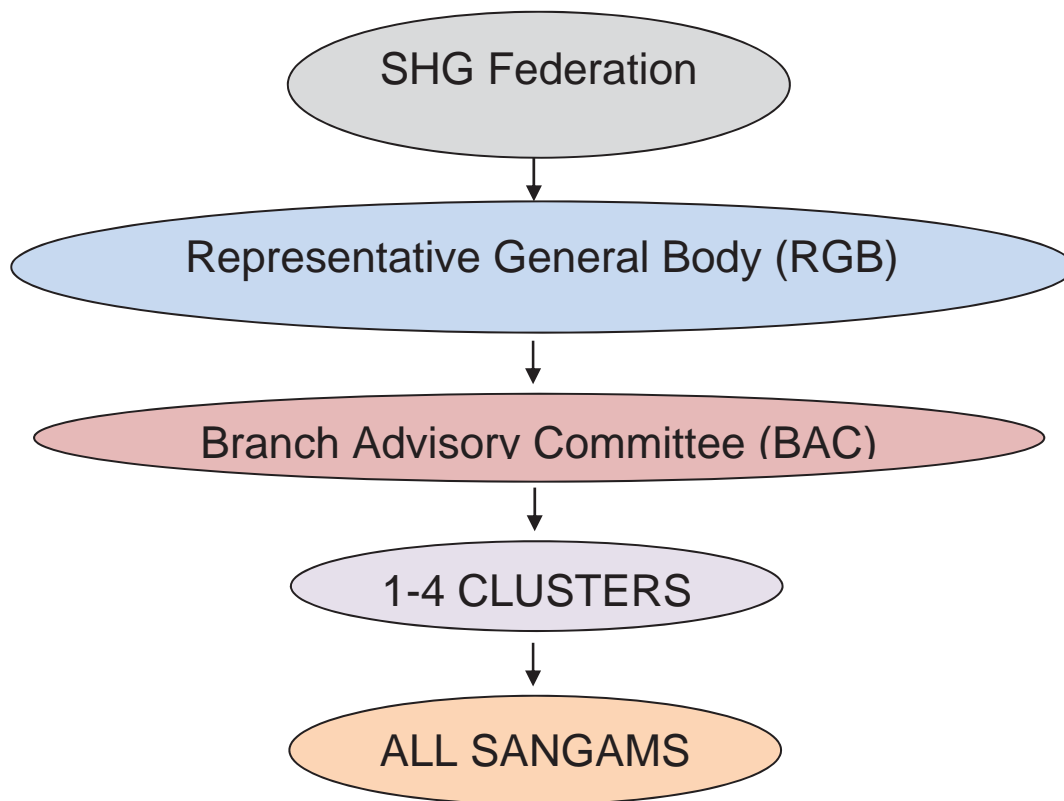
## 12 Appendix

### A. SROI Principles

The following principles guide the work conducted for an SROI analysis:

|                               |  |
|-------------------------------|--|
| Involve stakeholders          | Stakeholders should inform what gets measured and how this is measured and valued.   |
| Understand what changes       | Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.     |
| Value the things that matter  | Use financial proxies in order that the value of the outcomes can be recognised.   |
| Only include what is material | Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact. |
| Do not over claim             | Organisations should only claim the value that they are responsible for creating.  |
| Be transparent                | Demonstrate the basis on which the analysis may be considered accurate and honest and show that it will be reported to and discussed with stakeholders.                        |
| Verify the results            | Ensure appropriate independent verification of the account.  |

## B. Federation Structure



A branch has around 200 to 250 Sangams which means around 4,000 members.

1. **Cluster:** A cluster consists of 75-80 Sangams which comprises of around 1000-1500 members. Each cluster has 7 leaders who are the President, Secretary, Treasurer and 4 other Committee members.
2. **BAC:** A Branch Advisory Committee comprises of 8 leaders who are formed by the Presidents and the Secretaries of all the clusters in that branch.
3. **RGB:** The RGB consists of Presidents of all the clusters in a branch. Currently (as on March 2012) there are 300 Presidents in the RGB.

## C. EMFIL's Loan Products

| <b>Loan Product</b>             | <b>Income Generation Loan</b> | <b>General Loan</b>         | <b>Vyapar Vikas Yojana</b> | <b>House Construction</b> |
|---------------------------------|-------------------------------|-----------------------------|----------------------------|---------------------------|
| Lending Model                   | Group                         | Group                       | Individual                 | Individual                |
| Minimum amount                  | Rs 8,000                      | Rs 3,000                    | Rs, 10,000                 | Rs, 25,000                |
| Maximum amount                  | Rs 15,000                     | Rs, 7,000                   | Rs 30,000                  | Rs, 50,000                |
| Term                            | 1 year                        | 1 year                      | 120 days                   | 7 years                   |
| Frequency                       | Weekly                        | Weekly                      | Daily                      | Monthly                   |
| Rate of interest                | 26% p.a. (reducing balance)   | 26% p.a. (reducing balance) | 20% p.a. (flat)            | 15% p.a. (flat)           |
| Upfront charges                 | 1%                            | 1%                          | 1%                         | 1%                        |
| APR                             | 27%                           | 27%                         | 44.1%                      | 15.3%                     |
| Share in Portfolio (31/03/2011) | 85.2%                         | 14.3%                       | .4%                        | .1%                       |

## D. Interview and Survey Questions

### I. Questions used to guide conversations while interviews and focus groups.

|                                 |
|---------------------------------|
| <b>Client Name</b>              |
| <b>Date of Birth / Age</b>      |
| <b>Gender</b>                   |
| <b>First year of engagement</b> |
| <b>Loan Cycle</b>               |
| <b>Location</b>                 |
| <b>Sangam</b>                   |
| <b>Current Loan Information</b> |
| <b>Repayment Activity</b>       |

|                           |    | <b>Questions to guide the SROI conversation with CLIENTS</b>  |
|---------------------------|----|---|
| <b>Initial Motivation</b> | 1  | What made you get involved with EMFIL? What were you looking for?   |
|                           | 2  | Can you tell me about your life before you joined EMFIL? How was it like? Were there aspects of your life you wanted to change back then?                                     |
| <b>Outputs</b>            | 3  | How are you involved in EMFIL's activities?   |
|                           | 4  | For how long have you been involved?  |
| <b>Outcomes</b>           | 5  | Can you think of your life before and after you got involved with this activity? What can you do differently now that you didn't do before? How do you describe yourself now? |
|                           | 6  | Going back to your initial motivation to join EMFIL, have you been able to change those things that you stated at the beginning? Tell me what has changed since.              |
|                           | 7  | What would you say you have got out of being part of a Sangham?   |
|                           | 8  | Can you think of any negative aspect that came from being part of EMFIL's activities?   |
|                           | 9  | Have you experienced something that you never thought would happen?   |
|                           | 10 | Who else do you think has experienced or benefited from the changes you mention? How has this affected your family for example?   |
| <b>Indicators</b>         | 11 | How important are these changes to you? Which is worth most/least to you?   |
|                           | 12 | How would someone else know that this had happened? What would you use to proof that all these changes have happened to you?  |
|                           | 13 | Have you brought other women into the Sangam? Have you told them your story? If so, what is the story you tell? How do you communicate all these 'good' changes to them?      |
|                           | 14 | If you were to put a value to this change, what would that value be?  |
| <b>Inputs</b>             | 15 | How much time do you put into participating in EMFIL's activities? Do you put anything else other than your time?   |
|                           | 16 | What about money? What do you pay for receiving EMFIL's services?   |
|                           | 17 | Did you have to give anything up to take part in the activity?  |
| <b>Deadweight</b>         | 18 | What do you think would have happened to you if you hadn't taken part of this activity? Would the change have happened anyway?  |
|                           | 19 | Where would you be or how would your life be if you hadn't taken part of this activity?   |
| <b>Attribution</b>        | 20 | Who else provides something like this that you know?  |
|                           | 21 | Would you say anyone else contribute to your experience/change?   |
|                           | 22 | What other ways might you achieve the same changes?   |
| <b>Duration</b>           | 23 | How long do you think the change will last?   |
|                           | 24 | Is there anything else you would like to share about your experience with EMFIL?  |

## II. Client Survey - questions focusing on value and levels of expenditure

NAME \_\_\_\_\_

SANGAM \_\_\_\_\_

LOAN CYCLE \_\_\_\_\_

AGE \_\_\_\_\_

MARITAL STATUS \_\_\_\_\_

### ABOUT CREDIT

1. Please indicate if you currently borrow from any of the following, and if you do, what is the total amount you owe:

|                            | Tick if Yes | Current Amount (in Rupees) |
|----------------------------|-------------|----------------------------|
| ESAF                       |             |                            |
| Kudumbashree               |             |                            |
| Other MFIs                 |             |                            |
| Informal Sources of Credit |             |                            |
| Banks                      |             |                            |
| Gold Companies             |             |                            |
| Others                     |             |                            |

### ABOUT INDEPENDENCE, SOCIAL CONNECTEDNESS & WELL BEING

2. Please indicate how often you do the following activities:

|   | Never | Every other month | At least once a month | Once a week | Few times / week |
|---|-------|-------------------|-----------------------|-------------|------------------|
| Visiting other family members and relatives   | 1     | 2                 | 3                     | 4           | 5                |
| Visiting neighbours (not related to family)   | 1     | 2                 | 3                     | 4           | 5                |
| Going into town / centre                      | 1     | 2                 | 3                     | 4           | 5                |
| Going to the market                           |       |                   |                       |             |                  |
| Attending Sangam meetings                     | 1     | 2                 | 3                     | 4           | 5                |
| Visiting other Sangam members households      | 1     | 2                 | 3                     | 4           | 5                |
| Attending local community gatherings          | 1     | 2                 | 3                     | 4           | 5                |
| Attending events hosted by local government   | 1     | 2                 | 3                     | 4           | 5                |
| Visiting relatives who are sick in hospitals. | 1     | 2                 | 3                     | 4           | 5                |
| Visiting marriage functions.                  | 1     | 2                 | 3                     | 4           | 5                |
| Visiting funerals                             | 1     | 2                 | 3                     | 4           | 5                |

3. Please indicate how much you usually spend every time you engage in each activity (if any cost incurred):

| When attending each of the following I spend..... | Transportation Cost (Rs) | Total Cost per activity (Rs) |
|---|--------------------------|------------------------------|
|---|--------------------------|------------------------------|

|  |
|--|
| 1. Visiting other family members and relatives   |
| 2. Visiting neighbours                           |
| 3. Going into town / centre                      |
| 4. Going to the markets                          |
| 5. Attending Sangam meetings                     |
| 6. Visiting other Sangam members households      |
| 7. Attending local community gatherings          |
| 8. Attending events hosted by local government   |
| 9. Visiting relatives who are sick in hospitals. |
| 10. Visiting marriage functions.                 |
| 11. Visiting funerals                            |

4. Imagine if you had some extra income and that all your basic needs were met (ie. food, clothing, school, health). You could spend it in anything you wanted. What would be the first thing you would buy? Please order the following from 1-7 and specify what item specifically it and how much it would cost?

| Rating (1 to 7) | Category | Item   | Price (ranges were provided) |
|-----------------|----------|--|------------------------------|
|                 |          | House repair/extension                               |                              |
|                 |          | Buy vehicle (two wheeler ,three wheeler)             |                              |
|                 |          | Durable items: such as a fridge,TV,mobile,furniture. |                              |
|                 |          | Kitchen utensils                                     |                              |
|                 |          | Expensive clothes                                    |                              |
|                 |          | Gold jewellery                                       |                              |
|                 |          | Any other pls specify                                |                              |

#### ABOUT INCOME & LIVING STANDARDS

5. Do you engage in income generating activities?      YES      NO
6. What amount of ESAF's loan have you invested in this activity? \_\_\_\_\_ Rupees
7. Please provide an estimate of your weekly income from this activity? \_\_\_\_\_ Rupees
8. Do you pay other people to help you with the activity?      YES      NO
9. If so, how many people do you pay to help you? \_\_\_\_\_(number of people)
10. What is the average salary rate / day you pay your employees (at the lowest level)?  
\_\_\_\_\_ Rupees
11. Have you (or your Household) spent over 5,000Rs in any of the following items during the last year?

| Items  | YES / NO | If yes, please estimate the total amount spent over the year (Rs). Ranges were provided. |
|--|----------|--|
| Health related expenses such as doctors, hospitalisations, medicines |          |  |
| On sanitation facilities in your HH, such as toilet or septic tank   |          |  |
| In improving the water facilities in your                            |          |  |



|   |
|---|
| house (well water, tap water)   |
| Upgrading / renovating your house – ie. construction costs around roof, floors, bedroom extension...any cost incurred in housing. |
| Sending your children to school (including school fees, registration, supplies, transportation, etc)                              |
| Buying gold assets ie. Ear rings, necklace, ounces.   |
| Any other please specify  |

### III. Survey Results Summary

The following is a summary of the survey results that informed this SROI analysis. Some of these results were used to estimate financial proxies. The survey captured 75 responses from existing Clients. It was conducted in an interview format and ran by the R&D staff. Four branches were covered: Pattikadu, Thrissur, Punnekadu and Nellimattam, two of these are urban areas and two are semi urban.

#### 1. Client Profile

| Loan Cycle            | Marital Status | Age            |
|-----------------------|----------------|----------------|
| 1 <sup>st</sup> loan  | 17             | Married 75     |
| 2 <sup>nd</sup> loan  | 17             | Non Married 0  |
| 3 <sup>rd</sup> loan  | 8              | 46-60 years 18 |
| 4 <sup>th</sup> cycle | 8              |                |
| 5 <sup>th</sup> cycle | 13             |                |
| 6 <sup>th</sup> loan  | 9              |                |
| No Loans              | 3              |                |

#### 2. Borrowing Information

Please indicate if you currently borrow from any of the following sources. Y/N

|                            | Yes | No | Count |
|----------------------------|-----|----|-------|
| ESAF                       | 72  | 2  | 74    |
| Kudumbushree               | 10  | 64 | 74    |
| Other MFIs                 | 8   | 66 | 74    |
| Informal Sources of Credit | 0   | 74 | 74    |
| Banks                      | 3   | 71 | 74    |
| Gold Companies             | 1   | 73 | 74    |
| Others                     | 0   | 74 | 74    |
| <b>Did not answer</b>      |     |    | 1     |

#### 3. About Independence and social connectedness

Please indicate how often you do the following activities:

|   | Never | Every other month | At least once a month | Once a week | Few times / week | Count |
|---|-------|-------------------|-----------------------|-------------|------------------|-------|
| <b>1. Visiting other family members and relatives</b> | 6     | 15                | 43                    | 6           | 3                | 73    |
| <b>2. Visiting neighbours (not related to family)</b> | 6     | 11                | 31                    | 21          | 4                | 73    |
| <b>3. Going into town / centre</b>                    | 15    | 16                | 29                    | 11          | 2                | 73    |

|  |    |    |    |    |   |    |
|--|----|----|----|----|---|----|
| <b>4.Going to the market</b>                           | 18 | 13 | 29 | 10 | 3 | 73 |
| <b>5.Attending Sangam meetings</b>                     | 3  | 2  | 9  | 59 | 0 | 73 |
| <b>6.Visiting other Sangam members households</b>      | 7  | 7  | 32 | 25 | 2 | 73 |
| <b>7.Attending local community gatherings</b>          | 7  | 20 | 45 | 0  | 1 | 73 |
| <b>8.Attending events hosted by local government</b>   | 7  | 22 | 42 | 0  | 2 | 73 |
| <b>9.Visiting relatives who are sick in hospitals.</b> | 0  | 9  | 62 | 2  | 0 | 73 |
| <b>10.Visiting marriage functions.</b>                 | 0  | 8  | 62 | 3  | 0 | 73 |
| <b>11.Visiting funerals</b>                            | 0  | 5  | 63 | 5  | 0 | 73 |
| <b>12. Did not answer</b>                              |    |    |    |    |   | 2  |

Please indicate how much you usually spend every time you engage in each activity (if any cost incurred):

| Activity* | No cost | Rs.25 or less | Rs. 25 to 50 | Rs.50 to 75 | Rs.75 to100 | Rs.100 to 125 | Rs.125 to 150 | Rs.150 to 175 | Rs.175 to 200 | Rs.200 to 500 | Rs.500 to 1000 | Rs.1000 to 1500 | Rs.1500 to 4500 | Rs.4500 to 6000 | Rs.6000 to10000 | Total Count |
|-----------|---------|---------------|--------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| <b>1</b>  | 8       | 0             | 5            | 5           | 24          | 0             | 7             | 0             | 5             | 17            | 2              | 0               | 0               | 0               | 0               | 73          |
| <b>2</b>  | 64      | 0             | 5            | 0           | 3           | 0             | 0             | 0             | 0             | 0             | 0              | 0               | 0               | 0               | 0               | 72          |
| <b>3</b>  | 26      | 24            | 16           | 2           | 2           | 0             | 0             | 0             | 0             | 1             | 1              | 0               | 0               | 0               | 0               | 72          |
| <b>4</b>  | 27      | 22            | 16           | 1           | 2           | 1             | 0             | 0             | 1             | 1             | 1              | 0               | 0               | 0               | 0               | 72          |
| <b>5</b>  | 72      | 0             | 0            | 0           | 0           | 0             | 0             | 0             | 0             | 0             | 0              | 0               | 0               | 0               | 0               | 72          |
| <b>6</b>  | 72      | 0             | 0            | 0           | 0           | 0             | 0             | 0             | 0             | 0             | 0              | 0               | 0               | 0               | 0               | 72          |
| <b>7</b>  | 55      | 15            | 2            | 0           | 0           | 0             | 0             | 0             | 0             | 0             | 0              | 0               | 0               | 0               | 0               | 72          |
| <b>8</b>  | 46      | 18            | 8            | 1           | 0           | 0             | 0             | 0             | 0             | 0             | 0              | 0               | 0               | 0               | 0               | 73          |
| <b>9</b>  | 1       | 2             | 5            | 3           | 32          | 0             | 12            | 0             | 11            | 6             | 1              | 0               | 0               | 0               | 0               | 73          |
| <b>10</b> | 1       | 0             | 0            | 0           | 1           | 0             | 0             | 0             | 5             | 40            | 14             | 7               | 3               | 1               | 1               | 73          |
| <b>11</b> | 11      | 1             | 17           | 3           | 16          | 0             | 7             | 0             | 9             | 9             | 0              | 0               | 0               | 0               | 0               | 73          |
| <b>12</b> |         |               |              |             |             |               |               |               |               |               |                |                 |                 |                 |                 | 2           |

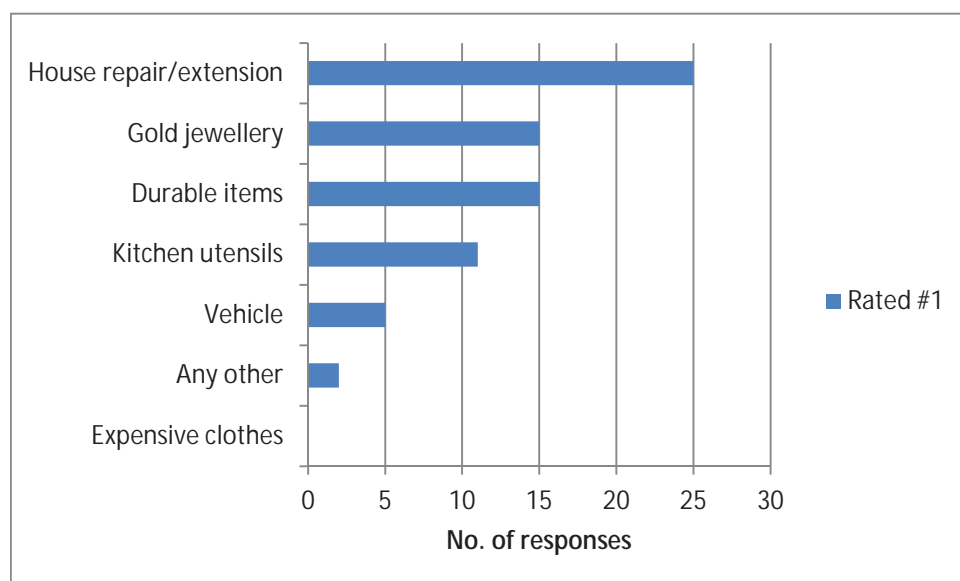
The above results were used to calculate the financial proxy for 'average amount spent by Clients in visiting family and friends' which resulted in Rs. 164 per visit. This figure was obtained by calculating the weighted average of the Clients' reported expenditure on this specific activity, taking the mid points from each range option. The calculation assumed a visit once a month as per the most common response for this activity on the previous question. The yearly figure used as proxy was Rs. 1,968 / year.

Similarly, a financial proxy was estimated for visiting Sangam members, taking the average cost of visiting family and friends less the transportation cost, as members from one Sangam usually live in the same village/community. The average transportation cost resulted in Rs. 116/ visit, therefore the average cost of visiting family and friends less the cost of transportation cost resulted in Rs. 48. This was the value given to visiting Sangam members, assuming a visit once a week. The yearly figure resulted in Rs. 2,496.

Another financial proxy estimated with this information was the average cost of a trip to the market. Using the weighted average of total expenditure on this activity, the value resulted in Rs. 35 / trip. It was estimated that Clients would make at least two trips per month, the yearly value used was Rs. 840.

#### 4. About well-being and expenditure

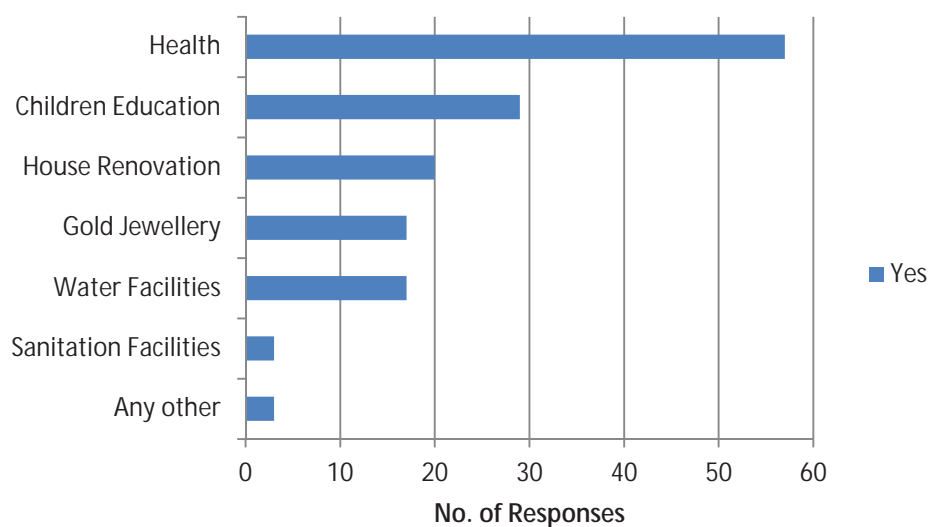
Imagine if you had some extra income and that all your basic needs were met (ie. food, clothing, school, health). You could spend it in anything you wanted. What would be the first thing you would buy? Please order the following from 1-7 and specify how much you would be willing to spend or how much it costs?



|   | Below Rs. 2500 | Rs. 2500-5000 | Rs. 5000-7500 | Rs. 7500-10000 | Rs. 10,000-12,500 | Rs. 12,500-15,000 | Rs. 15,000--17,500 | Rs. 17,500-20,000 | Rs. 20,000--22,500 | Rs. 22,500-25,000 | Rs. 25,000-50,000 | Rs. 50,000-100,000 | above Rs. 100,000 | Response Count |
|---|----------------|---------------|---------------|----------------|-------------------|-------------------|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|----------------|
| <b>House repair/extension</b>                               | 0              | 0             | 0             | 1              | 0                 | 3                 | 0                  | 3                 | 0                  | 2                 | 13                | 2                  | 4                 | 28             |
| <b>Buying a vehicle</b>                                     | 0              | 0             | 0             | 0              | 0                 | 0                 | 0                  | 0                 | 0                  | 2                 | 4                 | 0                  | 0                 | 6              |
| <b>Durable items, such as a fridge,TV,mobile,furniture.</b> | 0              | 0             | 2             | 8              | 1                 | 3                 | 2                  | 3                 | 1                  | 1                 | 2                 | 1                  | 0                 | 24             |
| <b>Kitchen utensils</b>                                     | 0              | 7             | 2             | 5              | 0                 | 1                 | 0                  | 4                 | 0                  | 0                 | 2                 | 1                  | 0                 | 22             |
| <b>Expensive clothes</b>                                    | 0              | 0             | 0             | 0              | 0                 | 0                 | 0                  | 0                 | 0                  | 0                 | 0                 | 0                  | 0                 | 0              |
| <b>Gold jewellery</b>                                       | 0              | 0             | 0             | 0              | 0                 | 0                 | 0                  | 4                 | 0                  | 1                 | 5                 | 8                  | 1                 | 19             |
| <b>Any other</b>  | 0              | 0             | 0             | 1              | 0                 | 0                 | 0                  | 0                 | 0                  | 1                 | 0                 | 0                  | 0                 | 2              |
| <b>Did not answer</b>                                       |                |               |               |                |                   |                   |                    |                   |                    |                   |                   |                    |                   | 2              |

The above results were used to estimate a financial proxy for 'estimated value to be spent in household items'. Women were given ranges of expenditure, and the analysis combined the two most popular items related to household living, which were durables and kitchen utensils. A total of 46 Clients estimated what they would like to spend in such items. The value was calculated using only those responses below Rs. 15,000 (from 29 Clients) –responses above this range were considered unrealistic as the question was a hypothetical one. To calculate the financial proxy, a weighted average method was used using the range midpoints, this calculation arrived at Rs. 7,768, which was used as a proxy for 'Increased participation in household decision making'.

Have you (or your Household) spent over 5,000Rs in any of the following items during the last year? If so, please estimate the amount you have spent.



|  | Rs. 5000-10000 | Rs. 10000-15000 | Rs. 15000-20000 | Rs. 20000-25000 | Rs. 25000-50000 | Rs. 50,000-above Rs. | Response Count |
|--|----------------|-----------------|-----------------|-----------------|-----------------|----------------------|----------------|
| <b>Health</b>  | 24             | 19              | 4               | 5               | 2               | 3                    | 57             |
| <b>Sanitation Facilities (Toilet or septic Tank)</b> | 1              | 1               | 0               | 0               | 1               | 0                    | 3              |
| <b>Water Facilities</b>                              | 9              | 3               | 1               | 3               | 1               | 0                    | 17             |
| <b>Upgrading or renovating your house</b>            | 6              | 5               | 0               | 1               | 0               | 3                    | 20             |
| <b>Sending your children to school</b>               | 18             | 4               | 1               | 0               | 5               | 1                    | 29             |
| <b>Buying gold assets</b>                            | 2              | 5               | 1               | 0               | 2               | 5                    | 17             |
| <b>Others</b>  | 0              | 0               | 0               | 1               | 0               | 1                    | 2              |

The above results were used to estimate financial proxies for outcomes on improved living standards and social status. The values were calculated using the weighted average on the responses on each field up to the value of Rs. 20,000, which in each case accounted for more than 50% of all responses. Higher responses were considered outlier values that would skew the proxy value upwards, therefore were excluded. The weighted average for each field was again calculated, using the range midpoints. The value for each proxy resulted as follows:

- Average expenditure on health = Rs. 10,372
- Average expenditure on sanitation facilities = Rs. 10,000
- Average expenditure on water facilities = Rs. 9,423
- Average expenditure on renovating the house = Rs. 9,772
- Average expenditure on children's education = Rs. 8,804
- Average expenditure on buying gold assets = Rs. 11,875

## E. Loan Application



### ESAF Microfinance and Investments Pvt Ltd.(EMFIL)

Reg.Office : Gangadeeswara Koil Street  
Purasawalkam, Chennai – 600084  
Corporate Office: PB No.12, Mannuthy, Thrissur - 680651

### Loan Application Form

To

The Branch Manager,  
ESAF Microfinance and Investments Pvt Ltd.  
.....Branch.....State .....

|  |
|--|
|  |
|--|

1. Name of the Applicant :  
2. Female  / Male   
3. a) Address:

|             |           |          |  |  |
|-------------|-----------|----------|--|--|
| House Name  | House No  | Ward No  |  |  |
| Village     | Panchayat |          |  |  |
| Post Office | Taluk     | District |  |  |
| Pin code    | Phone No  | Mobile   |  |  |

b) "KYC"- details of submitting documents

| I. Identity Proof   | Number | Date | II. Address Proof | Number | Date |
|---|--------|------|-------------------|--------|------|
|   |        |      |                   |        |      |
| III. Do you use "KYC" form? Yes <input type="checkbox"/> No <input type="checkbox"/> : If yes |        |      |                   |        |      |

4. Age and Date of Birth :

5. Are you Married : Yes  No

6. Caste / Category : SC  / ST  / OBC  / Others

7. Name of father  / Husband  :

|   |  |                           |  |  |  |
|---|--|---------------------------|--|--|--|
| 8. Name of the Sangam   |  |                           |  |  |  |
| 9. a) Name of the Cluster                                     |  |                           |  |  |  |
| b) Cluster Membership Number                                  |  |                           |  |  |  |
| 10. a) Have you taken any loan from ESAF Microfinance before? | Yes <input type="checkbox"/> No <input type="checkbox"/> | b. If yes, How many times |  |  |  |
| c. Loan Amount taken 1st time?                                |  | Date                      |  |  |  |
| d. Date of closing the Loan                                   |  |                           |  |  |  |

11. Details of savings in other financial institutions

| Name of the institution | Deposited Amount | Date | Interest Rate | Type of Deposit | Mode of Deposit |
|-------------------------|------------------|------|---------------|-----------------|-----------------|
|                         |                  |      |               |                 |                 |
|                         |                  |      |               |                 |                 |

12. Details of loan borrowed from other financial institutions

| Name of institution | Loan Amount | Date | Interest | Repayment(Week / Month) | Installment Amount |
|---------------------|-------------|------|----------|-------------------------|--------------------|
|                     |             |      |          |                         |                    |
|                     |             |      |          |                         |                    |

13. Do you have a bank account in your Name? : Yes  / No  If Yes :

| Name of Bank | Branch | Account No. |
|--------------|--------|-------------|
|              |        |             |

|                           |   |
|---------------------------|---|
| 14. Loan amount required: |   |
| 15 Purpose of Loan        | <input type="checkbox"/> Agriculture<br><input type="checkbox"/> Cow, Goat, Poultry rearing (Animal Husbandry)<br><input type="checkbox"/> small scale business / Enterprise<br><input type="checkbox"/> House construction / Education / Marriage / Medical Treatment<br><input type="checkbox"/> Other Necessities..... |
| 16. Repayment mode        | <input type="checkbox"/> Weekly <input type="checkbox"/> Bimonthly <input type="checkbox"/> Monthly   |

17. Name of the joint borrower:  
 a) Relationship with the applicant:  
 b) Address

|             |           |          |  |
|-------------|-----------|----------|--|
| House Name  | House No  | Ward No. |  |
| Village     | Panchayat |          |  |
| Post Office | Thalik    | District |  |
| Pin code    | Phone No  | Mobile   |  |

c) KYC- details of submitting documents

| I. Identity Proof  | Number | Date | II. Address Proof | Number | Date |
|--|--------|------|-------------------|--------|------|
|  |        |      |                   |        |      |
| III. Do you use "KYC" form? Yes <input type="checkbox"/> No <input type="checkbox"/> : If yes: |        |      |                   |        |      |

18. Age and Date of Birth :

19. Are you Married : YES  No

20. Caste / Category : SC  / ST  / OBC  / Others

21. Name of father  / Husband  :

I hereby declare that the above given particulars are true and correct, and my yearly family income is less than ..... and at the time of submitting this application I don't have membership in more than one SHG/JLG I haven't taken loan from more than one microfinance institution. My total debt is less than Rs 50000 including the applied loan. Please grant me loan for Rs..... for above given purpose.

I agree that the loan I take from ESAF Microfinance and Investments Pvt. Ltd. May be assigned or securitized to a person or persons Institution or institutions, as per the decision of the company and I agree to repay the above loan as per the terms and conditions to the company or to any other person or persons, institution or institutions as directed by the company within the stipulated period of time.

Place:  
Date:

Yours faithfully  
Name of the Applicant:  
Signature:

## F. Socio Economic Tool

Any member joining the ESAF Federation will need to complete the following socio economic assessment at their entry point. This provides a significant amount of baseline indicators and data that could be tracked over time. Based on the score, members are or are not eligible to a loan from EMFIL.

For office use

### ESAF SHG Federation Trust - Member Socio Economic Assessment Sheet

| Sl. No  | Fill up the suitable Options using Tick (✓) Mark |   | Category - A  |  | (✓) | Category - B  |           | (✓)                                 | Category - C                            |           | (✓) |
|---|--|---|---|--|-----|---|-----------|-------------------------------------|---|-----------|-----|
| I.  | Housing  | Type of Roof                                  | a) Thatched/ Not own house                          | 3  |     | b) Tiled/sheet/Partially Concreted                          | 2         |                                     | c) Concrete                             | 1         |     |
|   |  | Type of Floor                                 | a) Mud / Not own house                              | 3  |     | b) Cemented / Red Oxide / Partially Fancy                   | 2         |                                     | c) Fancy (Marble/Granite/Tiles etc..)   | 1         |     |
| II.   | Income   | Source of Income                              | a) Agriculture & Allied Incl. Daily Labor           | 3  |     | b) Business (Small / Medium)/ Own Agriculture               | 2         |                                     | c) Secured (Govt/ Private-Organization) | 1         |     |
|   |  | Monthly Income                                | a) Below 2000                                       | 3  |     | b)Between 2000 - 4100                                       | 2         |                                     | c) Above 4100                           | 1         |     |
| III.  | Education  | Highest Education qualification in the family | a) Primary  | 3  |     | b) P.G / Graduation / Technical Education                   | 2         |                                     | c) Professional Education               | 1         |     |
|   |  | Children's Education                          | a) Govt Malayalam Medium School                     | 3  |     | b) Govt. English Medium School                              | 2         |                                     | c) Private English Medium School        | 1         |     |
| IV.   | Drinking Water                                   | Drinking Water Source                         | a) Far From home                                    | 3  |     | b) Well water(Close to home)                                | 2         |                                     | c) Tap water(in the house)              | 1         |     |
| V   | Sanitation                                       | Sanitation                                    | a) No toilet  | 3  |     | b) Own toilet without Septic Tank                           | 2         |                                     | c) Own toilet with Septic Tank          | 1         |     |
| VI  | Social Status                                    | Caste   | a) SC/ST  | 3  |     | b) OBC  | 2         |                                     | c) Others                               | 1         |     |
|   |  | Members in the family                         | a) Disabled and Dependant member in the family      | 3  |     | b) Disabled but independent member in the family            | 2         |                                     | c) No Disabled members in the family    | 1         |     |
|   |  | Family Head                                   | a) Female - Unskilled                               | 3  |     | b) Female - Skilled   | 2         |                                     | c) Male Head                            | 1         |     |
| VII   | Health Status                                    | Health Spending                               | a) High   | 3  |     | b) Moderate   | 2         |                                     | c) Low                                  | 1         |     |
|   |  | Health Facility Used                          | a) Government Hospitals                             | 3  |     | b) Government / Private Hospitals                           | 2         |                                     | c) Private Hospitals                    | 1         |     |
|   |  | Health Condition                              | a) Chronic sickness which needs expensive treatment | 3  |     | b) Chronic sickness which does not need expensive treatment | 2         |                                     | c) Healthy                              | 1         |     |
| VIII  | Electricity & Communication                      | Communication facilities                      | a) Land Phone / None                                | 3  |     | b) Mobile   | 2         |                                     | c) Computer and Internet                | 1         |     |
|   |  | Electricity                                   | a) No electricity                                   | 3  |     | b) Low Usage  | 2         |                                     | c) High Usage                           | 1         |     |
|   |  | Telephone                                     | a) Low usage  | 3  |     | b) Medium Usage   | 2         |                                     | c) High Usage                           | 1         |     |
| IX  | Assets   | Land  | a) No Land / Barren Land                            | 3  |     | b) Rural / Productive land                                  | 2         |                                     | c) Urban Productive land                | 1         |     |
|   |  | Vehicle                                       | a) Cycle / Nil                                      | 3  |     | b) Two wheeler - Scooter / Motor Cycle                      | 2         |                                     | c) Four wheeler (Car, Jeep eta)         | 1         |     |
|   |  | Other Valuable Assets                         | a) Not applicable                                   | 3  |     | b) Moderate Liquid Assets                                   | 2         |                                     | c) Highly Valuable Liquid Assets        | 1         |     |
| <b>Total</b>  |  |   |   | <b>60</b>                                |     |   | <b>40</b> |                                     |   | <b>20</b> |     |
| ( The maximum Score possible is 60 and the minimum is 20)   |  |   |   | Total Score (A+B+C) <input type="text"/> |     |   |           | *Family Rating <input type="text"/> |   |           |     |
| *A= Extremely poor (Above45),A = Poor (35-45),B = Average (30-35),B = Economically secure (20-30), C = Economically advanced (Marks 20) |  |   |   |  |     |   |           |                                     |   |           |     |

Name of sangam Monitoring officer:

Signature

Date:

Recommendation of Branch Advisory Committee

Smt..... is hereby recommended to give membership under .....sangam of  
ESAF SHG Federation Trust

## G. PPI Index

The PPI is a practical low-cost alternative to expensive household surveys. It allows MFIs to assess the poverty levels of Clients, and how these levels change over time.

### Progress Out of Poverty Index

| Indicator   | Value   | Points                            | Score |
|---|---|-----------------------------------|-------|
| 1. How many people aged 0 to 17 are in the household?   | A. Five or more   | 0                                 |       |
|   | B. Four   | 4                                 |       |
|   | C. Three  | 8                                 |       |
|   | D. Two  | 13                                |       |
|   | E. One  | 20                                |       |
|   | F. None   | 27                                |       |
| 2. What is the household's principal occupation?  | A. Labourers (agricultural, plantation, other farm), hunters, tobacco preparers and tobacco product makers, and other labourers | 0                                 |       |
|   | B. Others   | 8                                 |       |
|   | C. Professionals, technicians, clerks, administrators, managers, executives, directors, supervisors, and teachers               | 14                                |       |
| 3. Is the residence all pucca (burnt bricks, stone, cement, concrete, jackboard/cement-plastered reeds, timber, tiles, galvanised tin or asbestos cement sheets)? | A. No   | 0                                 |       |
|   | B. Yes  | 4                                 |       |
| 4. What is the household's primary source of energy for cooking?  | A. Firewood and chips, charcoal, or none  | 0                                 |       |
|   | B. Others   | 5                                 |       |
|   | C. LPG  | 17                                |       |
| 5. Does the household own a television?   | A. No   | 0                                 |       |
|   | B. Yes  | 6                                 |       |
| 6. Does the household own a bicycle, scooter, or motor cycle?   | A. No   | 0                                 |       |
|   | B. Yes  | 5                                 |       |
| 7. Does the household own an almirah/dressing table?  | A. No   | 0                                 |       |
|   | B. Yes  | 3                                 |       |
| 8. Does the household own a sewing machine?   | A. No   | 0                                 |       |
|   | B. Yes  | 6                                 |       |
| 9. How many pressure cookers or pressure pans does the household own?   | A. None   | 0                                 |       |
|   | B. One  | 6                                 |       |
|   | C. Two or more  | 9                                 |       |
| 10. How many electric fans does the household own?  | A. None   | 0                                 |       |
|   | B. One  | 5                                 |       |
|   | C. Two or more  | 9                                 |       |
| Microfinance Risk Management, L.L.C., <a href="http://www.microfinance.com">http://www.microfinance.com</a>   |   | Total score: <input type="text"/> |       |



## H. SROI Filters (Framework)

### **Deadweight Framework**

| Category  | Assigned Deadweight (%) |
|---|-------------------------|
| 1. The outcome would not have occurred without EMFIL            | 0%                      |
| 2. The outcome would have occurred but only to a limited extent | 25%                     |
| 3. The outcome would have occurred in part anyway               | 50%                     |
| 4. The outcome would have occurred mostly anyway                | 75%                     |
| 5. The outcome occurred anyway                                  | 100%                    |

### **Displacement Framework**

| Category   | Assigned Displacement (%) |
|--|---------------------------|
| 1. The outcome did not displace another outcome                  | 0%                        |
| 2. The outcome displaced another outcome to a limited extent     | 25%                       |
| 3. The outcome partially displaced another outcome               | 50%                       |
| 4. The outcome displaced another outcome to a significant extent | 75%                       |
| 5. The outcome completely displaced another outcome              | 100%                      |

### **Attribution Framework**

| Category   | Assigned Attribution (%) |
|--|--------------------------|
| 1. The outcome is completely a result of other people or organisations           | 100%                     |
| 2. Other organisations have a significant role to play in generating the outcome | 75%                      |
| 3. Other organisations have a role to play (to some extent)                      | 50%                      |
| 4. Other organisations have a minor role to play                                 | 25%                      |
| 5. The outcome is a result of EMFIL and no other organisation contributed to it. | 0%                       |

### **Drop-off Framework**

| Category  | Assigned Drop-off (%) |
|---|-----------------------|
| 1. The outcome lasts for the whole period of time assigned to it  | 0%                    |
| 2. The outcome drops off by 25% during the time assigned to it    | 25%                   |
| 3. The outcome drops off by 50% during the time assigned to it    | 50%                   |
| 4. The outcome drops off by 75% during the time assigned to it    | 75%                   |
| 3. The outcome drops off completely by the end of the time period | 100%                  |

## I. Kudumbashree Overview

[www.kudumbashree.org](http://www.kudumbashree.org)

Kudumbashree (KDB) is a community based organization targeting poor women in urban and rural Kerala.

The program focuses on the formation and capacity building of three-tiered community based organisations of poor women. Through this program, women who usually would be cut from the outside world and bound home would participate to these activities, find support and help. Those poor women are organised through Neighbourhood Groups (NHGs) that consist of 20 to 40 women amongst which 5 'volunteers' occupy the following roles: president, secretary, infrastructure volunteer, community health volunteer and income generation volunteer.

The NHGs are coordinated at ward level through Area Development Society (ADS) by federating 8 to 10 NHGs. To coordinate the activities at the Panchayat level there is the apex body called Community Development Societies (CDS). The NHG members usually meet once a week in one of the member's house.

### **The KDB Microfinance model**

If microfinance remains the main fundamental activity of KDB, it offers indeed much more than just microfinance services.

Through thrift and credit operations, women are encouraged to save and can access easy credit. Their savings are pooled together and given out as loans. Those thrift & credit societies are the core activity of the NHG and form the basis of the weekly meeting (collection of repayment).

To increase the NHGs existing resources builded up through thrift, several program exist:

- Linkage banking: this system links NHG to various banks.
- Matching grant: grants are provided to the NHG according to the amount of thrift mobilized, the performance of the NHG and loan availed from banks. The amount provided of matching grant per NHG reaches 10% of the savings if the NHG
- Interest subsidy for linkage loans

### **Various non-microfinance programs by Kudumbashree**

KDB tackles empowerment through 3 axis: local economic development, social development and women empowerment.

Many of these include programs that are not linked to microfinance. For example, programs such as the MNREGS program (National Rural Employment Guarantee Scheme that guaranties 100 days of manual work to anyone who registers under the programme and was launched by the Government of India), the BUDS program (Special school for mental & Physically challenged children), or the gender Self learning program (aims at getting women to discuss the gender dimension of their issues). These are 3 random examples to give an idea but KDB initiated a wide range of similar schemes and incentive programs, all tackling one specific aspect of poverty, from solving housing issues in urban areas (slum development program, SJSRY, BSUP,...) to issues linked to alimentary security with the creation of large collective farming activities.

## J. EMFIL's SPM Strategy (August 2011)

EMFIL – SPM Strategy – August 2011

| High return targets   | Outreach (Financial Services to the Poor)   |   |  |   | Quality   | Transformation  |                                 |
|---|---|---|--|---|---|---|---------------------------------|
|   | Scale   | Reaching Poor   | Reaching Marginalized  | Range of Services Offered   | Transparency  | Client Empowerment  | Economic Development of Clients |
| <b>Measures of Success</b><br><br>(1) Total number of clients served with microfinance to increase to 1.2m by 2016<br><br>(2) Total number of clients served to increase to 400k by 31 Mar-12 | (1) [70]% of clients are below the US\$2 per day poverty line by 31 Mar-12 [Note 1]<br><br>(2) [EMFIL to consider additional measures (e.g. 20% below US\$5 per day)] | (1) [40]% of new clients are from SC/ST or OBC groups by 31 Mar-12 (tbc) [Note 2]<br><br>(2) [2]% of new clients are physically challenged (tbc) [Note 3]<br><br>(3) [20]% of new clients are from minority groups (tbc) [Note 3]<br><br>(4) [30] % of total clients who are in backward districts [Note 4] | (1) [80]% of clients are using 2 or more of the following 5 services by 31 Mar-12: health insurance, life insurance, other insurance, loans, pensions (PFRDA). (tbc) [Note 5]<br><br>(2) [40]% of EMFIL clients have access to one or more of the following 8 ESAF non-microfinance services: health education, primary healthcare clinics, secondary healthcare, clean drinking water and sanitation, alternative clean energy, financial literacy, leadership development, livelihoods/ market | At least 90% of members are aware of: EMFIL's terms and conditions (including interest rate), EMFIL services, and their rights and responsibilities (including grievance redressal). [Note 6] | (1) [70] %clients participate in civil election processes by 31-Mar-12<br><br>(2) [80]% of clients use clean drinking water<br><br>(3) [60]% of clients use proper sanitation facilities<br><br>(4) [40]% of clients use clean energy sources<br><br>[Note 7] | (1) [50]% of clients have created one or more jobs within their small business within 12 months<br><br>(2) clients living in 'pucca' residences increases by [10] %<br><br>(3) 5% of clients have increased income above US\$2 per day over 12 months. [Note 8] |                                 |

## K. EMFIL's IMPACT MAP

Please see excel file EMFIL Impact Map.

Below is a picture of what the impact map looks like.

| Stakeholders                                  | Intended / Unintended changes  | Inputs  |                          | Outputs  |   | The Outcomes |  |                        |            |                |  |       |                      |
|---|--|---|--------------------------|--|---|--------------|--|------------------------|------------|----------------|--|-------|----------------------|
|   |  | What they invest (description)  | What they invest (Value) | Summary of Activity  | Description   | Ref.         | Indicator  | Source                 | Quantity % | Duration (Yrs) | Financial Proxy Description  | Value | Source               |
| Who changes? Who wants change?<br><br>Clients | What they want to change?<br><br>1. Increase income economy<br>2. Contribute to household economy<br>3. Reduce financial debt (risk)<br>4. Financially independent<br>5. Fee for independent living<br>6. Improve their standard of living<br>7. Set up a business<br>8. Guarantee a better future for their children<br>9. Improve health standards | 2700Rs. for every loan of 10,000 Rs. PROCESSING FEE (1%) + INT RATE (26%)<br><br>INR 3,899,878.384.53 |                          | First Loan Cycle<br><br>Second Loan Cycle<br><br>Third Loan Cycle<br><br>Fourth Loan Cycle<br><br>All Cycles | Improved access to Credit<br><br>Increased Self confidence<br><br>Reduced financial stress<br><br>Increased contribution to their household<br><br>Increased social bonds<br><br>Increased hope and higher aspirations for their future<br><br>Increased community participation<br><br>Increased independence<br><br>Increased income<br><br>Improved living standards<br><br>Improved status (social and economical)<br><br>Increased over all indebtedness (negative outcome)<br><br>Increased stress for not being able to pay (negative outcome) | 101          | No. of women that had never accessed personal credit before                        | Stakeholder interviews | 25%        | 4              | Interest Rate paid on BMFL's loan (27%)  | 2,700 | BMFL data            |
|   |  |   |                          |  |   | 102          | Change in no. of women accessing loans through informal sources (moneylenders)     | Stakeholder interviews | 75%        | 4              | Difference in interest rates (Moneylenders – BMFL)   | 2,000 | CDS Research         |
|   |  |   |                          |  |   | 103          | No. of women that report feeling good/positive about themselves                    | Stakeholder interviews | 80%        | 4              | Average expenditure on social activities i.e. visiting family and relatives                                  | 1,968 | Client Survey (BMFL) |
|   |  |   |                          |  |   | 104          | No. of women attending Sangam meetings (Attendance Rate %)                         | Stakeholder interviews | 80%        | 4              | Membership Fee paid to be member of Federation   | 100   | BMFL data            |
|   |  |   |                          |  |   | 105          | Decreased levels of financial debt (paid off other HH debt)                        | Stakeholder interviews | 30%        | 4              | Reduced amount of debt with informal sources of credit   | 2,500 | BMFL data            |
|   |  |   |                          |  |   | 201          | No. of women that report increased participation in HH decision making             | Stakeholder interviews | 30%        | 4              | Average money invested into a consumer durable (such as a TV)  | 7,768 | Client Survey (BMFL) |
|   |  |   |                          |  |   | 202          | No. of women visiting their Sangam members outside the Sangam meeting              | Stakeholder interviews | 50%        | 4              | Average expenditure on social activities i.e. visiting family and relatives (excluding transportation costs) | 2,496 | Client Survey (BMFL) |
|   |  |   |                          |  |   | 203          | No. of women reporting feeling strong about their Sangam                           | Stakeholder interviews | 80%        | 4              | Cost of setting up a Sangam  | 2,000 | BMFL data            |
|   |  |   |                          |  |   | 204          | No. of women that report having increased hope, dreams for themselves and their HH | Stakeholder interviews | 30%        | 4              | Average annual cost of 'self' education in Kerala  | 2,364 | CDS Research         |
|   |  |   |                          |  |   | 301          | No. of women running for elections   | Stakeholder interviews | 25%        | 4              | Cost of running for election   | 3,000 | BMFL data            |
|   |  |   |                          |  |   | 302          | No. of women that have taken a leadership role in their Sangams (at least once)    | Stakeholder interviews | 25%        | 4              | Fee paid for sitting at a cluster meeting  | 1,000 | BMFL data            |
|   |  |   |                          |  |   | 303          | Change in no. of women going out on their own                                      | Stakeholder interviews | 25%        | 4              | Average cost of a trip to the markets  | 840   | Client Survey (BMFL) |
|   |  |   |                          |  |   | 304          | No. of women that have invested money in their own business                        | Stakeholder interviews | 25%        | 4              | Level of expenditure in their business   | 5,000 | BMFL data            |
| 305   | No. of women reporting increased income  | Stakeholder interviews  | 30%                      | 4  | Income increase as per PH – need to agree on assumptions  | 13,688       | PH - BMFL Data   |                        |            |                |  |       |                      |
| 401   | Health – Change in no. of clients reporting access to appropriate health facilities  | Stakeholder interviews  | 20%                      | 4  | Average expenditure in health   | 8,298        | Client Survey (BMFL)   |                        |            |                |  |       |                      |
| 402   | Sanitation – Change in women reporting using proper sanitation facilities  | Stakeholder interviews  | 20%                      | 4  | Average expenditure in sanitation facilities  | 8,000        | Client Survey (BMFL)   |                        |            |                |  |       |                      |
| 403   | Water – Change in women reporting access to clean water  | Stakeholder interviews  | 20%                      | 4  | Average expenditure in water facilities   | 7,538        | Client Survey (BMFL)   |                        |            |                |  |       |                      |
| 404   | Housing – Change in women living in pucca residences   | Stakeholder interviews  | 20%                      | 4  | Average expenditure in house renovations  | 7,818        | Client Survey (BMFL)   |                        |            |                |  |       |                      |
| 405   | Change in no. of women accessing mainstream financial services   | Stakeholder interviews  | 30%                      | 4  | Average balance in savings account  | 2,400        | BMFL data  |                        |            |                |  |       |                      |
| 406   | No. of women employing other people  | Stakeholder interviews  | 30%                      | 4  | Average salary for a production unit employee?  | 10,000       | paycheck/kerala  |                        |            |                |  |       |                      |
| 407   | No. of women that report increased expenditure in healthcare/Hillams   | Stakeholder interviews  | 30%                      | 4  | Average expenditure in god assets   | 11,875       | Client Survey (BMFL)   |                        |            |                |  |       |                      |
| 501   | No. of women that report increased expenditure in healthcare/Hillams   | Stakeholder interviews  | 2%                       | 4  | 100% of loan amount   | -10,000      | BMFL data  |                        |            |                |  |       |                      |
| 502   | No. of women that defaulted at any one time during loan cycle  | Stakeholder interviews  | 7%                       | 4  | 10% of loan amount  | -1,000       | BMFL data  |                        |            |                |  |       |                      |
| Social Investors                              | 1. Invest their money in sustainable institutions creating social outcomes for society   | Equity Capital  | 1,000,000,000            | Total amount invested in INR   | Outcomes for the clients and alignment with their social mission + residual capital attend of investment  |              |  |                        |            |                |  |       |                      |
|   |  |   | <b>TOTAL</b>             |  |   |              |  |                        |            |                |  |       |                      |
|   |  |   | 4,899,878,365            |  |   |              |  |                        |            |                |  |       |                      |

| Deadweight %<br>What would have happened without the activity? | Displacement %<br>What outcome did you displace? | Attribution %<br>Who else contributed to the change? | Drop-off %<br>Does the outcome drop off in future years? | Calculating Social Return (000 Rs) |         |          |           |          |         |         |     | Total per outcome indicator (before discounting) | Total per outcome (before discounting) | Total per Cycle |
|--|--|--|--|------------------------------------|---------|----------|-----------|----------|---------|---------|-----|--|--|-----------------|
|  |  |  |  | Yr1                                | Yr2     | Yr3      | Yr4       | Yr5      | Yr6     | Yr7     | Yr8 |  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 148,078                            | 177,858 | 207,689  | 237,577   | 89,489   | 59,719  | 29,888  | 0   | 950,309  | 3,062,106                              | 6,447,177       |
| 25%  | 0%   | 35%  | 0%   | 329,063                            | 395,241 | 461,532  | 527,949   | 198,887  | 132,709 | 66,417  | 0   | 2,111,797  | 2,329,172                              |                 |
| 25%  | 0%   | 35%  | 0%   | 345,384                            | 414,845 | 484,424  | 564,136   | 208,752  | 139,291 | 69,712  | 0   | 2,216,542  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 17,550                             | 21,080  | 24,615   | 28,157    | 10,607   | 7,078   | 3,542   | 0   | 112,629  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 164,531                            | 197,620 | 230,766  | 263,975   | 99,443   | 66,354  | 33,209  | 0   | 1,055,899  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 408,985 | 491,237  | 573,629   | 573,629  | 164,644 | 82,392  | 0   | 2,294,516  | 2,294,516                              | 5,796,942       |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 219,024 | 263,072  | 307,196   | 307,196  | 86,172  | 44,124  | 0   | 1,228,783  | 2,804,146                              |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 280,800 | 337,272  | 393,841   | 393,841  | 113,041 | 56,569  | 0   | 1,575,363  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 124,465 | 149,496  | 174,570   | 174,570  | 50,105  | 25,074  | 0   | 698,280  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 105,300  | 126,477   | 126,477  | 126,477 | 21,177  | 0   | 505,908  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 35,100   | 42,159    | 42,159   | 42,159  | 7,059   | 0   | 168,636  | 4,429,225                              |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 29,484   | 35,414    | 35,414   | 35,414  | 5,930   | 0   | 141,654  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 175,500  | 210,795   | 210,795  | 210,795 | 35,295  | 0   | 843,180  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 576,518  | 692,462   | 692,462  | 692,462 | 115,944 | 0   | 2,769,846  |  | 2,769,846       |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 186,397   | 186,397  | 186,397 | 186,397 | 0   | 745,589  |  | 2,844,266       |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 179,712   | 179,712  | 179,712 | 179,712 | 0   | 718,848  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 169,343   | 169,343  | 169,343 | 169,343 | 0   | 677,370  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 175,615   | 175,615  | 175,615 | 175,615 | 0   | 702,458  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 80,870    | 80,870   | 80,870  | 80,870  | 0   | 323,482  | 3,271,882                              |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 336,960   | 336,960  | 336,960 | 336,960 | 0   | 1,347,840  |  |                 |
| 25%  | 0%   | 35%  | 0%   | 0                                  | 0       | 0        | 400,140   | 400,140  | 400,140 | 400,140 | 0   | 1,600,560  |  |                 |
| 25%  | 0%   | 35%  | 0%   | -43,875                            | -87,799 | -131,777 | -175,815  | -131,940 | -88,016 | -44,038 | 0   | -703,258   |  | -703,258        |
| 25%  | 0%   | 35%  | 0%   | -15,356                            | -30,730 | -46,122  | -61,535   | -46,179  | -30,806 | -15,413 | 0   | -246,140   |  | -246,140        |
|  |  |  |  |                                    |         |          |           |          |         |         |     | 21,840,092                                       | 21,840,092                             |                 |
| 0%   | 0%   | 0%   | 0%   | 0                                  | 0       | 0        | 1,000,000 | 0        | 0       | 0       | 0   | 1,000,000  |  |                 |
|  |  |  |  |                                    |         |          |           |          |         |         |     | 22,840,092                                       |  |                 |

15,610,299

1,094,495

2,867,829

4,493,426

2,585,134

1,769,261

863,356

|   |          |
|---|----------|
| Total Present Value (PV), Rs min                | 15,610.3 |
| Net Present Value (PV minus investment), Rs min | 10,710.4 |
| Social Return \$ per \$                         | 3.19     |

