

# 2010



## PROGRESS OUT OF POVERTY INDEX™ (PPI™) A plan for deployment



GF's PPI deployment initiative will change the way that microfinance (and therefore many other international development interventions) perceive the poor and poorest. It will continue to show that people at the bottom of the poverty ladder can effectively use microfinance to improve their poverty condition. By measuring client poverty levels using the PPI and using that information to reach and serve the poor more effectively, microfinance institutions will be better equipped to achieve their social goals.

Social Performance Management Center  
Grameen Foundation  
April 2010

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>INDUSTRY AND MARKET ANALYSIS.....</b>	<b>6</b>
MARKET CONTEXT AND NEED.....	6
CURRENT AND PROJECTED DEMAND .....	7
ECOSYSTEM ANALYSIS.....	7
<b>STRATEGY &amp; THEORY OF CHANGE.....</b>	<b>8</b>
ORGANIZATION HISTORY & MISSION.....	8
DEFINITION OF SOCIAL VALUE PROPOSITION .....	8
<b>CURRENT OPERATING MODEL .....</b>	<b>9</b>
THE PROGRESS OUT OF POVERTY INDEX (PPI) DESCRIPTION.....	9
CORE ELEMENTS AND SUCCESS FACTORS.....	11
EVIDENCE OF RESULTS .....	12
<b>ORGANIZATION .....</b>	<b>12</b>
ORGANIZATION STRUCTURE AND GOVERNANCE .....	12
CURRENT SIZE AND REACH.....	13
MANAGEMENT TEAM .....	13
SOCIAL PERFORMANCE ADVISORY COMMITTEE .....	14
<b>SCALING PLAN .....</b>	<b>14</b>
DESCRIPTION OF SCALING PLAN.....	14
TIMETABLE, MILESTONES AND MEASURABLE THREE YEAR PERFORMANCE GOALS.....	18
12-MONTH OPERATING PLAN.....	19
MARKETING PLAN.....	20
PROJECTED SOCIAL IMPACT AND INFLUENCING THE SECTOR .....	21
<b>EVALUATION AND KNOWLEDGE MANAGEMENT PLAN.....</b>	<b>22</b>
OPERATIONAL PLAN FOR ASSESSING AND COMMUNICATING IMPACT WHILE SCALING.....	22
<b>INFRASTRUCTURE REQUIREMENTS .....</b>	<b>22</b>
INVESTMENTS IN INFRASTRUCTURE REQUIRED TO SUPPORT EXPANSION .....	22
<b>FINANCIAL PLAN.....</b>	<b>23</b>
CAPITAL REQUIRED .....	23
FUND DEVELOPMENT STRATEGY.....	23
CURRENT FUNDERS AND COMMITMENTS.....	23
PROJECTED FUNDING BY SOURCES OF SUPPORT .....	23
PRO FORMA FINANCIAL PROJECTIONS FOR 3 YEARS.....	23

<b>RISKS AND CONTINGENCIES.....</b>	<b>25</b>
EXIT STRATEGY .....	27
<b>APPENDIX A: SAMPLE PPI .....</b>	<b>28</b>
<b>APPENDIX B: STAFF &amp; ADVISORY COMMITTEE.....</b>	<b>29</b>
SOCIAL PERFORMANCE MANAGEMENT CENTER STAFF .....	29
SOCIAL PERFORMANCE ADVISORY COMMITTEE.....	30
<b>APPENDIX C: ORG CHART.....</b>	<b>32</b>
<b>APPENDIX D: EXECUTIVE LEADERSHIP TEAM &amp; BOARD OF DIRECTORS .....</b>	<b>33</b>
GRAMEEN FOUNDATION EXECUTIVE LEADERSHIP TEAM .....	33
GRAMEEN FOUNDATION BOARD OF DIRECTORS .....	35
<b>APPENDIX E: PPI USERS, SOCIAL PERFORMANCE PLAYERS, COMPARABLE TOOLS</b> <b>.....</b>	<b>40</b>

## EXECUTIVE SUMMARY

At its core, microfinance is a social business. It was originally developed for the poor and the poorest to increase their income streams through microenterprises that would lead to movement out of poverty.

Perhaps not surprisingly, the *financial* performance of microfinance has been the focus of microfinance institutions (MFIs), donors and investors during the last two decades. As a result of the development of standard financial metrics and financial benchmarks across the industry, MFIs are able to translate their *financial* goals into practice by tracking financial performance against an agreed set of metrics and definitions.

The *social* performance of microfinance has not received the same focus. The industry lacks solid data upon which to make its case and defend its position that microfinance is a strong tool for poverty alleviation. There has been no clear and accepted way to measure a “double bottom-line”—both financial and social performance—for microfinance that MFIs, donors and investors need and want. How can an MFI know if it is reaching its target population—the poor and poorest? How can it know that, once reached, that population is moving out of poverty?

Given its poverty-focused mission, Grameen Foundation (GF) sought to develop a poverty assessment tool that would help MFIs answer these questions. In 2005, GF introduced the Progress out of Poverty Index™ (PPI™) an accurate industry-wide tool that measures the achievement of social goals against a standard definition of poverty. The PPI enables MFIs to translate social goals, particularly related to poverty alleviation, into practice. By using the tool, MFIs can determine if they are reaching the poorest members of their communities, which programs are most effective at meeting clients’ needs, how quickly clients leave poverty, and what helps them to move out of poverty faster. In effect, the PPI can be used to measure and manage social performance. Alongside financial metrics, MFIs will be able to demonstrate that they are achieving a double bottom-line.

This business plan details how Grameen Foundation will establish the PPI as the industry standard in poverty measurement over the course of the next three years. This is what will enable microfinance to deliver on its poverty alleviation goal. GF will carry out this role in three phases: PPI Development, PPI Implementation, and PPI Standards Validation.

At present, there are PPIs available for 27 countries that are home to the majority of the world’s poor, with 36 expected by June 2010. Of the existing PPIs, eight have been completed for Africa, eight for Asia, six for Latin America and the Caribbean, three for Middle East/North Africa, and two for Europe.

Since the tool was launched in 2006, more than 70 MFIs have become PPI users. GF’s goal is to reach 300 users within three years, serving more than 20 million clients. If a mere 10 percent of the global funding stream for microfinance were reallocated based on PPI data (not improbable, given that the 300 PPI users will be market leaders), there would be a \$127 million reallocation within microfinance, directed to institutions that are improving their poverty outreach and poverty reduction outcomes.

The next step will be to create standards for PPI use to aid in data analysis. Grameen Foundation will work to establish the PPI with well-networked, innovative organizations to reach this scale, typically training microfinance networks that in turn train their membership in using the PPI to measure their poverty outreach and accomplishment of social goals. Once the PPI is the industry standard, GF, a pioneer in Social Performance Management (SPM), will continue to serve as a leader in the microfinance industry's SPM initiatives. GF will maintain its robust communications efforts to help MFIs better understand and implement the PPI. Some of its most useful tactics include case studies of real-time implementations and a network of peer learning activities.

GF's PPI deployment initiative will change the way that microfinance (and therefore many other international development interventions) perceive the poor and poorest. It will continue to show that people at the bottom of the poverty ladder can effectively use microfinance to improve their poverty condition. By measuring client poverty levels using the PPI and using that information to reach and serve the poor more effectively, MFIs will be better equipped to achieve their social goals.

This social performance work is literally changing the world. It is recasting how MFIs perceive and therefore serve poor clients. Once the PPI is established as the premier tool for social performance management, Grameen expects that the microfinance industry will serve more *poorer* clients. It will retain them as clients for longer by providing products and services that meet their needs and will thus enable more of the world's poorest to move out of poverty quickly and permanently. In so doing, MFIs will become more competitive and profitable, thus enabling a virtuous circle of improved social and financial performance and achievement of double bottom-line results.

## INDUSTRY AND MARKET ANALYSIS

### MARKET CONTEXT AND NEED

“Microcredit is undoubtedly the most visible innovation in anti-poverty policy in the last half century. In the three decades since Muhammad Yunus gave his first loan to a group of Bangladeshi women, the number of microcredit borrowers has crossed 150 million....this is itself a remarkable achievement.”

--Dean Karlan, Professor of Economics, Yale University;  
Founder, Innovations for Poverty Action

With a track record of more than 30 years, there are numerous stories of poor women whose lives have been radically improved as a result of their access to microcredit and other financial services. However, the fundamental question remains, are those women the exception or the norm? Even as microfinance has demonstrated strong financial performance with favorable repayment rates and operational success for microfinance organizations, has it shown strong social performance as well? Has microfinance proven itself as a social force, as a means of moving its clients out of poverty?

The need to achieve this “double bottom-line”—financial *and* social performance—has raised questions and concerns among the current practitioners, investors and donors who form the growing global infrastructure of microfinance. The last two decades have seen a strong focus on the part of microfinance institutions (MFIs), donors, and investors to develop standard financial metrics to manage financial performance and set financial benchmarks across the industry. As a result, MFIs are able to translate their financial goals into practice by tracking financial performance against an agreed set of metrics and definitions.

The social goals and social performance of microfinance have not been given the same focus. Instead, it has long been assumed that the intended social outcomes – reaching the poor and poorest, serving them well with appropriate products and services, and transforming their lives – is routinely achieved by the microfinance sector. More recently, academics, policy makers, and the media have increasingly raised questions on the social outcomes of microfinance, especially as the sector has gradually become more commercialized. There is growing concern that organizations originally intended to serve those at the bottom of the economic ladder may be moving away from their missions.

As a sector, microfinance lacks solid data on which to make its case and defend its position as a strong tool for poverty alleviation. So, the dialogue continues and the questions are routinely raised. Are MFIs reaching the poor and poorest? Do their target clients stay in the program through enough loan cycles to make a difference in their lives? Are clients actually moving out of poverty? How many poor clients accessing microfinance have moved out of poverty? Because individual microfinance institutions often struggle to answer these questions with concrete metrics, the sector is not equipped to answer these questions in aggregate.

At its core, microfinance is a social business. As such, it needs to demonstrate to its practitioners, its investors, and its donors that it is working as a business: it is identifying the clients most in need, it is developing products and services that meet their needs, and it is determining its success – does it move those clients out of poverty?

## CURRENT AND PROJECTED DEMAND

The majority of the world’s poorest populations resides in Africa, Asia, and Latin America and the Caribbean (LAC). Groups of large international microfinance networks and social investors are all looking for tools to enable them to understand whether they are reaching poor clients. These groups include independent institutions and, importantly, those affiliated with large international networks and social investors such as Opportunity Australia, Unitus, Mercy Corps, Plan International, and Oikocredit. Through their investments and partners, these networks reach more than 14 million clients. Indeed, they are some of the biggest players in the microfinance industry.

Of the 1,700 MFIs currently reporting their data to the Microfinance Information Exchange (MIX) Market,<sup>1</sup> more than 200 of these MFIs report some very basic social demographic data (gender, average loan size, etc.). Many of these institutions have expressed an interest in knowing the poverty levels of the clients they serve as a reference point for understanding and improving their social performance.

Additionally, MFI managers themselves are outspoken in their appetite for the poverty metrics. “We want numbers behind the promises we make to the poor,” said Anne Hastings, Director of the Haitian MFI Fonkoze, an organization known for its focus on serving the poorest members in its communities. Donors and social investors have an equally large appetite for this data and will be using it seriously for investment decisions in the future.

These indicators, along with the social performance commitment of network organizations and social investors working directly with hundreds of MFIs, shows the strong demand for a tool that enables the industry to measure the poverty levels of the clients it serves.

## ECOSYSTEM ANALYSIS

The group leading the social performance charge within the microfinance industry consists of microfinance network organizations like Grameen Foundation, MFIs, donors, social investors, and trainers. Grameen Foundation, along with a few other organizations, was one of the earliest voices in the movement and now plays a key role in leading industry initiatives that include the Social Performance Task Force, Imp-Act Consortium, and the SEEP network, as well as its direct work with MFIs and networks worldwide. GF has leveraged these relationships to promote the PPI as the premier poverty assessment tool for the industry.

In a sometimes competitive industry, GF has deliberately taken a collaborative approach to scaling the PPI and promoting social performance management. For example, GF has acknowledged that growing the use of the PPI requires the commitment and involvement of

---

<sup>1</sup> The primary source of financial and social performance data on MFIs globally.

microfinance networks whose members' PPI use would benefit both the MFI and the network. To facilitate this, GF has developed and carried out "training of trainers" programs to help networks create learning opportunities for their partners. It has also established a Peer Learning Network (PLN) through which networks can exchange ideas and information about their PPI experiences.

There is currently a number of tools available for social performance management. They are impact assessments, social audits/ratings, tools for poverty assessment, and a means test. Their descriptions and relative strengths are outlined in Appendix E. The IRIS Poverty Assessment Tool is the only tool available that provides information about client poverty levels that is linked to poverty lines. However, the IRIS tool is not constructed to be an effective management tool – in fact, the authors of this business plan have found no evidence that it is being used for management purposes by MFIs. As a result, there is an acute need in the microfinance industry for an easy-to-use, management-friendly tool that provides accurate information on the poverty levels of microfinance clients.

## STRATEGY & THEORY OF CHANGE

### ORGANIZATION HISTORY & MISSION

Grameen Foundation's mission is to enable the poor, especially the poorest, to create a world without poverty. A global nonprofit organization, it helps the world's poorest people access financial services and technology solutions by providing financing, technology support and management strategies to the local organizations that serve them. It also spearheads technology initiatives that create new microbusiness opportunities for the poor, provide telecommunications access for the world's rural poor, and improve their access to health and agriculture information and other services. Founded in 1997, Grameen Foundation has offices in Washington, D.C.; Seattle, Washington; Hong Kong; Ghana; and the Philippines. Dr. Muhammad Yunus, the founder of Grameen Bank and the 2006 Nobel Peace Prize Laureate, is a founding member of its board of directors, and now serves as director emeritus.

A major focus of GF's efforts is to enable MFIs to measure who they reach in order to ensure they are moving out of poverty over time. Grameen Foundation established the Social Performance Management Center (SPMC) to spearhead this work. Since 2005, the SPMC has been providing industry leadership geared toward the need for and development of practical, accurate, and low-cost tools and systems to help MFIs monitor social performance, particularly poverty results, and better manage programs based on those results. With the help of Dr. Mark Schreiner of Microfinance Risk Management L.L.C., one of the leading risk modelers in the United States, the SPMC has been instrumental the creation and distribution of the Progress Out of Poverty Index (PPI).

### DEFINITION OF SOCIAL VALUE PROPOSITION

GF believes strongly in the concept of "measuring what you value, and valuing what you measure." As a poverty-focused organization dedicated to serving the poorest, measuring who

you serve and how you are serving them becomes mission-critical. If microfinance is to achieve the social outcome of poverty alleviation, how will it begin to do so, how will it know what it has accomplished, and when?

By creating, employing, and promoting the PPI, Grameen Foundation reinforces its following core beliefs:

- The poor and poorest are the primary focus of microfinance products and services.
- Social performance management is integral to achieving an organization's social objectives effectively.
- Socially responsible investors will invest in organizations demonstrating movement of the poor and poorest out of poverty.

Increased support to MFIs employing social performance management tools will increase the number of poor and poorest moving out of poverty. Increased collaboration with microfinance networks will increase the number of MFIs working to move the poor out of poverty.

GF believes that social performance management will enhance MFI transparency and accountability and that regularly measuring client progress will help MFIs focus and drive innovation for poor and very poor clients across all regions.

Furthermore, reporting social performance results alongside financial data will provide investors, particularly social investors, raters and other third parties the information required to make holistic evaluations of MFI performance. This will help inform investment decisions that enable microfinance to live up to its billing as a business that delivers social returns. In order to get there, MFIs must agree upon statistically rigorous and transparent measures of social outcomes. By providing a commonly accepted definition of poverty, the PPI provides the critical platform for this important work. Ultimately, mass adoption of the PPI will allow the microfinance sector to speak clearly about the clients being reached and how those clients fare over time.

## CURRENT OPERATING MODEL

### THE PROGRESS OUT OF POVERTY INDEX (PPI) DESCRIPTION

With its mission to serve the poor and poorest, Grameen Foundation in 2005 determined to create a means by which MFIs could begin to assess the poverty levels of their clientele and track their progress out of poverty over time. It sought a poverty assessment tool that would be simple to use, accurate, transparent and cost-effective. With support from the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation, GF introduced the Progress Out of Poverty Index (PPI), a country-specific poverty assessment tool that allows MFIs to have a consistent and credible means to measure progress against the achievement of poverty alleviation objectives.

The PPI is a measurement and management tool. It helps MFIs to:

- Identify and select the poor and poorest for their services

- Understand what products and services best meet the needs of their target population
- Recognize how to deliver those products and services most appropriately
- Assess over time if they are performing these tasks effectively
- Alter their products, services and delivery as needed

The PPI<sup>2</sup> is a user-friendly tool that estimates the likelihood that individuals fall above or below various poverty lines. It is objectively linked to poverty lines because it is derived from national household income and expenditure surveys. Typically, each PPI is created with a number of national and international poverty lines associated with it for that particular country. The national poverty line is set by the country in question. The international poverty lines generally include standard \$1.25/day and \$2.50/day at purchasing power parity.<sup>3</sup> To increase the usefulness of the PPI as a management tool, additional lines both above and below \$2.50/day/PPP are often included. See Appendix A for an example of the PPI.

While the PPI is built on a universal methodology, each PPI is country-specific, as it is based on that country's best national household survey. The data from the survey are analyzed to determine indicators that strongly correlate with poverty for the particular country. These indicators are then tested and vetted with local MFIs and other experts. Once accepted by local expert opinion, ten indicators are collected in a poverty scorecard that quickly and accurately predicts household poverty.

In many respects, the PPI is, at its core, a consumer research tool for MFIs that is analogous to tools used for consumer marketing research conducted by many retail businesses. Simply put, PPI data combined with portfolio information, such as demographics, provides information MFI management teams need to better determine clients' needs: which programs are most effective, how quickly clients leave poverty, and what helps them to move out of poverty faster.

By using the PPI over time, MFIs can:

- Better adhere to their missions
- Increase their competitive edge, profitability, and ability to retain clients by responding more quickly and effectively to client needs and documenting the achievement of social goals
- Provide timely and accurate information to socially responsible investors who may want to provide financial resources to their programs

In conjunction with Dr. Mark Schreiner, Grameen Foundation has created PPIs for the neediest countries in the world. At present there are PPIs available<sup>4</sup> for 27 countries representing 90 percent of the world's poor, with 36 expected by June 2010. Of the existing PPIs, eight have been completed for Africa, eight for Asia, six for LAC, three for Mid-East/North Africa, and two for Europe.

---

<sup>2</sup> The PPI is based on an approach developed by Mark Schreiner of Microfinance Risk Management, L.L.C.

<sup>3</sup> Purchasing Power Parity (PPP) is an economic technique used when attempting to determine the relative values of two currencies.

<sup>4</sup> The complete list of PPIs is available at <http://www.progressoutofpoverty.org/ppi-country>.

The Progress Out of Poverty website ([www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)) was established by GF in May 2008 to provide visitors with accessible information about the PPI. Since its launch, the site has logged more than 26,000 visits, with an average time of six minutes; more than 60 percent of these are new visitors. As of April 2010, there were more than 2,400 registered users, many expressing a desire for Grameen Foundation to commission a PPI for use in their countries. These users represent 175 countries.

Since launching the PPI with two MFIs in 2006, there are now more than 70 MFIs around the world actively using the PPI, and more than 300 MFIs in total are targeted as part of this business plan.

It is this social performance management, centered on client poverty levels, which will ultimately enable microfinance to deliver on its poverty alleviation promise.

## CORE ELEMENTS AND SUCCESS FACTORS

Determining the poverty level of poor households in developing countries is no simple task – indeed, it has challenged microfinance practitioners for many years. Most poor households, if asked, do not know what their average daily or monthly income is; employment is seasonal and spotty, and many goods and services are traded rather than paid for with cash. Faced with this challenge, GF needed a tool that could easily predict household poverty levels by asking simple, verifiable questions.

The PPI thus marries the key features of credibility and practicability into its design. This is what is enabling it to become the industry standard in poverty measurement and social performance management.

Credibility is derived from the sophisticated mathematical model that underpins it. The model enables users to understand the accuracy with which the tool predicts poverty; this is typically within +/- 2% in the 90% confidence interval. The practical aspect of the PPI is that it consists of 10 simple, usually verifiable, questions such as “do you own a refrigerator” or “what kind of cooking fuel do you use.” Loan officers typically administer the PPI, and since many have only partly completed secondary school education, questions need to be simple to ask, verify and record.

MFI managers acknowledge the PPI’s attributes. At Prisma, an MFI in Peru that has been using the PPI since 2007, Director Diego Fernandez says, “Measuring the poverty levels of our clients allows us to explicitly focus on our target population, ensuring that we are on the right path. Our background is in the public health sector, in which everything is measured and evaluated. Client poverty assessment was something that we lacked at Prisma because, while we claimed that we worked with the poor, we couldn’t measure poverty. The PPI has taught us how to do so.”

Cost is another factor Fernandez found favorable. “The cost of the implementation of the PPI was minimal, the main cost being the client and loan officer’s time in conducting the interview each time....moreover, we view it not as a cost, but as an investment.”

## EVIDENCE OF RESULTS

The PPI is producing promising results. For example:

- Support for the PPI by major thought leaders in microfinance, including CGAP (the microfinance arm of the World Bank), the Ford Foundation, and the Michael and Susan Dell Foundation. All three organizations have provided considerable support to scale the deployment of the PPI.
- Support for the PPI by social investors: the Dutch investor Oikocredit is the largest investor in microfinance, with an outreach of more than 400 MFIs. Oikocredit has made the PPI a key component of its ‘social screen,’ and is currently training many of its partners in six countries on PPI use, with two more to be added this year. Other social investors promoting the PPI include PLAN International, Catholic Relief Services (CRS), Mercy Corps, Dia Vikas and Unitus.
- Adoption of the PPI by more than 70 MFIs: some of the MFIs using the PPI are market leaders in microfinance. They include Cashpor in India, BRAC in Bangladesh and CARD in the Philippines.
- Many of the organizations using the PPI are attracting increased investment from social investors. Peru’s Prisma is receiving discounted capital from several investors because it has demonstrated through the PPI that it is reaching rural, poor women. Cashpor received favorable terms from its investor, Dia Vikas, when it demonstrated that 66 percent of its mature clients had moved above the Indian national poverty line. “The PPI is the most effective poverty tool available,” said Cashpor Chairman and Managing Director David Gibbons. Cashpor’s donor agreed. “It is the best available tool for measurement,” said H.C. Ranjani of Dia Vikas. “It is a big influencing factor in the data management process. It is not the only factor, but it is a key one.”
- Many users have used PPI results to change their operational practices so they can reach more poor people, offer them more appropriate products and services, and achieve their poverty alleviation missions more effectively. Negros Women for Tomorrow Foundation (NWTF) in the Philippines is an example. After discovering in 2006 that 40 percent of new clients were likely to be above the poverty line, NWTF set a target of only 10 percent above, and is close to achieving its goal. In addition, NWTF later altered its agricultural loan cycle when it saw that it was not meeting clients’ needs as designed.

## ORGANIZATION

### ORGANIZATION STRUCTURE AND GOVERNANCE

Grameen Foundation is a 501(c)3 US charity. Staff based at headquarters in Washington, D.C., at the Grameen Technology Center in Seattle, and in offices in Hong Kong, Ghana, and the Philippines coordinate the activities of Grameen Foundation. The Executive Leadership Team and the Board of Directors oversee the staff (see Appendix D). Grameen Foundation’s Advisory Council and Board Committees nurture new ideas, innovations, strategic thinking, and program

development. Grameen Foundation is also building a cadre of highly skilled professional volunteers through its Bankers without Borders® program.<sup>5</sup>

## CURRENT SIZE AND REACH

Grameen Foundation, in its 13 years of operation, is active in Asia, Latin America and the Caribbean, Sub-Saharan Africa, and, through its joint venture with Grameen Jameel (based in Dubai), the Middle East/North Africa. Grameen has more than 90 staff in its North American and field offices that work in more than 35 developing countries.

## MANAGEMENT TEAM

SPMC's PPI deployment team brings deep experience in social performance management, knowledge of the microfinance sector, and a passion for the team's overall vision to "bring the microfinance industry back to its roots" of poverty alleviation as a primary goal.

The plan is to continue to build an agile team capable of finding creative approaches to the challenges that arise and the capacity to adapt to changing market conditions. The team has a clear focus and vision, strong alignment around strategic objectives, and is empowered to find the best approaches and execution to achieve its objectives.

The **Director of the Social Performance Management Center** is responsible for managing the team. The director reports to the Vice President of Microfinance Programs.

The **Deputy Director** is in charge of the global roll-out of the Progress Out of Poverty Index at Grameen Foundation and supervises a three-person, full-time team and many more volunteers and consultants.

The **Program Officer – Sub-Saharan Africa and Middle East/North Africa Region** is responsible for developing and managing the deployment strategies for those regions.

The **Regional Trainer and Deployment Officer** is responsible for training regional hires, managing PPI deployments and coordinating the PPI data management and validation projects.

The **Senior Communications Officer** manages the communications strategy to promote social performance management to microfinance institutions and social investors, focusing on the role of the Progress Out of Poverty Index.

The **Communications Associate** focuses on the ongoing strategy and development of the Progress Out of Poverty website ([www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)) and use of social media, editing and layout of print and digital PPI materials, and aids in the execution of media campaigns to promote use of the PPI worldwide.

---

<sup>5</sup> Bankers without Borders® is an international reserve of professionals who contribute their time and skills to fight poverty by supporting microfinance and technology for poor people around the world. From human resources to marketing, from cash management to telecommunications, Bankers without Borders gives volunteers a chance to use their professional expertise where needs and returns are greatest.

The **Asia PPI Specialist** is based in the Asia region and supports GF's social PPI deployment work in Asia.

Other **regional staff, consultants and volunteers**: GF counts on the skills of its regional staff to support its social performance efforts. These staff members help integrate social performance efforts into regional and country plans, as well as managing relationships with MFIs and networks. In addition, GF uses a consultant to build PPIs and provide support to MFIs and networks. Finally, GF's Bankers Without Borders program provides a steady stream of highly qualified volunteers to support various aspects of the PPI deployment work.

The SPMC organization chart is in Appendix C.

## SOCIAL PERFORMANCE ADVISORY COMMITTEE

In addition to the strong leadership team in place, SPMC draws on the knowledge and experience of an exceptional group of advisors to Grameen Foundation representing a cross-section of industries and backgrounds. The Social Performance Advisory Committee, whose members are described in Appendix C, is a volunteer group with expertise in areas that are critical to the success of GF's social performance efforts. The committee has been key to the development of the team's strategy. GF will continue to leverage this group as it executes this plan.

## SCALING PLAN

### DESCRIPTION OF SCALING PLAN

#### STRATEGY

The SPMC strategy is to build enough tools so that 300 organizations can measure the poverty levels of their clients and use that data to serve their clients' needs more effectively. This strategy comprises three different, overlapping phases. These phases are the development phase, the implementation phase, and the standards phase. The phases and Grameen Foundation's unique value-add are explained below.

#### DEVELOPMENT PHASE

To scale the PPI, the development phase is the first, necessary step of creating PPIs for different markets. To date, there are 27 PPIs, with a pipeline to deliver a total of 36 PPIs by the end of May 2010. As PPI use gathers more momentum, we expect to see increased demand coming from all regions. Over the next three years, we will respond to this demand to develop new PPIs as appropriate and update current PPIs as necessary (we have already updated six in conjunction with Mark Schreiner). GF has shown it is the only organization that has demonstrated the commitment to doing this work.

---

## IMPLEMENTATION PHASE

In this phase, GF will work to have as many MFIs as possible using the PPI. GF's vision for its social performance efforts is to bring microfinance back to its social roots, so that social performance results are measured by and used to manage poverty-focused MFIs' activities as readily as financial data are used today. Accomplishing this goal will require that a critical mass of MFIs generate social data and use those data to deepen outreach and attract increased support from social investors.

To achieve this critical mass, GF has set a target of increasing the PPI uptake within the next three years to 300 users. GF sees 300 users as a tipping point since, assuming an average outreach of 68,000 clients per MFI (the average used by the MIX Market), the 300 MFIs would reach a total of 20 million clients worldwide – an estimated 28 percent of the 75 million active MFI clients in the MIX database. This critical mass of PPI users will establish the PPI as the industry standard.

GF is best positioned in the microfinance industry to deliver the greatest uptake of the PPI, given its history and experience working with the PPI, its relationships with social investors and networks that will be key supporters of the PPI, and its thought leadership in social performance management.

The PPI implementation process itself includes three stages:

1. Expression of interest
2. Piloting the PPI
3. Integrating it into operations

How long each of these stages takes depends on, among other variables, the target institution's pre-existing familiarity and expertise with data collection and analysis techniques, level of focus, and resources applied to PPI implementation and operational design. The table below summarizes the amount of time generally required to implement the PPI.

<b>Step</b>	<b>Range of time required</b>	<b>Average time required</b>
Interest	Weeks to a year	3 months
Pilot	1 month to 1 year	6 months
Integration	3 months to 1 year	9 months
Complete Implementation Process	6 months to 2 years	18 months

In summary, it generally takes 18 months for an organization to completely integrate the PPI. This is therefore reflected in Grameen Foundation's training schedule.

---

## STANDARDS PHASE

This phase marks the beginning of a post-implementation process.

GF will focus on setting data standards for MFIs and other stakeholders by which to conduct quality data analysis; this is necessary for the PPI to be of use to the microfinance industry. To accomplish this, the SPMC will use the growing body of PPI data to understand performance trends for the microfinance industry. The 300 PPI users will generate enough PPI data to provide a clear picture of what types of clients MFIs generally serve and whether these clients are moving out of poverty. MFIs will use these data to benchmark their performance vis-à-vis other MFIs *and* to improve their product and service offerings to achieve their social goals more effectively. GF has contracted various experts in statistics to develop standards of data collection and analysis. This expertise is critical for MFIs to generate accurate data and perform excellent analysis.

MFIs will report PPI results to a central body that will *warehouse* data and analyze performance at the individual MFI, country, and regional levels. GF will use the next year to determine which organization is the most appropriate to do that work. The central body will enable MFIs to understand how their performance compares to local poverty conditions and macroeconomic factors. Ideally, the central body would be the MIX Market, if it makes PPI data analysis and tracking its highest priority.

Good data standards will enable MFIs to report to social investors and donors; these donors and investors will be able to focus their financial resources in ways that align better with their social goals.

---

## TARGET MARKET, CUSTOMERS AND BENEFICIARIES

The target customers are MFIs and networks or affiliates who incorporate or partner with MFIs. As stated, the business plan seeks to reach 300 MFIs with an average number of 68,000 clients. In total, the executed plan would reach slightly more than 20 million, or more than one-quarter of the microfinance market.

This outreach is going to shift the microfinance paradigm; it will mean that a critical mass of MFIs is able to reach poorer clients, use practices to attract increased investment from the capital markets, and ultimately move more clients out of poverty through more appropriate products and services for clients.

In addition to the clients themselves as beneficiaries, investors too will benefit from accurate information about MFI clients and MFI operations. In the end, the microfinance industry as a whole will benefit from the proven application of a double bottom-line to guide its future growth and direction.

---

## TARGET AFFILIATES AND DISTRIBUTION PARTNERS

GF will work directly with MFIs and indirectly through networks and associations of MFIs to reach the maximum number of early-stage PPI users.

In a direct implementation, GF's SPMC sends its expert staff to support the implementation of the PPI at an individual MFI on a one-to-one basis. These implementations are useful because

GF experiences first-hand the challenges that an MFI encounters in PPI use, helps resolve the challenges, and documents lessons learned and best practices for the benefit of other MFIs.

GF expects that 8 percent of its 300 implementations will be direct. These 24 close engagements with the PPI implementation process will take place across all regions of GF coverage and with all classes of MFIs. Importantly, these direct implementations will provide the necessary experience to support the universe of PPI users.

In an indirect implementation, GF sends its expert staff to train a network so that it is able to train its MFI members. This is typically followed by ongoing advisory support over a period of a year and intermittent support in the following years, as PPIs are updated and data interpretation assistance is needed by these secondary users of PPI data. Working through networks and associations is advantageous because GF has a one-to-many relationship with the MFIs: by training one set of trainers at a network, GF can reach many of that network's partners indirectly. Throughout the implementation phase, GF expects to maintain a steady stream of direct implementations (in order to continue documenting best practices) and a growing number of indirect relationships as more and more networks use the PPI. GF has existing relationships with seven international NGOs, and there is the possibility to expand this group to 15, including a few government-associated networks (such as Cordaid).

GF expects 92 percent (or 276) of its deployments to be indirect implementations. This group is broken into two sub-categories: organizations that receive direct technical assistance on PPI use from GF and those that use the tool independently (also referred to as third-party users). Currently, the latter makes up 49 percent of indirect implementations, while the former constitutes 51 percent. Using this track record as a gauge for future support capacity, we expect that 140 (or 51 percent) of the 276 indirect implementations will receive support from GF.

---

## COMPETITIVE ADVANTAGE AND BARRIERS TO ENTRY

GF is best positioned to drive the implementation phase to get the PPI developed and distributed. It is the only organization that provides this broad a range of services around the PPI. GF trains MFIs. It trains trainers. It writes manuals. It documents the experiences and challenges of using the PPI. It sets up fora like the Peer Learning Network (PLN)<sup>6</sup> for MFIs to share experiences and problem-solve independently. GF has a web presence with PPIs, manuals, case studies, and blogs and chatrooms. All of these different initiatives give GF the most comprehensive, leveraged approach to ensure PPI adoption. At this stage of the PPI's lifecycle, GF's role is a critical one.

Grameen Foundation's experience positions it well to lead this effort. Grameen Foundation's brand gives it enormous credibility as being truly focused on finding solutions for the poor and the poorest. Other organizations would find it difficult to muster the same authority.

Finally, GF can claim "first-mover" advantage for introducing the PPI to the industry. While other assessment tools existed, the PPI's characteristics are unique, as acknowledged by its early

---

<sup>6</sup> The PLN is a quarterly global forum for PPI users to discuss strategic and tactical issues that they face in PPI implementation. GF hosts the forum.

adopters who have since implemented the tool and incorporated it into their institutions' operations.

## KEY SUCCESS FACTORS

Microfinance at its core is a social business. The industry is ready to re-double its efforts on achieving its poverty alleviation goals; Grameen Foundation's success in scaling the PPI already has shown that there is significant demand for this kind of work. What is going to push this effort across the finish line is the proper alignment of 1) donor funding; 2) technical support to help MFIs overcome operational challenges; and 3) social investor incentives that will require MFIs to manage their social performance in order to access investment at preferential rates.

## TIMETABLE, MILESTONES AND MEASURABLE THREE YEAR PERFORMANCE GOALS

The development, implementation and standards phases will guide the PPI deployment initiative for the next three years. While there is some overlap, the standards phase relies on the success of the implementation phase, which in turn is built on the success of the development phase.

With the construction of 27 PPIs, GF has created the right environment for the implementation phase to take off. GF will continue to develop additional PPIs and update 'old' PPIs until a total of 36 PPIs are available. These 36 PPIs will cover countries that are home to 90 percent of the world's poorest people.

With the current excess of 70 PPI users worldwide, the implementation phase is off to a strong start. The Implementation phase will continue for another two years until reaching the critical mass of 300 PPI users.

This body of 300 PPI users will provide the social data and experience required for industry benchmarking and standard setting. The standards phase will begin with data collection in year one. This will enable the analysis required for standard setting and benchmarking in the following two years.

Phase	Targets		
	Year 1	Year 2	Year 3
Development	6 additional PPIs built (for a total of 36 PPIs) 4 PPIs updated	8 PPIs updated	8 PPIs updated
Implementation	150 PPI users	300 PPI users	350 to 400 PPI users
Standards	PPI data warehousing begins	Standards and benchmarking set	Standard setting and benchmarking continue

## 12-MONTH OPERATING PLAN

In the next 12 months, Grameen Foundation intends to continue to scale the PPI to become the industry standard in poverty measurement and the premier social performance management tool for poverty-focused MFIs. This will require the continued drive toward PPI implementations by MFIs and networks, bringing the total number of PPI users to 150 (from 75). Assuming an average outreach of 68,000 clients per MFI, GF's efforts will positively affect *additional* institutions, reaching 5,236,000 clients during the period.

GF also needs to ensure that the PPI is a product that organizations can easily download and use. In order for this to happen, there must be a steady supply of new PPIs. GF will update PPIs that are built using datasets older than five years with more recent data where available. GF expects to build or update 10 PPIs in the coming year to satisfy market demand. It will focus this new PPI development on countries in Asia, Africa and LAC where poverty is most prevalent and where there is greatest demand for services. The Social Performance Management Center will also develop four training toolkits to help PPI users address issues they typically encounter when using the PPI. These issues include managing time series data, integrating PPI data with MIS solutions, use of PPI data, and PPI reporting.

GF realizes that it is not sufficient to simply track the number of PPI users. It must also monitor the quality of PPI implementations to ensure that data collection, use and reporting are accurate. As a result, GF will develop standards for validating PPI use, and then validate 45 PPI users. One of the big promises of the PPI is that it will shed light on the rate at which households move across the poverty line. To accomplish this, GF will develop standards for data collection and analysis that help MFIs understand the rate at which clients cross the poverty line.

The priorities and measures for the next 12 months are summarized in the table below.

Priorities	Target
<b>Drive PPI implementation at 75 additional organizations</b>	75 implementations at fiscal year end
	5,236,000 clients (people) both directly and indirectly reached by active projects
<b>Product development: improve usability of the PPI to ensure long-term uptake and usage by MFIs</b>	10 new PPIs built or updated
	4 training toolkits created, translated and published
<b>Maintain quality of PPI implementations</b>	45 validated users

	Develop standards for collecting and analyzing time series data.
--	--

Grameen Foundation’s 12-month plan will require spending in four major areas: salaries, consultants, travel and other. The salaries will pay for expert management and training and communications staff based in Washington, DC and in the field. Consultants are responsible for developing many of the materials that are critical to the team’s success, from actually building PPIs to translating training materials. Because so much of this work involves the hands-on delivery of training and technical support, the team incurs significant travel costs. The training takes place in Asia, Latin America and the Caribbean, the Middle East/North Africa, and Sub-Saharan Africa. Finally, the other category of spending includes critical work such as printing, overhead and rent.

**MARKETING PLAN**

Grameen Foundation’s products and services for scaling the PPI are supported by a robust marketing and communications strategy. The strategy’s goals are twofold:

- To position GF as the leader in social performance for poverty-focused microfinance based on its history of innovation in reaching the poor and its development of the PPI.
- To gain industry acceptance for the PPI as the premier social performance measurement and management tool available to poverty-focused MFIs; to make the PPI the “generic” tool of its kind for MFIs.

To meet these goals, GF has encouraged and increased widespread use of the PPI, both directly with MFIs and indirectly with MFI networks. It has:

- Built demand for social performance management tools and the PPI by engaging social investors and fostering greater understanding of the importance of social performance management.
- Developed collateral materials to showcase progress and advance work on the PPI through creation of an interactive website and marketing materials that demonstrate best practices, and continuing work on training materials.
- Advanced communications and forward-thinking research in the area of SPM through global peer-learning activities, stakeholder communications, the development of case studies, and presentations at international conferences.

GF has targeted specific audiences and created “selling points” to market the PPI most effectively:

For MFIs and MFI Networks:

- The PPI will accurately measure your clients’ poverty likelihood and movement out of poverty, providing you with the information to target clients and track the efficacy of your products and services.

- The PPI is the best tool currently available. It is practical, transparent and cost-effective. It will ease the work of staff and management.
- The PPI will provide you with the rigorous data you need to demonstrate your work to raters, donors, and social investors.
- The PPI will allow you to assess how other factors such as education, health, business entrepreneurship, and rural-urban settings relate to poverty movement.
- CGAP and The Ford Foundation have endorsed the PPI.
- Use of the PPI can be facilitated by available, hands-on training.

For Raters, Donors and Social Investors:

- The PPI is the “fact-checker” you have been looking for.
- It is based on a globally applicable reliable methodology.
- It requires limited resources.
- It is currently being used as a practical management tool by a growing number of MFIs for whom it has solved key operational problems.
- The process and the data it generates are completely transparent.
- The PPI is thriving and delivering on its mission. It is a dynamic tool that is evolving to meet its users’ needs.

## PROJECTED SOCIAL IMPACT AND INFLUENCING THE SECTOR

GF’s PPI deployment initiative will change the way that microfinance (and therefore many other international development interventions) perceive the poor and poorest. It will continue to show that people at the bottom of the poverty ladder can effectively use microfinance to improve their poverty condition. By measuring client poverty levels using the PPI and using that information to reach and serve the poor more effectively, MFIs will be better equipped to achieve their social goals.

Specific outcomes of this work will be:

- Clear data on poverty outreach of more than 300 MFIs
- More clients moving out of poverty based on an improved understanding of what products and services are most effective for moving clients out of poverty
- Increased funding from social investors to MFIs that are successful at tracking and improving their clients’ poverty movement

The scale of this project is big: the 300 MFIs serve more than 20 million clients. If they improve their poverty outreach by only 10 percent (a conservative estimate, based on the experience of MFIs already using the PPI), then an additional two million poor people will be served by microfinance. Investment in microfinance in 2007 (according to the CGAP 2008 Microfinance Funder Survey) totaled \$12.7 million. If a mere 10 percent of the funding stream were reallocated based on PPI data (not improbable, given that the 300 PPI users will be market leaders), there would be a \$127 million reallocation within microfinance, directed to institutions that are improving their poverty outreach and poverty reduction outcomes.

This amount of resources will have a huge impact on MFI and investor behavior, changing their orientation to the poor and poorest.

## EVALUATION AND KNOWLEDGE MANAGEMENT PLAN

### OPERATIONAL PLAN FOR ASSESSING AND COMMUNICATING IMPACT WHILE SCALING

In addition to its robust Marketing Plan, GF has created an evaluation and knowledge sharing initiative designed to capture lessons from the field and to share those findings with MFIs, networks, and the industry in an effort to facilitate the scaling of the PPI.

Selected MFIs and networks surveyed in the summer of 2009 reported to the SPMC communications team about the communications tactics they found most useful in understanding and implementing the PPI. Survey respondents cited two tactics in particular: 1) case studies—actual reports on the real-time experience of an MFI in piloting and implementing the PPI, preferably in the same country or region; and 2) peer learning opportunities, also preferably in the same country or region.

SPMC has produced a range of case studies, which are now being incorporated into PPI training. An increased number have been scheduled for production in year one. SPMC also pioneered the Peer Learning Network, a telephone and online discussion opportunity held quarterly. MFI managers have taken this concept to a local level by spontaneously creating “peer learning communities,” which SPMC supports.

Survey respondents also cited the [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org) website as most useful, which is now available in Spanish and French, and also offers blogs and Twitter.

## INFRASTRUCTURE REQUIREMENTS

### INVESTMENTS IN INFRASTRUCTURE REQUIRED TO SUPPORT EXPANSION

GF has already made the necessary investments in infrastructure to support this expansion. As more and more data are accumulated, there will be software (database design) and hardware (storage capacity) requirements.

### CAPACITY BUILDING NEEDS

GF has built a team of seven staff that currently supports its PPI deployment activities. This team is based in North America, Asia, and Latin America. The team will expand with additional staff in Latin America and Africa in the next 12 months. GF has offices in Asia, Africa and hopes to soon have an office in Latin America. The PPI deployment team is further supported by staff from these offices. GF has the capacity in-house for training MFIs directly and training trainers that in turn support MFIs.

## FINANCIAL PLAN

### CAPITAL REQUIRED

GF's PPI development and distribution budget for the next 12 months is \$1.475 million. Year 2's budget is estimated to be \$1.60 million and year 3's \$1.7 million. The total 3-year capital required to finance the development and distribution is \$4.812 million. Based on service to 20 million people, this will mean a per client cost of \$0.24. Of this, 21 percent (\$1,044,000) will be generated as revenue from training services. The remainder (\$3,768,000) is required in grants, of which \$1.35 million is already secured. The total grants then required is \$2.418 million, or 50 percent of the total project costs.

### FUND DEVELOPMENT STRATEGY

Grameen Foundation views its PPI deployment work as central to its mission. As such, it has made this effort a key fundraising priority. The last three years of PPI deployment costs have totaled approximately \$2.6 million. GF's development department has secured this money through a combination of donors from foundations (Michael and Susan Dell Foundation, Ford Foundation), multilateral institutions (World Bank), and high net-worth individuals. GF will continue to use these avenues to pursue its funding objectives.

### CURRENT FUNDERS AND COMMITMENTS

Grameen Foundation has secured a three-year grant from Michael and Susan Dell Foundation for \$960,000 (\$860,000 remaining to be disbursed during this business plan) and a \$200,000 commitment from our Board of Directors. In addition, GF has a \$290,000 commitment pending from another foundation, for a total of \$1.35 million in grants.

### PROJECTED FUNDING BY SOURCES OF SUPPORT

Source	Amount
<b>Foundation</b>	\$2,941,000
<b>Earned income</b>	\$1,044,000
<b>High net-worth individuals</b>	\$600,000
<b>Grameen Foundation equity*</b>	\$400,000
Total	\$4,985,000

\*Grameen Foundation will use its own unrestricted resources to make up some of the PPI deployment team's shortfall. Budget projections include a \$172,000 carry-forward into 2013.

### PRO FORMA FINANCIAL PROJECTIONS FOR 3 YEARS

	2010	2011	2012
<b>Carry forward</b>	0	181,000	227,750
<b>Income</b>			
Earned Income	315,000	347,000	382,000

<b>Grants</b>			
Foundation	841,000	1,000,000	1,100,000
High Net Worth Individuals	200,000	200,000	200,000
<b>TOTAL INCOME</b>	<u>1,356,000</u>	<u>1,547,000</u>	<u>1,682,000</u>
<b>Expenses</b>			
Salaries	727,000	799,700	879,670
Travel	142,000	145,000	148,000
Consultants	221,000	232,050	243,653
Other Expenses	385,000	423,500	465,850
<b>TOTAL EXPENSES</b>	<u>(1,475,000)</u>	<u>(1,600,250)</u>	<u>(1,737,173)</u>
<b>Net Income over expense surplus/(deficit) including carry forward</b>	<u>(119,000)</u>	<u>127,750</u>	<u>172,578</u>
<b>Grameen Foundation Equity</b>	300,000	100,000	-
<b>Net Income over expense surplus/(deficit)</b>	<u>181,000</u>	<u>227,750</u>	<u>172,578</u>

#### **Assumptions:**

Income: GF has projected revenue from its training work for 2010 of \$351,000. GF projects that this income will grow by 10 percent per year for 2011 and 2012. Grameen Foundation has a commitment of \$200,000 for 2010 from its board and we expect this trend to continue for the life of this project. Grameen expects that foundations will provide \$841,000 in funding for 2010. 2010 will also be the year when GF secures multi-year support from foundations, thus increasing the projected foundation support to \$1,000,000 in 2011 and \$1,100,000 in 2012.

Expenses: GF's budget for 2010 projects salaries, travel, consultants and other expenses is detailed in the pro forma projections. Based on the previous three years' performance and plans for growth in the next three years, GF expects salaries to increase by 10 percent for 2011 and 2012. Travel will likely not increase more than 2 percent per year, as the SPMC team's travel expenses do not increase significantly when hiring local staff (local travel offsets the more expensive international travel). Consultant work will likely only increase by 5 percent, as translations and PPI development will only slightly increase. The other expenses will increase at 10 percent as this reflects the increase in overall budget and previous years' performance.

There will be a shortfall in fundraising in 2010 of \$119,000. Given the importance of this initiative to Grameen Foundation's success, GF will shore up this deficit with a contribution of

\$300,000 of its own funding. GF will make a similar contribution of its own funding in 2011 of \$100,000 to ensure that the project has sufficient funding for any contingencies. In 2012 there will be no need for additional such funding because Grameen Foundation will have, by this time, secured sufficient funding from donors to obviate the need for its own investment.

## RISKS AND CONTINGENCIES

The Grameen Foundation believes there are at least six significant risks that could affect successful implementation of this business plan.

### PPI DATA SET ACQUISITION CHALLENGES

The first step in the development of a country PPI is the acquisition of that country's data set of national poverty lines. This usually exists in a country's national household survey, or other related documentation. Acquiring these data sets presents a range of challenges. They are:

- Availability of the data. Countries don't always conduct household surveys that reflect poverty levels, and sometimes have only incomplete information.
- Access to the appropriate in-country institution. This can be a ministry in the national government or another institution in-country. Identifying the relevant source for these data sets can be difficult.
- Making contact with the appropriate institution. A range of communications challenges includes international transmissions that are not always reliable (phone and e-mail).
- Administrative issues. Sometimes permissions or licenses are required in order to obtain the appropriate data.
- Language skills. Individuals with multiple language skills are most helpful in securing data sets from developing countries; at the very least, an individual needs to speak the language of the target country.
- Consistency of data. Data sets may come in different forms. Their interpretation into PPI-ready use is the responsibility of the PPI developer.
- Time. Finally, it is clear that securing data sets takes time. Given the range of challenges cited here, it could take months to acquire a data set from a particular country.

### SINGLE SUPPLIER/ PPI DESIGN BOTTLE NECK (MARK SCHREINER)

The microfinance industry currently relies on Mark Schreiner of Microfinance Risk Management to develop a steady supply of PPIs. This concentration of responsibility in one person has created a bottleneck in PPI production; many MFIs in countries where there is no PPI at the moment are expressing considerable frustration that the pipeline for developing PPIs is as slow as it is. A major risk is that the industry will simply move on to other tools that are more readily accessible, thus diverting attention away, once again, from its current focus on poverty measurement.

The SPMC has identified other resources with the statistical competence to develop PPIs. Although at a preliminary stage, these resources would likely work with a licensing arrangement with Schreiner, producing PPIs that Schreiner would "certify" in terms of quality control.

## DATA CAPTURE AND INTEGRATION

---

To ensure balanced decision making, PPI and other social data need to integrate seamlessly with financial data. As there is not a single MIS solution that has major market share in the microfinance industry, there is no standard MIS available for MFIs to collect, manage, and analyze PPI data. As a result, institutions either develop their own or use Excel to manage the PPI and supplementary indicators. This is a major barrier to scaling the PPI.

GF's long-term goal is to ensure the PPI user community has the information necessary to collect, store, and analyze PPI data effectively. To support this effort, GF plans to work with MIS providers in creating PPI modules within their systems (including Mifos).<sup>7</sup>

For the short- to medium-term, GF has developed the PPI Data Management Framework. The Framework is an effective toolkit that enables precise PPI data collection, management, and analysis. The PPI Data Tool, the software component of the framework, enables a customized connection between current systems that leverages standard client information.

The anticipated business impact is:

- Increased capacity to collect PPI data
- Enhanced ability to standardize PPI analysis
- Improved PPI data management

## COMPARABLE TOOL TO PPI COMES ON LINE FASTER THAN PPI

---

If a comparable tool were to come on line faster than the PPI, it would begin taking market share away from the PPI. To date, the closest tool to the PPI is the USAID PAT, which is not an effective management tool and so could not replace the PPI.

## FUNDERS LOSE INTEREST/MOVE ON TO OTHER AREAS

---

As the social performance movement grows, there is a very real risk of donor focus drifting. This has not happened yet. Since PPI work resonates with the key themes of transparency and accountability – themes that are beginning to dominate the development discourse – it will not happen in the near term of 2 to 3 years.

GF is already planning its role, post-PPI tipping point, in terms of setting standards and benchmarks for social performance. This role will ensure the long-term relevance of GF to the donor community.

This business plan has laid out a map for PPI deployment for the next two years to attain 300 worldwide users by providing a combination of resources, direct assistance, indirect support and strategic leadership. This groundbreaking work will lead to a microfinance industry that is better informed and more transparent about outreach (specifically in terms of what type of clients MFIs serve), better able to benchmark client characteristics across regions and countries, and in turn, better able to provide targeted services to the poor. These improved services will mean that

---

<sup>7</sup> Mifos is the GrameenTechnology open source management information system solution.

more of the *poorest* clients are reached, with more opportunities to move out of poverty faster and permanently.

## EXIT STRATEGY

At the completion of this business plan, a critical mass of MFIs will be using PPI data to reach and serve poor clients more effectively. These organizations will begin generating a body of experience on how to work more effectively to achieve their social goals. GF will be in a position to leverage its global reach to track promising performance and share lessons learned. Thus, GF's new role will be to provide a platform for MFIs to share emerging practices and lessons learned, and to support the strongest performers. GF is already setting the stage to do this through its work with the Peer Learning Network, documentation of practice, and liaising with social investors.

## APPENDIX A: SAMPLE PPI

Progress out of Poverty Index™ for Ghana			
Indicator	Value	Points	Score
1. How many members does the household have?	A. Seven or more	0	
	B. Six	6	
	C. Five	8	
	D. Four	11	
	E. Three	15	
	F. Two	23	
	G. One	31	
2. Are all children ages 5 to 12 in school?	A. No	0	
	B. Yes, or no children ages 5 to 12	4	
3. What is the highest grade completed by the female head/spouse?	A. No female head/spouse	0	
	B. None or pre-school	4	
	C. Primary or middle	7	
	D. Any JSS, SSS, S, L, U, or higher	10	
4. Is the main job of the male head/spouse in agriculture?	A. Male head/spouse has no job	0	
	B. Yes, main job is in agriculture	8	
	C. No, main job is not in agriculture	10	
	D. No male head/spouse	10	
5. What is the main construction material used for the roof?	A. Palm leaves/raffia/thatch, wood, mud bricks/earth,	0	
	B. Corrugated iron sheets, cement/concrete, asbestos/slate, or roofing tiles	3	
6. What is the main source of lighting for the dwelling?	A. Not electricity (mains)	0	
	B. Electricity (mains)	5	
7. What is the main source of drinking water for the household?	A. Borehole, well (with pump or not, protected or not), or other	0	
	B. River/stream, rain water/spring, or dugout/pond/lake/dam	5	
	C. Indoor plumbing, inside standpipe, sachet/bottled water, standpipe/tap (public or private outside), pipe in neighbors, water truck/tanker, or water vendor	7	
8. Does any household member own a working stove (kerosene, electric, or gas)?	A. No	0	
	B. Yes	10	
9. Does any household member own a working iron (box or electric)?	A. No	0	
	B. Yes	6	
10. Does any household member own a working radio, radio cassette, record player, or 3-in-1 radio system?	A. None	0	
	B. Only radio	2	
	C. Radio cassette but no record player nor 3-in-1 (regardless of radio)	6	
	D. Record player but no 3-in-1 (regardless of radio or cassette)	9	
	E. 3-in-1 radio system (regardless of any others)	14	
Microfinance Risk Management, L.L.C.,		<b>Total Score</b>	

## APPENDIX B: STAFF & ADVISORY COMMITTEE

### SOCIAL PERFORMANCE MANAGEMENT CENTER STAFF

#### **Nigel Biggar, Director**

Nigel has led GF's SPM efforts since their beginning in 2003. A recognized expert in microfinance and poverty alleviation, Nigel frequently speaks at industry events and advises key stakeholders in the microfinance community. He has been with Grameen Foundation since early 2000. Based in Washington, DC, Nigel previously served as Grameen Foundation's Regional Director for the Americas, where he assisted start-up MFIs in Latin America to build and expand their programs based on the Grameen methodology. He uses this background to inform the SPMC's tactical and strategic direction. He holds a master's degree in Development Studies from the Institute of Development Studies at Sussex University.

#### **Jeff Toohig, Deputy Director**

Jeff leads the global rollout of the Progress out of Poverty Index™ at Grameen Foundation. He joined the organization in January 2006 and is focused on strategy, planning, design and operationalization of the PPI™. Through Grameen Foundation's Social Performance Management Center, Jeff has trained and advised practitioners, capacity providers, networks, investors and other PPI supporters in 12 countries in English and Spanish and, through translation, French and Arabic. Jeff supervises a three-person full-time team and numerous volunteers and consultants to implement the PPI strategy.

#### **Sharlene Brown, Program Officer**

Sharlene joined Grameen Foundation in February 2008 as a Program Officer in the Social Performance Management Center. She is responsible for developing and managing the PPI deployment strategies for Sub-Saharan Africa and Middle East North Africa regions. Sharlene has spent most of her career in the socially responsible investment (SRI) marketplace, initially working as a business development manager for Domini Social Investments, and most recently as research associate for the Social Investment Forum, producing the 2007 Trends Report on Social Investing in the United States. Sharlene serves on Domini's Social Policy Review Committee and is engaged in the Social Investment Forum's 1% for Community campaign.

#### **Mary Jo Kochendorfer, Regional Trainer and Deployment Officer**

During the past two and a half years with Grameen Foundation, Mary Jo has focused on training organizations on the use of PPI and leveraging the information to better reach and serve poor clients. Most recently she coordinated Grameen Foundation's Social Performance Management efforts and projects across the Asia region. Mary Jo came to Grameen Foundation after founding the Microfinance Alliance, a microfinance awareness organization. Prior to joining Grameen, Mary Jo worked in the private sector as a consultant for a management consulting firm.

#### **Pat Kelly, Senior Communications Officer**

Pat joined Grameen Foundation's Social Performance team in September 2007 to develop and manage a communications strategy to promote social performance management to microfinance institutions and social investors, focusing on the role of the Progress out of Poverty Index. She has helped create communications campaigns including the development of a range of outreach materials including: the program's website [ProgressOutofPoverty.org](http://ProgressOutofPoverty.org), vision papers, case studies

and media plans. Pat brings extensive experience in creating and implementing communications programs for a wide range of international non-profit, cause-related organizations, including Conservation International and FINCA International, among others. She came to Grameen Foundation after co-founding and operating an Internet company. She started her international career as a Peace Corps volunteer in Colombia.

### **Preeti Wali , Communications Associate**

Preeti joined the Grameen Foundation in July 2007 to focus on the creation of and ongoing digital strategy for the program's website [ProgressOutofPoverty.org](http://ProgressOutofPoverty.org) in tandem with the use of social media. Preeti executes layout of print and digital PPI materials and aids in the implementation of media campaigns to promote use of the PPI worldwide. Prior to working at Grameen Foundation, Preeti developed communications strategies for political and corporate social responsibility campaigns, as well as working on projects with the Social Performance Task Force, CGAP and the SEEP Network. She holds a B.A. in International Affairs, Economics, and Political Science from the Maxwell School at Syracuse University. She speaks Kashmiri, Hindi, and French.

### **Cristopher G. Lomboy, Asia PPI Specialist**

Cris supports GF's social performance work in Asia and is based in Manila, Philippines. He has more than 15 years of progressive experience in social and economic development. He started his career in microfinance in 1997 working for a social enterprise in the Philippines that builds capacity of microfinance institutions (MFIs) in the Southeast Asian region. While there, he expanded its programs and services to include helping MFIs develop and implement SPM initiatives. Prior to joining Grameen Foundation, he was the Regional Technical Advisor for PlaNet Finance in its Asia Technical Hub where he worked on project in the Philippines, Nepal, India, Mongolia, and China. He holds a Masters in Development Management (with Distinction) from the Asian Institute of Management.

**Other:** GF utilizes the skills of its exceptional regional staff to support its social performance efforts. These staff help integrate Social Performance efforts into regional and country plans, as well as managing relationships with MFIs and networks. In addition, GF uses consultants to build PPIs and provide support to MFIs and networks. Finally, GF's Bankers without Borders program provides a steady stream of eminently qualified skills-based volunteers to support various aspects of the PPI deployment work.

## **SOCIAL PERFORMANCE ADVISORY COMMITTEE**

### **Peter Cowhey, Former GF Board Member**

Peter is the chair of the advisory committee. Peter is the Dean of the Graduate School of International Relations and Pacific Studies (IR/PS) at U.C. San Diego.

### **David Russell, GF Board Member**

David was the Founder, CEO and President of Dalcomp, Inc. which served New York City based banks and stock brokerage firms. David is now involved with gold mining in Chile and Oregon and energy resources.

**Ricki Helfer**

Ricki has been an independent consultant with her own firm, Financial Regulation and Reform International, since 1997. Ricki served as Chairman and Chief Executive Officer of the Federal Deposit Insurance Corporation (FDIC), the world's oldest and largest deposit insurance fund, from 1994 to 1997.

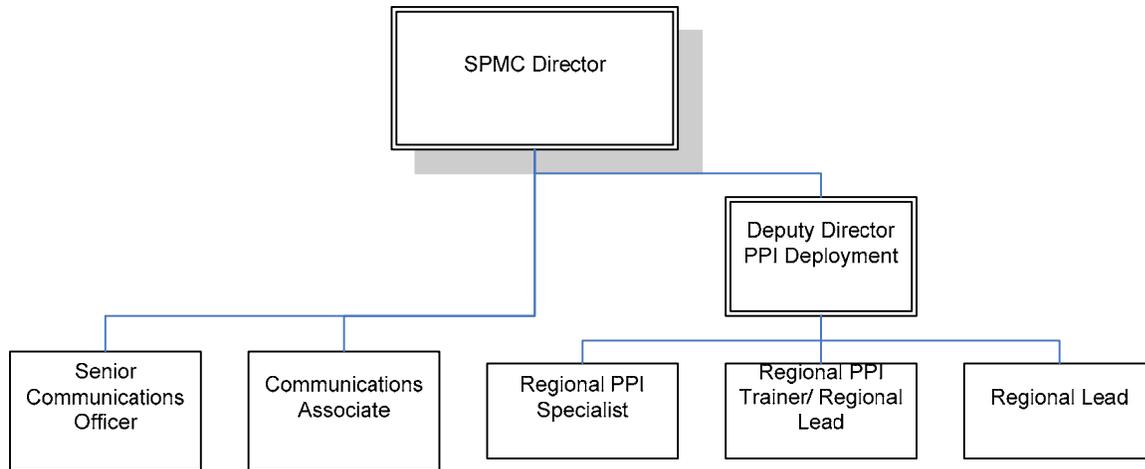
**Jonathan Morduch**

Jonathan is Professor of Public Policy and Economics at New York University's Wagner Graduate School of Public Service. His research focuses on financial access, global poverty and international development.

**Larry Reed**

Larry is the President of Microfinance Transparency. He previously served as the Chief Executive Officer of the Opportunity International Network, a global coalition of 60 microfinance organizations in more than 30 countries.

## APPENDIX C: ORG CHART



## APPENDIX D: EXECUTIVE LEADERSHIP TEAM & BOARD OF DIRECTORS

### GRAMEEN FOUNDATION EXECUTIVE LEADERSHIP TEAM

#### **Alex Counts, President & CEO**

Alex Counts founded Grameen Foundation and became its CEO in 1997, after working in microfinance and poverty reduction for 10 years. A Cornell University graduate, Alex's commitment to poverty eradication deepened as a Fulbright scholar in Bangladesh, where he witnessed innovative poverty solutions being developed by Grameen Bank. He trained under Dr. Muhammad Yunus, the founder and managing director of Grameen Bank, and co-recipient of the 2006 Nobel Peace Prize. He chairs the Fonkoze USA board and is the immediate past chair of Project Enterprise's board. He sits on the Advisory Council of the Center for Financial Inclusion and Co-Chairs the Microenterprise Coalition. Alex previously served as the legislative director of RESULTS, as a regional project manager for CARE-Bangladesh and speaks Bengali.

#### **Peter Bladin, Executive Vice President, Programs and Regions**

Peter Bladin is the Founding Director of the Grameen Technology Center (GTC). Under his helm, the GTC led the microfinance industry in driving relevant and appropriate technology innovation. GTC is a leader in ICT for development initiatives that benefit people living at the "bottom of the pyramid." Peter was a founding member of the MTN-Village Phone board, the first public-private partnership to extend telecommunications access to the rural poor. Prior to Grameen Foundation, Peter worked for more than 10 years for Microsoft managing various projects and departments during his tenure. Peter has a degree in Mathematics from the University of Uppsala, Sweden.

#### **Salvatore J. Pappalardo, Chief Operating Officer**

Sal has managed day-to-day operations of GF since 2007, and also serves as a Director of Grameen Jameel Pan Arab Microfinance Ltd. Sal previously led global programs at FSVC, a not-for-profit chaired by Paul Volcker and John Whitehead, which supports the building of sound financial systems in Central/Eastern Europe, MENA and Asia. Earlier in his career, Sal worked for the U.S. Treasury Department as a debt management and government securities advisor to Poland's Minister of Finance during complex commercial debt negotiations. Sal holds an MBA from Thunderbird School of Global Management and a BA from St. Lawrence University.

#### **Jennifer Meehan, CEO, Asia**

Jennifer Meehan joined Grameen Foundation in February 2005 as the founding Director of the Capital Markets Group, during which time she led the development and launch of the Growth Guarantees product. She subsequently led Grameen Foundation's strategic planning process before taking on her current role in January 2009. Prior to joining Grameen Foundation, she worked extensively with poverty-focused MFIs throughout Asia including CASHPOR, the Asian network of Grameen Bank Replicators, on financial management, business planning and

financing. Jennifer is currently based in Hong Kong. She graduated summa cum laude, Phi Beta Kappa with a BA in International Affairs from George Washington University.

**Alberto Solano, CEO, Americas**

Alberto Solano joined Grameen Foundation in October 2009 and provides leadership and management oversight for our portfolio and activities across the Americas. He also serves as our senior representative in the region. He has more than 10 years experience in microfinance, principally in Latin America, and most recently was the Latin America Program Director for Global Partnerships. He previously worked with the Central American Bank for Economic Integration's microfinance and technical assistance programs in Honduras, and ran his own consulting company specializing in sustainable development and microfinance.

**Julia Soyars, General Counsel and Assistant Corporate Secretary**

Julia Soyars joined Grameen Foundation in March 2005 and started the Grameen Foundation legal department. After working five years in energy and government contracting law and litigation at Pillsbury, Madison and Sutro in Washington, Julia joined the legal department at The American National Red Cross, where she spent eleven years handling domestic and international transactions. Julia is a founding member of the Microfinance Council of Counsels and is a member of the District of Columbia Bar. Julia holds a JD Magna Cum Laude from Syracuse University.

**Joshua Tripp, Chief Financial Officer**

Joshua Tripp joined Grameen in 2007 after spending seven years at Community Wealth Ventures (CWV), most recently as a Vice President. Before joining CWV, Joshua was a Project Manager for GS Telecom, a start-up satellite telecommunications company in Ghana. Prior to GS Telecom, Joshua worked in the investment banking division of Deutsche Bank, where he worked on a variety of public equity financings, private placements and merger and acquisition transactions in the technology industry. Joshua has a BA in Economics from Williams College and an MBA from the George Washington University School of Business.

**Sandra Adams, Vice President, External Affairs**

Sandra Adams brings three decades of nonprofit development, communications and event marketing experience to Grameen Foundation. Throughout her career her focus has been on improving the status of women in positions with the AAUW Educational Foundation, American Nurses Association, and National Breast Cancer Coalition and on environmental advocacy through her work with the National Parks Conservation Association and The Wilderness Society. She was named Washington's Outstanding Fund Raising Executive of the Year in 1994. Sandra has served on the boards of EarthShare and CFRE International. She holds a Bachelor's degree from Mercyhurst College, a Master's from the University of Massachusetts-Amherst and a certificate in Teaching English as a Second Language from Georgetown University.

**Camilla Nestor, Vice President of Microfinance Programs**

Camilla Nestor joined Grameen Foundation in August 2005 and previously served as Growth Guarantees Manager and Director of the Capital Management and Advisory Center. She was appointed Vice President for Microfinance in April 2009. She has 14 years of experience in microfinance and commercial banking. Before joining Grameen Foundation, she worked in Citigroup's Structured Corporate Finance Department. Prior to joining Citi, she spent five years

on the ground in Southeast Asia, the Balkans, and Africa working with microfinance institutions on start-up, new product development, and capital raising. Camilla holds an MBA and a master's degree in International Affairs from Columbia University and a bachelor's degree in Political Science and International Relations from Colorado College. She speaks Bahasa Indonesia and is conversant in French.

### **David Edelstein, Vice President of Technology Programs and the Director of the Grameen Technology Center**

As the leader of Grameen Foundation's work in technology, David guides programs which create innovative and sustainable approaches to employ technology for the benefit of the world's poor. Prior to joining Grameen Foundation, David spent three years at Microsoft designing business models to provide affordable technology products for people in emerging markets. David also worked in Brazil for four years, with the consulting firm McKinsey & Company, where he developed business strategies tailored to the needs of consumers and businesses in developing countries. He holds a Bachelors degree in Environmental Science and Economics from Colby College and a Masters degree in Economics and Public Policy from Princeton University.

### **Norman Buckham, CEO, Sub-Saharan Africa**

Norman Buckham brings more than 25 years of experience to Grameen Foundation as its first regional CEO for Africa. He has worked extensively in commercial banking in southern Africa and has also managed, and directed development finance and poverty relief institutions in Mozambique, Swaziland and Zimbabwe. In addition, he has served as a consultant with microfinance institutions in a number of African and Southeast Asian countries. Buckham, who will be based in Johannesburg, was most recently CEO of South Africa-based Them bani International Guarantee Fund.

## **GRAMEEN FOUNDATION BOARD OF DIRECTORS**

### **Paul Maritz, Chair**

For the past several years, Paul has shared his management and technology expertise as a volunteer member of the Grameen Technology Center's Advisory Council. His career includes 14 years at Microsoft Corporation where he was a member of the executive management team and was responsible for the company's software business, including the development and marketing of Microsoft Windows and Microsoft Office. Prior to that, he spent five years at Intel Corporation. Born and raised in Zimbabwe, Paul attended the Universities of Cape Town and Natal in South Africa. He enjoys spending time in Africa where he sponsors projects in education and rural development in the country of Zambia.

### **Robert Eichfeld, Vice-Chair**

During a 33 year career with Citigroup, Bob managed many of Citibank's business, country and regional activities while posted in Puerto Rico and elsewhere in the Caribbean, followed by Indonesia, Pakistan, Brazil, Saudi Arabia, New Zealand, India and again in Saudi Arabia. He recently joined the Board of the leading investment bank in the Middle East, Cairo-based EFG-Hermes, where he chairs the Bank's Audit Committee. EFG specializes in brokerage and research, private equity and corporate finance across the Arab world. He graduated from Wake Forest University in 1966 with an undergraduate degree in Economics, from Thunderbird in

1967 with a graduate degree in International Business Management, and from Harvard's Executive Program for Management Development in 1985.

### **Rosanna Ramos-Velita, Treasurer**

Rosanna Ramos-Velita has over twenty years of experience in international finance and technology development. She has held leadership positions in global consumer banking, Latin America investment banking and microelectronics design and business development. As a Senior Executive at Citigroup, she was CFO of Global Marketing and Director of Strategic Initiatives for the Global Consumer Group, Citigroup's largest business worldwide. Rosanna holds an MBA from the Wharton School, an MA in International Business from The Joseph H. Lauder Institute of the University of Pennsylvania, an MS in Electrical Engineering from Lehigh University and a BS in Electrical Engineering from the University of North Dakota.

### **Robert Ottenhoff, Secretary**

Robert G. Ottenhoff is the President of GuideStar, which operates the largest database of financial information on nonprofit organizations and foundations. From 2000-2002, he started high tech companies for Linsang Partners and operated his own international management consulting practice. He has more than 25 years of experience in broadcast management and strategic leadership. From 1991 to 1999, he was Chief Operating Officer of the Public Broadcasting Service (PBS). While at PBS, Mr. Ottenhoff was Chairman of the Board of PBS Enterprises and President of NABA, an organization representing broadcasters and other telecommunication companies in the US, Canada and Mexico.

### **Nurjahan Begum**

Nurjahan Begum was one of the earliest associates of Professor Muhammad Yunus when he founded Grameen Bank. A student at Chittagong University, Ms. Nurjahan organized poor rural women for Grameen Bank's grassroots groups during the bank's earliest and most challenging days. She worked as the General Manager, Training & International Program of Grameen Bank for more than a decade and also served as the Principal of Grameen Bank's Central Training Institute. Ms. Nurjahan is also a consultant, trainer and evaluator of microcredit programs around the world. Ms. Nurjahan is currently the managing director of Grameen Shikha, a non-profit education organization, providing scholarship support to poor students in Bangladesh. Ms. Nurjahan was awarded Grameen Foundation's 2008 Susan M. Davis Lifetime Achievement Award and the 2009 World Summit Millennium Development Goals Award.

### **Lucy Billingsley**

Lucy Billingsley is known within Grameen Foundation circles for her enthusiasm for microfinance as a business solution to poverty, and her energetic involvement in Chiapas, Mexico. Her Grameen Foundation connection is one that we hope to replicate. In just four years, she used her enormous business skills and relationships to raise more than four million dollars for the Latin America initiative, specifically to finance loans for her Chiapas and Latin American sisters. She has set in place a staff and a working group of Dallas women who are poised to launch nationwide her "businesswomen defeating poverty with business solutions" concept. Lucy serves on Grameen Foundation's Board and Development Committee. Lucy has more than 25 years of experience in real estate with expertise in development and property

management.

### **Susan Davis**

Ms. Davis is a founding Board member of the Grameen Foundation and Chair Emeritus. She is currently the President & CEO of BRAC USA, a new venture she helped to create to support BRAC's global expansion to Africa and other parts of Asia. She also leads Ashoka's Global Academy for Social Entrepreneurship and serves on the international board committee that selects Ashoka Fellows. Previously, she led the global advocacy group, Women's Environment & Development Organization. She has extensive microcredit experience from her years with the Ford Foundation in Bangladesh and from her work with Women's World Banking. In addition to Grameen Foundation, she serves on numerous boards including Project Enterprise, Sirleaf Market Women's Fund and African Women's Development Fund USA. She was educated at Georgetown, Harvard and Oxford universities.

### **Jennifer Drogula**

Jennifer is a corporate attorney with experience handling cross-border transactions in more than twenty-five countries. She worked in private practice for almost twenty years, most recently as a partner in the Corporate Department of Wilmer, Cutler, Pickering, Hale and Dorr LLP. She has advised clients in transnational business transactions including mergers and acquisitions, joint ventures, venture capital and private equity investments and debt financings and has advised fund managers and investors in connection with investment fund formation and operation. She received her B.A. from the University of Texas at Austin and her J.D. and LL.M. from Duke University School of Law. She is admitted to the District of Columbia and New York bars. Jennifer is conversant in Spanish, French and Russian.

### **Vikram Gandhi**

Vikram Gandhi is Head of the Global Financial Institutions Group (FIG) at Credit Suisse. In addition to significant client responsibilities, Mr. Gandhi is responsible for the coordination and integration of CSFB's financial institutions capabilities across a wide range of advisory and financing products, including derivatives and structure products. Before joining CSFB, Mr. Gandhi spent 16 years at Morgan Stanley where he held various positions including the Co-Head of the Financial Institutions Practice; Head of Institutional Strategy and Business Development; Chief Operating Officer for the Firm's E-Commerce Steering Committee; and President, Morgan Stanley India. Mr. Gandhi received his B. Com from the University of Bombay and an MBA from the Harvard Business School, where he was designated a Baker Scholar.

### **James L. Greenberg**

Jim Greenberg brings to Grameen Foundation a passion for microfinance, defeating poverty on a massive scale and a focus on India. He currently serves on Grameen Foundation's India Advisory Council and is slated to be Grameen Foundation's nominee for Director of Grameen Capital India. Jim has a rich executive and management background in international business. In 1995 he became the founding partner of DevCorp International E.C., a company-based venture development and investment company with active projects spanning shrimp farming, petrochemicals, light manufacturing, and telecomm/IT. Jim is currently Chairman and CEO of the company.

**Richard S. Gunther**

Mr. Gunther divides his time between a successful business career focusing primarily on venture capital and security investments and a variety of active public service involvements. He serves as a member of the State of California Commission on Aging, and continues his involvement with Americans for Peace, as a member of the Board and Executive Committee.

**Susan McCaw**

Susan McCaw is President of COM Investments, a private investment firm. From 2005–2007, Mrs. McCaw served as the US Ambassador to the Republic of Austria. Formerly, Mrs. McCaw was a Principal at Robertson Stephens & Company, a San Francisco-based investment bank. Mrs. McCaw also worked as an Associate in Robertson Stephens Venture Capital Group. Prior to this, Mrs. McCaw served as a Business Analyst for McKinsey & Company in New York and Hong Kong. Mrs. McCaw earned a BA in Economics from Stanford University, where she was senior class president and graduated with highest honors and distinction, and an MBA from Harvard Business School.

**Yvette Neier**

Ms. Neier has a marketing management practice serving both nonprofit and commercial clients. Ms. Neier was a marketing director at the Monsanto Company from 1965 to 1991. She was a founder of Maya Hands, Inc., a nonprofit women's development program in Guatemala.

**Chris Pascucci**

Mr. Pascucci is the President of the private investment firm, Duck Pond Corp. He is also Vice President of WLNY-TV, a New York based television station. Previously, he served as CEO of Oxford Resources Corp. and President of Centrex Capital Corp., which were national consumer finance companies. Mr. Pascucci is a graduate of Harvard University and Columbia University.

**David Russell**

David H. Russell was the Founder, CEO and President of Dalcomp, Inc. which served New York City based banks and stock brokerage firms. Dalcomp provided computer software and telecommunications services for automating syndications of new securities issued. The company was sold to Thompson Financial Service in January 1995. David is now involved with gold mining in Chile and Oregon and energy resources. He is also developing new technologies to recover gas, oil and coal within the US. David is a member of the Grameen Foundation Program Committee. David was educated at Emory University and New York University Business School. He has served on several corporate and non-profit boards.

**D. Wayne Silby**

D. Wayne Silby is Founding Chairman of the Calvert Funds, a \$10 billion investment management group noted for their leadership in the area of socially responsible investment. He also serves as President of Calvert Social Investment Fund and supervises its private equity activities. In addition, he is also the Co-Chair of Calvert Foundation, a \$100 million investment intermediary that directs capital into communities. Wayne was also the co-founder of the Social Venture Network as well as the Emerging Europe Fund for Sustainable Investment, a \$60 million OPIC private equity fund focused on Central Europe. He chairs the China Committee of Grameen Foundation and serves on the Grameen Foundation Technology Council, which

addresses issues of the digital divide. Wayne received his BSE from the Wharton School of Finance and his JD from Georgetown University.

**Dr. Muhammad Yunus, Director, Emeritus**

Recipient of the 2006 Nobel Peace Prize, Professor Muhammad Yunus is internationally recognized for his work in poverty alleviation and the empowerment of poor women. Professor Yunus has successfully melded capitalism with social responsibility to create the Grameen Bank, a microcredit institution committed to providing small amounts of working capital to the poor for self-employment. From its origins as an action-research project in 1976, Grameen Bank has grown to provide collateral-free loans to 7.5 million clients in more than 82,072 villages in Bangladesh and 97% of whom are women. Over the last two decades, Grameen Bank has loaned out over 6.5 billion dollars to the poorest of the poor, while maintaining a repayment rate consistently above 98%. The innovative approach to poverty alleviation pioneered by Professor Yunus in a small village in Bangladesh has inspired a global microcredit movement reaching out to millions of poor women from rural South Africa to inner city Chicago. His autobiography, "Banker to the Poor: Microlending and the Battle Against World Poverty," has been translated in French, Italian, Spanish, English, Japanese, Portuguese, Dutch, Gujarati, Chinese, German, Turkish and Arabic.

**Si White**

Si was CFO for the Grameen Foundation before joining the board in April 2009. He brings more than 25 years of management and financial experience to the organization. He has spent his career in a variety of global financial leadership roles with Ernst & Young, PepsiCo, Nestle and Cisco Systems. In addition to his passion for microfinance he has worked for many years using his Spanish language and finance skills to help low income families with their taxes and financial planning. He also works with environmental issues as a board member of Save the Bay in San Francisco. Si, a CPA, and a native Californian graduated from California State University, Northridge. He and his wife, Cathy Pendo, have three children.

**APPENDIX E: PPI USERS, SOCIAL PERFORMANCE PLAYERS, COMPARABLE TOOLS**

<b>Region</b>	<b># of PPIs Available</b>	<b># of PPI Users</b>
Americas	5 (Bolivia, Ecuador, Haiti, Mexico & Peru)	16
Asia	8 (Bangladesh, Cambodia, India, Indonesia, Nepal, Pakistan, Philippines & Vietnam)	43
Europe	1 (Romania)	0
Middle East/North Africa	3 (Morocco, Palestine & Yemen)	2
Sub-Saharan Africa	8 (Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Senegal & South Africa)	3

<b>Key Player</b>	<b>Interest in social performance</b>
Networks	Regional and national networks that are closely involved in the deployment of PPI include: Sanabel (Arab World), MCPI (Philippines), ACCESS (India), Finrural (Bolivia), Forolac (Latin America). Some of these networks train their members directly in PPI use (Finrural) while others provide speaking platforms at their conferences that GF uses to promote the PPI (Sanabel and ACCESS, for example).
Donors and Social Investors	Donors and social investors are looking for improved social outcomes and an enhanced ability to report both social and financial bottom line results to their stakeholders. A core group of donors has played a key role in getting social performance management to where it is today. The social investors, by using social data to inform investment decisions, are already emerging as a major force in driving uptake of social performance tools.
Social Raters	Four specialized microfinance-specific rating agencies have emerged to serve the microfinance industry. They are EDA Rural, Microfinanza, planet Rating and Microrate. Each of these agencies has indicated that they are including PPI data in social ratings where available. Additionally, some of those rating agencies (including M-CRIL and Microfinanza) are also conducting PPI sample surveys where MFI has not already collected the data. GF encourages MFIs to undertake social ratings. The ratings provide an excellent opportunity for MFIs to understand what their strengths and weaknesses in social performance are. This understanding, in turn, often provides encouragement

	for MFIs to use the PPI. Planet Rating is a member of GF’s PPI initiative in Africa (PPI Users Collaborative in Africa- PUCA) and will support MFIs in analyzing PPI data and using it to improve their social outcomes. Planet Rating, with its analytical strengths, is well-equipped to do this work. GF intends to work in a similar fashion with the other rating agencies.
Non Microfinance	The Social Fund for Development in Yemen, a local partner of CGAP in its Graduation out of Poverty Project, will be using the PPI to screen potential project enrollment as well as to track poverty levels over time. To date, other non-microfinance practitioners or institutions for which microfinance is a very small part of their overall operations have expressed interest in the PPI. We expect this category of user to expand in the coming years.
Industry level efforts	Industry level work is carried out through thought leadership in social performance management and poverty measurement. Participation in key efforts includes those carried out by the Social Performance Task Force (SPTF), SEEP, Imp-Act, conferences, and others. The SPTF consists of over 350 leaders from all over the world from every microfinance stakeholder group: practitioners, donors and investors (multilateral, bilateral, and private), national and regional networks, technical assistance providers, rating agencies, academics and researchers, and others. Created in March 2005, the SPTF has been charged with clearly defining social performance and addressing questions about measuring and managing social performance. GF has been a key member of the Task Force since its inception and sits on its steering committee. The Task Force members represent the key groups that will make or break PPI adoption. At present, more than 60 Task Force members support the use of the PPI, either by using it, supporting organizations that use it, or developing PPIs. It is from this group that the SPMC intends to build its base of 300 PPI users. The membership of the Task Force is available from <a href="http://www.sptf.info">www.sptf.info</a> .

The table below describes the existing comparable products and highlights their benefits and limitations.

<b>Tool Type</b>	<b>Example</b>	<b>Characteristics</b>	<b>Benefits</b>	<b>Limitations</b>
Impact Assessment	Poverty Action Lab - Dean Karlan	External assessors, academic, advanced skills, one off or infrequent repetition, month to multi-year study	Impact (causal link) determined	Expensive, long term studies; difficult to generalize.
Social Audits	M-Cril, Planet	Performed as an	Puts financial	Social ratings

<b>Tool Type</b>	<b>Example</b>	<b>Characteristics</b>	<b>Benefits</b>	<b>Limitations</b>
and Social Ratings	Rating, MicroRate	addendum to financial rating by independent ratings agency. MFI provides data to rater to assess. Infrequent repetition.	rating into context. Provides benchmark for social investors. Like financial audits, social audits require existing data Internally produced data (like that of the PPI) feeds into the Social Audit the same way internally produced financial data feeds into a financial audit	generally offer subjective conclusions for areas of improvement; these suggestions are useful for strategic re-assessment of policies and products but impractical for continual and ongoing adjustments.
Tools for Poverty Assessment	<u>Poverty Assessment Tools (PAT)</u> created for USAID by the-IRIS Center at University of Maryland.	Provide accurate, objective, relatively low cost poverty level data. Moderate skill levels. Cannot be used for program targeting or screening.	Practitioner gains practical, reliable data feedback on <i>portfolio</i> poverty distribution. Fulfills USAID reporting needs.	Current design of PATs limit results to a single data point for the whole institution. More detailed analysis is critical for effective SPM; for example, narrowing results down to individual branches or products. This is not possible with the PAT.
Tools for Poverty Assessment	PPI	Provide accurate, objective, relatively low cost poverty level data. Can be used for program targeting or	Practitioner gains practical, reliable data feedback on <i>client</i> poverty levels. Fulfills external reporting needs. Transparent data	An updated PPI must exist for the country in question. Fully incorporating the PPI into an organization's operations

<b>Tool Type</b>	<b>Example</b>	<b>Characteristics</b>	<b>Benefits</b>	<b>Limitations</b>
		screening. Provides data necessary for management of products and services. Regular and constant client assessment. Moderate skill levels. Generally performed by existing staff.	platform allows for real time analysis by field staff and managers.	requires significant organizational shifts and from the Board of Directors to field staff.
Means Test	MFI's develop their own means test: ASA India is a good example	The means test is a list of list of household assets that are assigned points and summed to a total score. Eligibility for services requires that total score be below a certain threshold.	Quick to administer.	Means tests are built more through art than science. There is no objective link with poverty lines, no evidence that weighting reflects predictive value of indicators nor is there evidence that the means test even predicts poverty.