

***How do microfinance organisations become more client-led?  
Lessons from Latin America***

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**Abstract**

The microfinance agenda is increasingly market-driven and therefore, client-focused. The renewed interest in clients is driven by the industry's focus on competition and dropouts. This increasing awareness that the customer matters has led microfinance organisations to be more attentive to who their clients are, learning how they use financial services and identifying appropriate products and services that better match the customer's preferences. However, market led microfinance is not limited to products. For institutions to better serve their clients, organisational restructuring may be required to ensure that their systems and modes of microfinance delivery are more client responsive. Visits to CAME in Mexico, ODEF and the COVELO network (a national MFO membership organisation) in Honduras provide the context for a closer examination of the kinds of evolutionary processes that drive institutions to become more client-led, and thereby more effective financial service providers.

**Introduction**

The maturation of the microfinance industry can be seen in the increasing competition between microfinance organisations (MFOs) and in their greater discernment among clients. Clients with alternative options leave microfinance programmes when they find that products and services do not work for them. In this kind of environment, MFOs find it important to understand and respond to client preferences.

Increased competition within geographical markets has led MFOs to create innovative products and services and to believe that listening to clients and understanding their financial services preferences will ensure delivery of products and services that clients will value. Another factor leading to MFOs becoming more market-driven is a concern about high levels of client exit which damages their financial sustainability. This in turn has prompted MFOs to recognize the importance of evaluating client satisfaction with available products and services and to make changes as suggested by the findings. The goal is to raise both client retention and attraction rates and thereby improve levels of financial sustainability.

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This paper is concerned with documenting the processes that take place within organisations when they become more client-responsive. In particular, it uses the framework of the feedback loop approach (McCord 2002) to describe and inform this process and draws on case studies from CAME (Mexico) and ODEF/COVELO (Honduras).

## Organisations

**CAME** (Centro de Apoyo al Microempresario)<sup>2</sup> (Centre for the Support of Microentrepreneurs) is a major NGO providing microcredit services in Mexico. Established in 1990, it serves low-income clients in four municipalities in the State of Mexico, principally in Chalco. To date it has 33,000 active borrowers, and about 80 % are women. The lending methodology is primarily village banking. CAME tried to eliminate the internal account but faced opposition from clients who like its greater flexibility and larger loans sizes. CAME recently introduced individual loans to 'graduating' clients. To date, individual loans account for less than 0.5 % of CAME's total loans to their 35,000 clients. CAME has implemented the following AIMS tools: impact survey and client satisfaction (focus groups).

**ODEF** (Organización de Desarrollo Empresarial Femenino) (Organisation for the Development of Women's Businesses) was founded in 1985. A leading MFO in Honduras, it has just under 10,000 clients. Its client group includes urban microentrepreneurs and smallholder farmers. It offers a range of products, including short-term working capital delivered through communal banks, agricultural loans for farmer's groups and individual loans. ODEF is an affiliate of the Katalysis network. ODEF was the original pilot test site for the AIMS tools in 1997. To date, ODEF has applied all 5 AIMS tools: the impact survey, client exit study, in-depth interviews (savings), semi-structured interviews (empowerment) and client satisfaction focus groups.

**COVELO**, (founded by José Miguel Covelo) is both a retail lender in Honduras and a network of MFOs. For this review, we were concerned only with the network and more specifically with those members of the network who participated in the COVELO sponsored client assessment training. They include: Banco Centroamericano de Integración Económica (BCIE), CARANA Corporation, FAMA, PILARH, FINSOL, Hermandad de Honduras, Project HOPE, INHDEI, ODEF, WRH and Fundación COVELO.

## Objective

The objective of this paper is to apply the feedback loop framework (See figure 1) to the microfinance organisations cited above to understand how information about clients is collected and used by MFOs to improve their quality of operations. The key questions addressed by the framework are indicated in Table 1.

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<sup>2</sup> For more details see 'CAME: Una experiencia de finanzas populares en el oriente del area metropolitana de la ciudad de México' (2002) and 'Evaluación de impacto del microcrédito: La experiencia de CAME' (2003).

**Table 1: Key Questions**

1. What is the goal of the project?
2. Who is the audience?
3. Why do they need this information?
4. Who will collect the information?
5. How will the information be reported?
6. What decisions are made using this information?
7. How will the information be used in implementation?

## **Approach**

### **1. Gathering information using stakeholder workshops**

To learn how client information is collected and used by MFOs and integrated into the operations of their organizations, a two-person team visited CAME in Mexico and ODEF and COVELO in Honduras. The team conducted site visits, workshops with key stakeholders, and group meetings with senior and front-line staff. Reports and working documents were reviewed.

Each MFO and the Network followed a similar approach. The team met with managers, frontline staff and clients to review the different components of the feedback loop (See figure 1). This inclusion of different players meant that different voices could be heard separately and together, maximizing the opportunity for internal learning. The information gathering process on the feedback loop was implemented through a series of stakeholder workshops in which the participants were invited to fill out a series of matrices together (See Annex 1 for checklist of questions asked). The information within the tables was as important as the focus group discussions that generated this information. Tensions were exposed among the different members and in this way, a space was created within each organisation to debate steps that might be taken to improve operations. These well-facilitated focus groups proved to be a very effective mechanism for gathering a large volume of information quickly. The groups of loan officers particularly welcomed the opportunity to have their voices heard, something that is frequently lacking in the many top-down institutions that dominate the microfinance industry. At the end of each visit, group meetings were held with senior staff. The team shared observations, discussed alternative solutions to problems, and staff made recommendations and commitments to move forward.

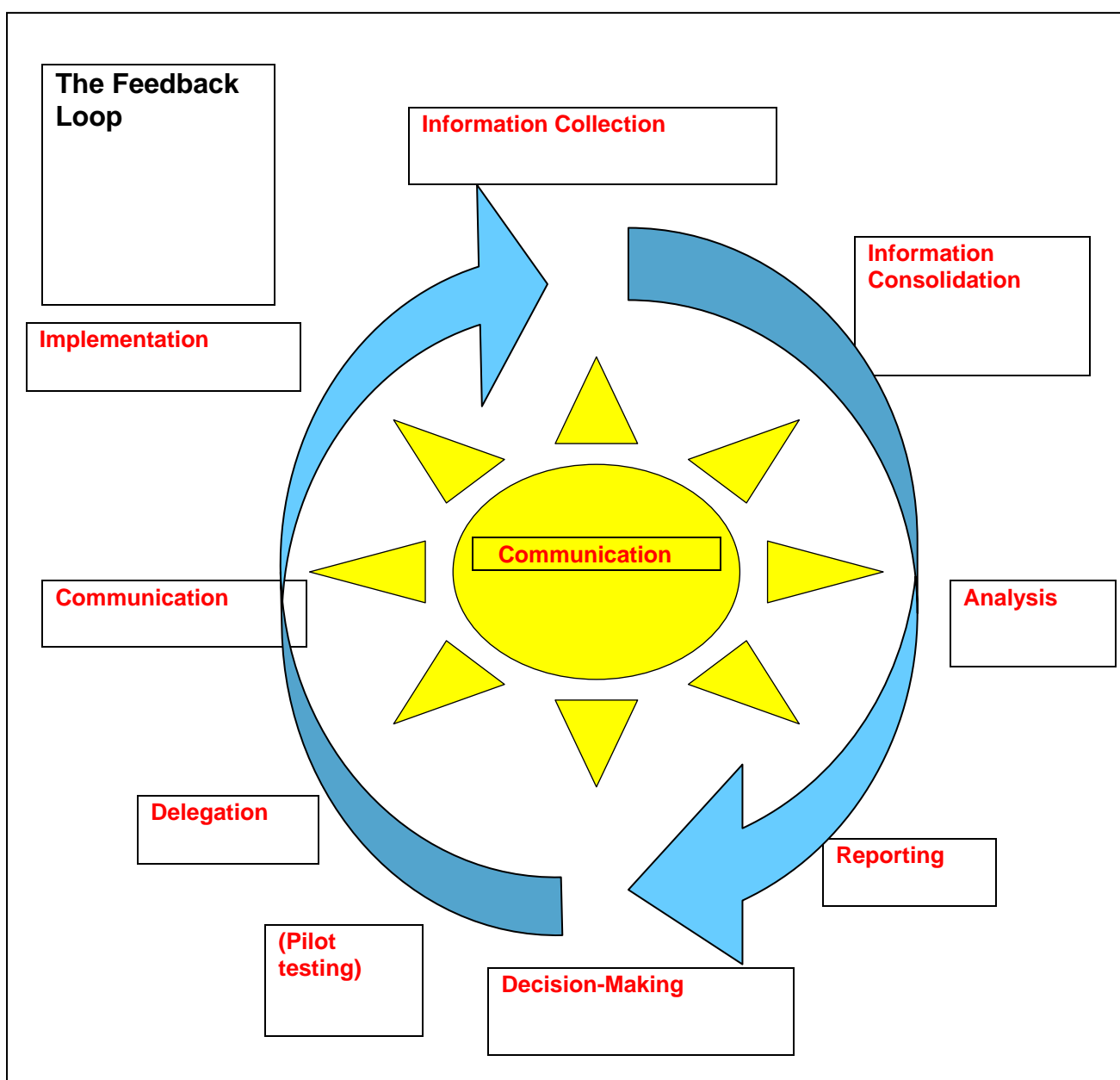
### **2. Problem solving using the Feedback Loop framework**

Increasingly, MFOs are generating significant amounts of client data without focusing on how it will be used. Often, this data is neither systematically applied to modify products and services so that they better match their clients'

needs nor used to increase the effectiveness of an organisation's operating systems. Under such circumstances, much of the information goes into a 'black hole'.

The feedback loop represents a way for MFOs to maximise the use of client data (see figure 1). The steps in the loop start with the collection of information, moving through the data consolidation and analysis phase. It next considers how data are used to make, communicate and implement decisions. It is a continuous and repeated analytical process that can be applied to different contexts. By following the different phases within the loop, an MFO is more likely to consider all the issues involved in decision-making and implementation, and make more effective use of the data collected from clients (McCord 2002).

**Figure 1: The Feedback Loop**



The nine inter-related phases of the feedback loop are summarised below:<sup>3</sup>

#### Information collection

This encompasses formal quantitative or qualitative approaches to data collection. Alternatively, informal mechanisms such as reports from discussions between managers, their staff and clients may be used. This first stage of the feedback loop can generate important client data as well as operational information, such as information about the value of training staff to listen to clients or, similarly, the value of training managers to listen more carefully to their staff. Credible information can be consolidated and analysed more easily.

#### Information consolidation and analysis

This involves converting raw data into a more useable form for analysis. While responsibility for the analysis of the formal data is usually assigned to someone in the institution, the work itself may be undertaken by outside contractors. The choice will depend on the skill level of the staff and the budget. Informally collected data is often reviewed at staff meetings. When appropriate, client data analysis should be supplemented by an assessment of the financial implications of responding to client and institutional needs.

#### Reporting

Once the information is consolidated, focused reports are prepared for decision makers. These reports of the findings will vary in length and style depending on the user. Short reports may be best to enable senior managers to review key findings 'at a glance'. To facilitate the decision-making process, the next step in the loop, the summary, should be short, preferably one and no more than two pages.

#### Decision-making

Attention here focuses on who makes the decisions as well as how lower-level staff are informed of the decisions made. All too often, decisions are made by management with little or no consultation with lower-level staff. While decentralising decision-making warrants consideration, this calls into issue the capabilities of staff to make decisions. Since the outcome of the decisions may be actions that will affect MFO operations, the information base must be sufficient to inform an implementation plan. Beyond the content, the delegation of responsibility for the actions to be implemented to a focal point within the MFO is another important component of this process.

#### Piloting

The process of pilot-testing the recommended actions should be considered at this stage of the cycle. For some innovations, this is a required step. For others, it may be bypassed and the actions taken may be implemented directly across the institution. The latter applies particularly to minor refinements that do not require the organisation to make major policy changes.

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<sup>3</sup> See McCord 2002.

### Delegation

As noted, once a decision is taken, an individual within the organisation is charged with implementing it. Effectiveness will, to a large extent, be a function of the clarity of guidance with which s/he is provided. Integral to this delegation of responsibility is a mechanism to hold the designated focal point responsible for results.

### Communication

Effective communication refers to the preparation that must accompany the implementation of an innovation. This includes conveying the decisions to staff, the board, management and clients as well as the training, marketing and development of the implementation plan to ensure success.

### Implementation

Actions are taken at the implementation stage. Getting feedback on the implementation process is crucial. This can be achieved through suggestion boxes or focus group meetings. Management also needs to assess the costs and benefits of the change implemented. At this point the loop comes full cycle.

Guiding managers and operational staff through the different phases in the loop highlighted strengths and weaknesses within their organisations. By identifying log-jams or weak links in the loop, managers were stimulated to find ways to remove emerging impediments to more efficient practice. The stakeholder workshops became part of a problem-solving process. For example, senior managers in CAME stressed that they had problems retaining their front line staff. Through the workshop, they realized that this was related to the fact that their loan officers had no voice within the decision-making processes. As this example demonstrates, the feedback loop approach served to stimulate reflection and to encourage MFOs to become more responsive to clients.

## **Moving Towards Becoming Client-Responsive: The Case of CAME (Mexico), ODEF and COVELO (Honduras).**

In the following section, we identify the main factors that have encouraged these three organisations to become more client-led and how the feedback loop approach has challenged them in their move in this direction.

### **CAME**

#### Project objective

Formerly CAME had only conducted small surveys to assess client demand none of which had been particularly valuable. Participation in the *Imp-Act*

programme is providing CAME with the opportunity to develop a systematic way of collecting and analysing client data and enabling it to undertake long-term client-assessment. CAME wanted to use this exercise to improve its delivery of services to the poor. Front line staff, though not directly involved with data collection and analysis, were interested in gaining a better understanding of their clients to improve their client relationships.

### Players

The project can be seen as an “arranged marriage” between two very different but complimentary partners – the MFO ‘CAME’ and the *Colegio de Postgraduados* (Postgraduate School). The challenge for *Colegio* was to enter the world of the practitioners. For CAME, the counterpart challenge was to accept the rigour of academic work so that its research findings would be viewed as credible. This created tensions between the two players, centred on the initial decision to use the AIMS tools and to generate significant results. Whereas CAME was ‘dazzled’ with the tools, *Colegio* was familiar with the conceptual underpinnings behind them, since they were familiar with doing social science research. The interpretation of the findings also exemplified the different perspectives. The research results showed that much of the loan fund was spent on consumption. While CAME was not surprised by this result, *Colegio* took the view that this result proved that CAME was failing in its mission to alleviate poverty through the provision of financial services.

### Identifying weak links: Overcoming obstacles to becoming client-responsive

This section identifies the principal logjams that CAME experienced at different phases of the feedback loop and what these signify in terms of obstacles to institutions becoming client-responsive.<sup>4</sup> From the experience of CAME, we can identify some of the challenges that institutions face to becoming client-responsive. First, prior to its involvement in the *Imp-Act* Programme, no one at CAME was committed to collecting client data and no one was trained to collect it. As a result, CAME lacked a reliable information system. It was not able to distinguish from among clients who had exited the programme and those who had defaulted. When CAME started to conduct the client assessment activities as part of its involvement in the *Imp-Act* Programme, front line staff played a very limited role in this process. This can be seen as a lost opportunity, since front line staff are those that spend the most time with clients and are potentially most in tune with client preferences. These weaknesses meant that the potential for client voices to be heard or validated was reduced. In addition, high turnover of front-line staff was itself indicative of another related weakness – namely a lack of opportunity for communication about operations between senior management and loan officers. Instituting better reporting systems with more open communication flows was identified as a priority for the organisation.

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<sup>4</sup> Detailed information on how CAME, ODEF and members of the COVELO network collected, analysed, produced the results, reported the information and the processes of decision making, pilot testing and implementation is provided in an *Imp-Act* working paper by Cohen, M., and Wright, K. 2003.

Another challenge was training staff to listen to clients. Much emphasis was paid to training staff from CAME to conduct focus groups and other AIMS tools. Indeed, the main focus of the *Colegio* – CAME partnership was to train staff in the use of the AIMS tools and in the conceptual underpinnings underlying their use. While some CAME staff learned how to conduct focus groups as a routine procedure, senior management remained unconvinced of the value of focus groups. They considered the results produced to be less rigorous than the findings of quantitative methods. As a result, the initial impact of the training on the organisation was limited.

Commitment on the part of senior staff requires not only valuing the information but also the form in which it is presented. The above ‘log jam’ revealed a potentially deeper institutional obstacle to becoming client-led, namely an inability to get senior management to recognise the importance of institutionalising client assessment and persuading them that the use of qualitative as well as quantitative methods should be valued. A management that realises that client information can be useful for operational decision-making and that open communication, in which information flows both horizontally and vertically, is more likely to be market and client-led.

### Lessons Learned

Identification of obstacles should precipitate action, and this was the case for CAME. The first issue focused on building institutional capacity. Loan officers had to be trained to use client information and management had to be proactive in this process. Thus, CAME needed to encourage greater involvement of loan officers in the process of data collection and analysis. The second issue was that operations people, especially those on the front line, had to be part of the team. CAME responded to this by setting up routine focus groups for loan officers so that their voices could be heard by management. Third, it became apparent through this study that while management is keen to find ways of getting information when it is needed, it is far from integrating client assessment as a process within CAME. This issue will take time to resolve, but it appears that CAME is adopting different strategies to get senior management on board. Parallel to this process, steps are being taken to enter client data into its MIS on a regular basis. The final lesson learned by CAME is that communication must be open. This feedback loop study challenged CAME to change its information flows from being predominantly horizontal to being more vertical.

This section has demonstrated how the feedback loop study worked as a catalyst for stimulating institutional reflection and change. Follow through on pledges made by CAME at the end of the visit are another indicator of commitment to move towards a more market-led microfinance agenda. A routine follow-up visit to CAME by the *Imp-Act* team in January 2003 enabled an assessment of movement in this direction. This second visit highlighted that time is required for change to occur. CAME still had some way to go to persuade senior management of the importance of institutionalising routine client assessment, particularly given that during this lapse of time, they had become preoccupied by problems of financial performance. To conclude,



sustained exchange with external consultants can be a catalyst for MFOs to become more client-led. The feedback loop can assist in this process.

## **ODEF**

### Project objective

ODEF represents an important example of a market-led organisation. The assessment sought to understand the changes that take place as an institution makes the shift from being product to demand-led. ODEF's experience as a pilot test site for the AIMS tools in 1997, involved the MFO in adapting and implementing the tools. The findings led to operational changes. From the experience, ODEF also learned that specific and accurate client information could help it to understand what clients preferred and needed (Garber et. al., 2003) and to improve their bottom line.

### Implementing mechanisms to become more client-responsive

The time factor has been extremely important in enabling ODEF to evolve into a market-led organisation. ODEF has had time to experiment with and adapt the AIMS tools. The process enabled the development of an institutional culture of listening to clients. Early on, ODEF learned that front line staff have the capacity to collect and analyse client information and that there were operational benefits from engaging such staff in client assessment work. While the finance manager considered it important that loan officers not interview their particular portfolio of clients, he also argued that that loan officers know their own clients better than others and can tell, for example, if they are cheating in their responses and challenge them when they see inaccurate answers to interview questions. He stressed that involving front-line staff in the client assessment process is empowering for lower-level staff. Such involvement helps loan officers to measure whether their work is having an impact. From the interviews, it was clear that over time, front line staff have taken ownership of the client assessment process. This has also been facilitated by the fact that client assessment work is now tied into the staff incentive structure. For example, only the better and more senior loan officers are able to carry out focus groups to determine client satisfaction with the different products and services offered by the programme. Managers are often present at the focus group discussions (though their identity is not revealed) and are able to gain valuable insights into the delivery of ODEF's services. It also provides them with a basis for proposed recommendations for change.

The number of actions piloted or implemented by the institution as a consequence of its client assessment initiatives attest to the value of this activity. The changes include modification of repayment schedules to match the clients' business cycles and the more rapid disbursement of loans. ODEF has also been creative in developing a well-defined reporting format for focus group discussions. The steps are clear and well-understood by all those

involved: loan officers enter the results into a spreadsheet and this information is subsequently synthesised into short, readable reports. Before being sent to management, the results are reviewed and approved by clients. Lastly, the conduct of the client assessment work and its integration into the routine operations of the organisation has led ODEF to a much more open management structure, which allows for the easy flow of information, vertically and horizontally.

### Lessons learned

Realizing that front line staff have the capacity to collect client information, ODEF set about training staff in information collection skills and integrating this activity into the staff incentives structure. Findings quickly resulted in operational changes and convinced senior management of the value of the client-led approach. Another discovery for ODEF was the value of opening the flows of communication. By integrating staff at all levels of the feedback loop, they were given a 'voice'. They also discovered that reporting needs to be simple. ODEF has tried to keep its reporting systems transparent and simple, which has lowered the costs of doing market research and impact assessment.

Finally, ODEF has learnt that client assessment can be used to empower both staff and clients. For example, initially loan officers were wary of conducting impact assessment, as they feared losing their jobs. However, over time they realised that understanding their clients' preferences and experiences helped them to have more positive impact on their clients. Similarly, client confidence in the client assessment process has grown as they have been able to link these discussions to positive changes within ODEF.

### **Building Capacity Across MFOs: The Case of COVELO (Honduras)**

Networks have received increasing attention as institutional vehicles for the dissemination of information to and the training of large numbers of MFOs on a long-term sustainable basis. The COVELO network incorporates 22 MFOs from all over Honduras.<sup>5</sup> Training has long been part of COVELO's agenda, attracting external resources to address particular needs. Participation in the *Imp-Act* Programme represents a new training role for COVELO. COVELO is using outside resources to build internal training capacity so that in the long term, it will be able to provide this training on a fee-for-service basis to all its members.

### Project Objectives

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<sup>5</sup> COVELO works both as a network and as a first tier-lending organisation. For the purposes of the feedback loop study, COVELO was evaluated as a network. However, it should be noted that COVELO works as a retailer and was also a consumer of the AIMS training.

The experience of COVELO offers insights into how MFOs can be encouraged through training to become client-led. The training of network members has been a two-step process. First, time was spent adapting the AIMS client-assessment tools to the needs of COVELO's members. Second, members were trained to implement these tools.

The objective of the COVELO network members engaged in this activity is first to understand the correlation between the services offered and the changes in quality of life of clients. It also aims to evaluate the level of client satisfaction with the financial services and training offered. Third, its objective is to identify the main reasons for client exit. Last, the members see this training as enabling them to redefine the services offered to be more responsive to client needs in order to attract new members or re-attract clients who have left the scheme.

### Players

Eleven organisations participated in the training: Banco Centroamericano de Integración Económica (BCIE), CARANA Corporation, FAMA, PILARH, FINSOL, Hermandad de Honduras, Project HOPE, INHDEI, ODEF, WRH and Fundación COVELO. Each institution sent one or two of their management staff to the training workshops. Aside from the participants, other important stakeholders who have influenced the direction and implementation of this project include the finance director of ODEF, who has played a key role as "product champion". His early involvement in the AIMS pilot test with ODEF gave him credibility both domestically and internationally in the area of client and impact assessment. He has been and continues to be instrumental in the design and implementation of this COVELO activity.<sup>6</sup> In addition, the co-developer of the AIMS/SEEP Tools and trainer in Honduras has been providing excellent training in Honduras over a long period of time and is well respected.

### Moving from supply to market-led microfinance: the role of networks in client-assessment training

To date COVELO has conducted training sessions on the exit tool and on client satisfaction using focus groups. For the exit survey, the MFOs agreed on a core set questions that were asked by all members. In addition, each of the individual MFOs drew up supplementary questions according to their specific interest and organisational mission. The MFO staff were trained in the use of focus group discussions to examine questions relating to client satisfaction, including level of satisfaction with interest rates, loan disbursement and level of support received from loan officers.

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<sup>6</sup> See Copestake, forthcoming 2003.

Upon return to their organisations, each participant was required to train other staff in their own MFO in these techniques.<sup>7</sup> Information was subsequently analysed by individual MFOs. Next, these results were submitted to COVELO. Finally, a national report was prepared by COVELO and presented in Honduras. This preparation of institutional reports and the presentation of their results was an integral part of the training programme.

The implementation of the first two tools has had significant effects on the participating institutions. The exit survey saw all the MFOs facing similar hurdles, the absence of a client list for the identification of dropouts. This meant that tracing clients in a systematic way proved extremely difficult. As a result of conducting client assessment work, FAMA<sup>8</sup> shifted from group loans to individual loans for selected clients. They also became conscious of weak loan officer performance and measures were taken to correct absenteeism. PILARH<sup>9</sup> adopted a range of measures as a result of conducting focus group discussions. First, it decided to offer larger loans on longer terms. Second, a tracking system was set up so that staff could identify who was withdrawing from the programme. A simple form requires borrowers to give reasons for their refusal to take a subsequent loan. Third, client data on drop outs is entered into the MIS. Last, AHH<sup>10</sup> realised that the reason that some clients were not paying back their loans was not an inability to pay but a protest to the shortness of the term. As a result, AHH extended the loan term.

The existence of the network has proved to be important for information sharing, collaboration and the provision of services to its members. The network has provided MFOs with an opportunity to share their concerns on the implementation of tools and an informal forum for the discussion of solutions. The opportunity to meet in this way has helped to spark innovative ideas among members and represents a means of exchanging important information and forging links between their institutions.

### **Lessons learned**

This COVELO model has proved to be effective in helping MFOs to introduce and adopt a more market-led approach. The learning model used by the COVELO network deserves consideration by other networks. It serves as an important learning tool that facilitates both internal learning within individual MFOs and collective learning across the entire network. Perhaps the greatest

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<sup>7</sup> At FAMA, a single participant trained five staff. At AHH, two participants trained eight staff, and at PILARH one participant trained 26 staff from across the MFO, including secretaries and accountants.

<sup>8</sup> FAMA stands for *Familia y Medio Ambiente* (Family and Environment).

<sup>9</sup> PILARH stands for *Proyectos e Iniciativas Locales para el Autodesarrollo Regional de Honduras* (Projects and Local Initiatives for the Regional Development of Honduras).

<sup>10</sup> *Asociación Hermandad de Honduras* (Association of the Brotherhood of Honduras).

long-term value of the model is that it permits the building of an in-country training capacity that has the potential to be sustainable.

The client assessment training has been a valuable investment. Operational changes have occurred within each of the participating institutions. Productivity in terms of clients per loan officer has risen and default and dropout rates have declined. Senior staff in several of the institutions expressed the view that they are now offering services that are more responsive to clients' expressed preferences.

Through this experience, COVELO has learned that the development of the capacity to provide client assessment training represents an important departure from the traditional approaches. COVELO sees this project as the catalyst to a new approach that involves building capacity in-country to train network MFOs and provide them with technical assistance. Lastly, COVELO has generated written reports and made good use of multimedia to diffuse results at a national level. This in turn has given COVELO an effective voice in the political discourse about the microfinance industry within Honduras and beyond.

## **Conclusions**

The feedback loop framework was used to examine how the market-led microfinance agenda can be institutionalised at the level of the MFO. Attention focussed on how training in client assessment can build capacity in MFOs to gather client information and that using this data effectively can lead to improvements in the delivery of products and services. This analysis was conducted at two levels, two MFOs and a Network organisation. The two approaches offer viable alternatives for building capacity within MFOs.

The results revealed that MFOs become more client-responsive when they commit to developing systems of data collection and analysis to ensure that client voices can be heard. The results also validate the capacity of front line staff to take responsibility for collecting and analysing credible client information as well as benefits that result from giving staff a 'voice' in decision-making processes.

Use of the feedback loop framework served as an external challenge to the different organisations, helping them to reflect upon how they can collect and use client data, and prompting them to take different kinds of actions. Most of the organization are interested in moving towards the adoption of more market-led approaches to providing financial services. Time is an important factor to enable all staff to take ownership of the client assessment process and to move their institutions towards in this direction . Obtaining senior management buy-in on the importance of institutionalising client assessment is clearly vital.

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## **Annexes**

### **Annex 1: Example of Questions used in Stakeholder Workshops using the Feedback Loop and output.**

What information was collected?
Who collected it? (Trained by whom?)
What method was used (qualitative/ quantitative/ combination of above)
Quality of the training?
What were the results? What results emerged using which tools?
How were results reported, in what form and to whom? What is the frequency of communications?
Implementation issues?
Actions taken based on findings?
Who is responsible for follow-through?
How were the decisions communicated to front line staff and clients?
What vehicles exist for communication between senior management and front line staff? Are they sufficient?
What can be institutionalised? What are the obstacles to this and how can they be overcome?

### **Annex 2: Example of stakeholders workshops with selected MFOs in the COVELO network**

		<b>FAMA</b>	<b>AHH</b>	<b>PILARH</b>
<b>History</b>		Est. 1993. 43employees. Portfolio: L19 million. No. of clients: 7773, 98% women. Products: Credit - communal bank and individual loans, agricultural credit.	Est. 1977, started giving microcredit in 1992. Portfolio: L26 million. No. of clients: 2500, 67% women. Products: Credit - group and individual agricultural credit.	Est. 1994. Portfolio: L14 million No. of clients: 2000; 35% women Products: Credit: agricultural and non-agricultural
<b>Information</b>	<b>What information was collected?</b>	Exit survey and client satisfaction	Exit survey and client satisfaction	All AIMS tools
	<b>Who collected the information?</b>	1 person trained; then trained 5 loan officers; exit work done by social work students; Executive committee of FAMA trained students but undertook client satisfaction themselves.	2 trained (Elmer computer expert – only one among MFOs) then trained 8.	1 trained and then trained 26 staff at all levels, including the secretaries. All trainees have copy of AIMS manuals. Then adapted all the tools to institutional needs.
	<b>Collection and Analysis</b>	Trainees had problems with data analysis of exit. Noted that training		48 FG on client satisfaction. Did 453 impact surveys; 55 loan use, 37 exit

		was insufficient. Focus groups were easy to apply. Did 10 focus groups. Did additional questions on demand for savings services.		surveys. Now doing data analysis. Used exit before AIMS training – did it when clients withdrew. Now institutionalised and setting up database. Wrote their own manual for training staff.
	<b>What were the results?</b>	Client demand for savings services.		Dislike of group meetings. Loan amounts too small. Wanted longer terms. Liked the simple nature of the documentation for getting loans.
<b>Decision - making</b>	<b>Who made the decisions?</b>	Board - only policy decisions.	Board	Board – but do not need to go to Board in terms of customer services changes and flexibility.
	<b>What decisions/ Major actions/ were taken? Recommendations?</b>	Policy decisions need to go to Board, operational decisions made by director. Meeting with Board to increase loan ceiling, loan term, shift from weekly to monthly repayments. Manager introduced shortening time to get loan from 7 to 3 days. Reduced meetings from weekly to biweekly. Will record info. On exit clients and review at supervisors meeting once a month.	1.Reduced interest rate for agricultural loans because of high default among coffee producers and decline in coffee price. 2. Shift from SG to individual loans.	Distinguished between short-term actions. Medium terms and things that they would not do.
<b>Actions implemented</b>		All actions implemented, no piloting.	Readjust downwards the financial services to fit the decline in coffee revenues as a result of drop in coffee prices. – Consequence of exit study.	