



## **Social Performance and Outcomes: Where Do We Stand?**

**Cécile Lapenu, Cerise+SPTF**

**David Muthire Njiru, Juhudi Kilimo**

**Arthur Sletteberg, Abler Nordic**



## The speakers

- **David Muthire Njiru, Chief Business Officer; Juhudi Kilimo Kenya**
- **Arthur Sletteberg, Managing Director, Abler Nordic Norway**
- **Cécile Lapenu, Director, Cerise+SPTF**



## Objectives of the session

- Summarize the work done by the Investors and the Financial Service Providers on Outcomes Management
- Share concrete examples from the FSP and their investors, on the “value chain” of outcomes management
- First session in this “outcomes” afternoon
  - 14h30-15h30: The Power of the Client Voice: Using Survey Data to Understand and Improve Clients' Lives
  - 15h45-16h30: Rethinking Financial Inclusion Impact Measurement Collectively

## Outcomes measurement and management

- **Outcomes = changes for the customers**
- **Why measure: accountability, coherence of “impact strategy”, data-driven decision**
- **What to measure: towards a core set of standard indicators, the SDG as a common language**
- **How: range of approaches, along the value chain Asset owner-Asset manager-FSP-end customers**



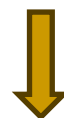
## What have we done?

Brief with the European Microfinance Platform, Cerise+SPTF: “Outcomes Management for Financial Service Providers: A proposed standard framework aligned with the SDGs”



**A standard questionnaire** for Outcomes measurement, aligned with key sector initiatives (60Db, MFR, Iris+, IPA, investors frameworks, etc.), to guide surveys on clients

Aligned on the Theory of Change for financial inclusion, and with the SDG (SDG1, SDG5, SDG8)



A set of **standard indicators** and an “**Outcomes Dashboard**” to be produced for SPI Online tools



Improving quality, supporting data collection, **data driven decision-making**, value chain of outcomes data

# SDG 1 No Poverty



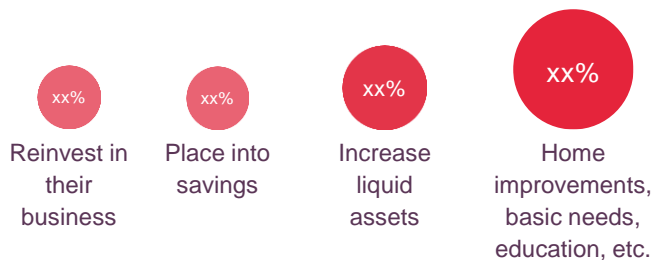
## Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

INCOME (NUMBER OF SOURCES, CHANGE, STABILITY)

xx% of the clients witnessed an increase in their business income

xx% of the clients were able to increase their cash flow thanks to FMSP ABC loans and their business activity. This cash flows were mainly used to:



## AVERAGE MONTHLY HOUSEHOLD EXPENDITURE

xx% of the clients witnessed an increase in their household spendings, due to:





### Target 1.4

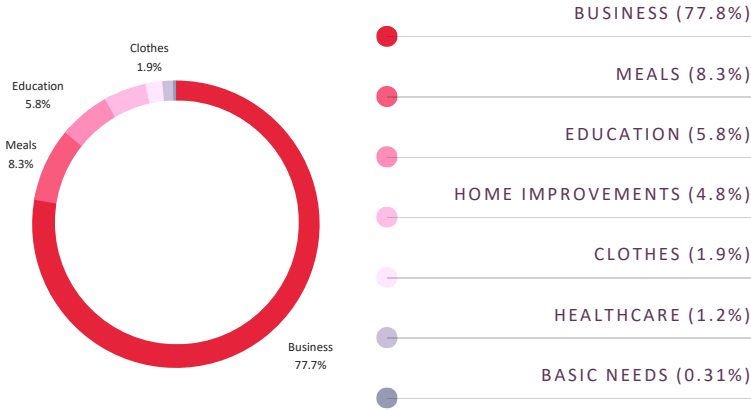
By 2030, ensure that all men and women, in particular the poor and the vulnerable, have access to appropriate financial services, including Microfinance.

% CLIENTS THAT HAVE ACCESS TO FORMAL FINANCIAL SERVICES FOR THE FIRST TIME

xx%

Segment by gender, rural/urban, age, type of loans, etc

Here is how clients managed their loan on average:



xx%

of the clients reported to better manage their budget, while 14.3% didn't notice a change

Segment by gender, rural/urban, age, type of loans, etc

# SDG 5 Gender Equality



## Target 5.1

End of all forms of discrimination against all women and girls everywhere

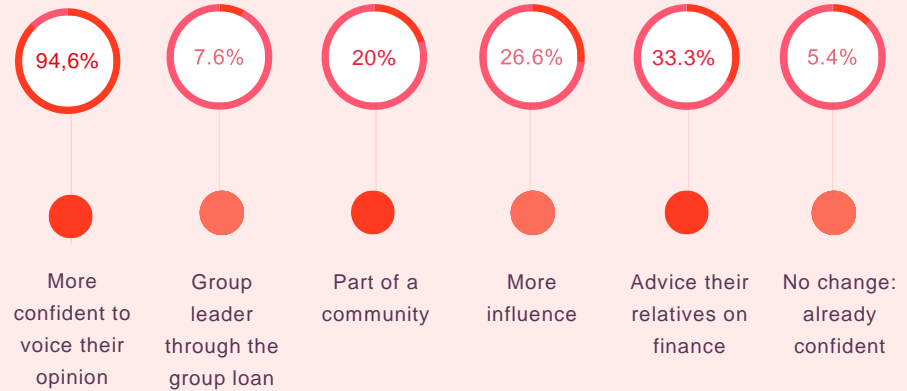
CAPACITY TO MAKE DECISIONS REGARDING THE USE OF THE HOUSEHOLDS RESOURCES

Women declaring that they actually use the loans **XX%**

“ With the loan, I have proved to my community that a women can also build her house ”



% OF WOMEN WHO REPORT THAT THEY ARE MORE COMFORTABLE VOICING THEIR OPINIONS



% OF WOMEN WHO REPORT A PERCEPTION OF DECREASED DISCRIMINATION / EASIER ACCESS TO WORK

**XX%**

of the women face discrimination before taking a loan







### Target 8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services

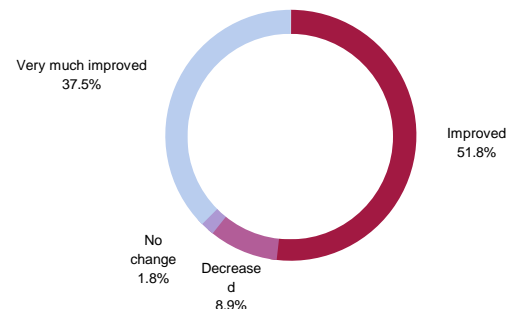
#### NUMBER OF SMES FORMALISED (TRACKING CHANGES)

- XX% of the client created a new business with the loan given
- XX% of the client developed an existing business with the loan given
- XX% of the client have increased the work force (one or more extra staff) in the last 2 years

#### CHANGES IN BUSINESS REVENUE :

1) ANNUAL SALES 2) ANNUAL NET INCOME

The client's business income has:



### Repayment burden

% of clients reporting repayment is a burden

Segment by gender, rural/urban, age, type of loans, etc



“ I'm happy because households are happy! I have friends and no more discrimination by people who want us wrong. ”

# JUHUDI KILIMO

Nov - 2023



# ABOUT US

Juhudi Kilimo Limited (JKL) is a Non Deposit Taking Microfinance Institution that began operations in 2004 as a social enterprise under KREP Development Agency and in 2009, converted to a for-profit making organization registered under the Companies Act 2015 as a financial services provider. JKL mission is to improve the livelihoods of rural smallholder farmers and micro entrepreneurs by providing wealth creating financial solutions. Juhudi Kilimo is owned by three shareholders namely Abler Nordic (Formerly NMI), Incofin and Acumen Fund.

## Mission

**To improve the livelihoods of rural smallholder farmers and micro-entrepreneurs by providing wealth-creating financial solutions**

## Vision

**To be the leading provider of transformative financial solutions to rural smallholder farmers in East Africa.**

*Unlike traditional microfinance, which primarily provides loans for working capital to informal businesses, we finance specific agricultural ventures/assets that offer an immediate and sustainable income for farmers.*



# THE CUSTOMER

## WHO?

**70%** FEMALE

Typical customer: Smallholder farmer, living in rural areas in Kenya

## AVG. LOAN SIZE

**\$263** Over 12 months

## BRANCH NETWORK

**52** Branch locations in 33 counties

## STAFF

**419** Staff (81% in field offices)

## ACTIVE LOANS

**85k** 82% in Solidarity groups

## ACTIVE BORROWERS

**71K** Active Borrowers

## OLB

**\$16.5m** Over 80% of our portfolio is in Agriculture.



# IMPACT BY NUMBERS

## BREADTH

**+700k**  
LIVES IMPACTED

Estimated based on relevant operational metrics and household multipliers

## HOUSEHOLD IMPACT

**94%**  
Report an improvement in quality of life

The 60dB Household Impact benchmark measures the impact of Juhudi Kilimo's loans is having on the clients quality of life, their ability to invest or cover household expenditures and achieve their financial goals.

## POVERTY FOCUS

**48%**  
<\$3.20 / DAY

Juhudi Kilimo new clients are roughly equally likely to be poor compared to the Kenya national average, as 48% of clients live below \$3.20 per person per day, compared to 47% of all Kenyans.

+ Old clients were less likely to be living below \$3.20/day (35%) compared to new clients (52%).



# OUR LOAN PRODUCTS



Agricultural loans



Business & Development loans

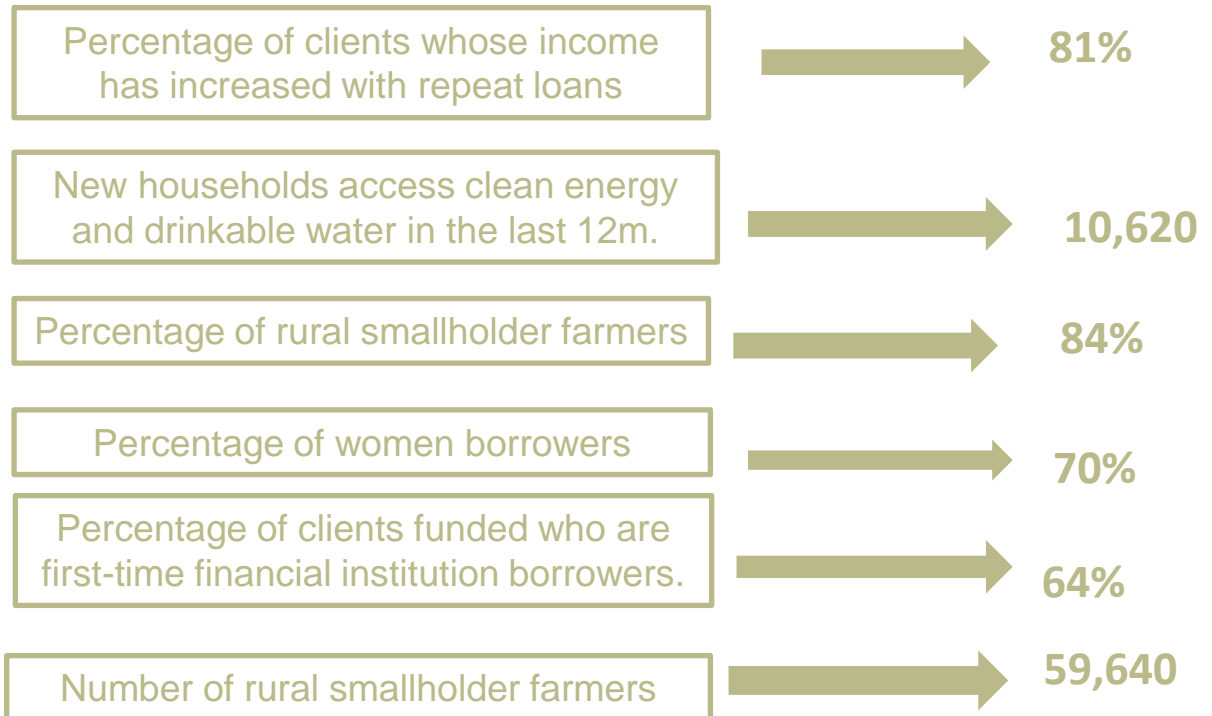


Consumer loans

## Value of Outcomes Measurement

- Outcomes measurement has kept us aligned with our mission.
- Ensured products remain relevant and focused on client needs
- The outcomes measurement has helped in reporting to the shareholders and funders by demonstrating the impact of our loans and non-financial services at customer level.

### SAMPLE SEPM DATA – SEPTEMBER 2023





## Challenges in outcomes measurement

- Data collection: We had to align our core banking system to capture some metrics for outcome measurement.
- Capacity building: There has been a great need to train staff on data collection and responsible lending.
- Different reporting requirements by different stakeholders: Different stakeholders want the outcomes reported in different forms and templates.

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# THANK YOU



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[www.juhudikilimo.com](http://www.juhudikilimo.com)





**EUROPEAN  
MICROFINANCE WEEK**  
connecting the inclusive finance world

# ABLER NORDIC



EUROPEAN  
MICROFINANCE  
PLATFORM  
ADVANCING FINANCIAL INCLUSION





**EUROPEAN  
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connecting the inclusive finance world

# Abler Nordic



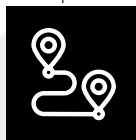
A public-private partnership established in 2008 in Norway; expanded to include Denmark in 2016



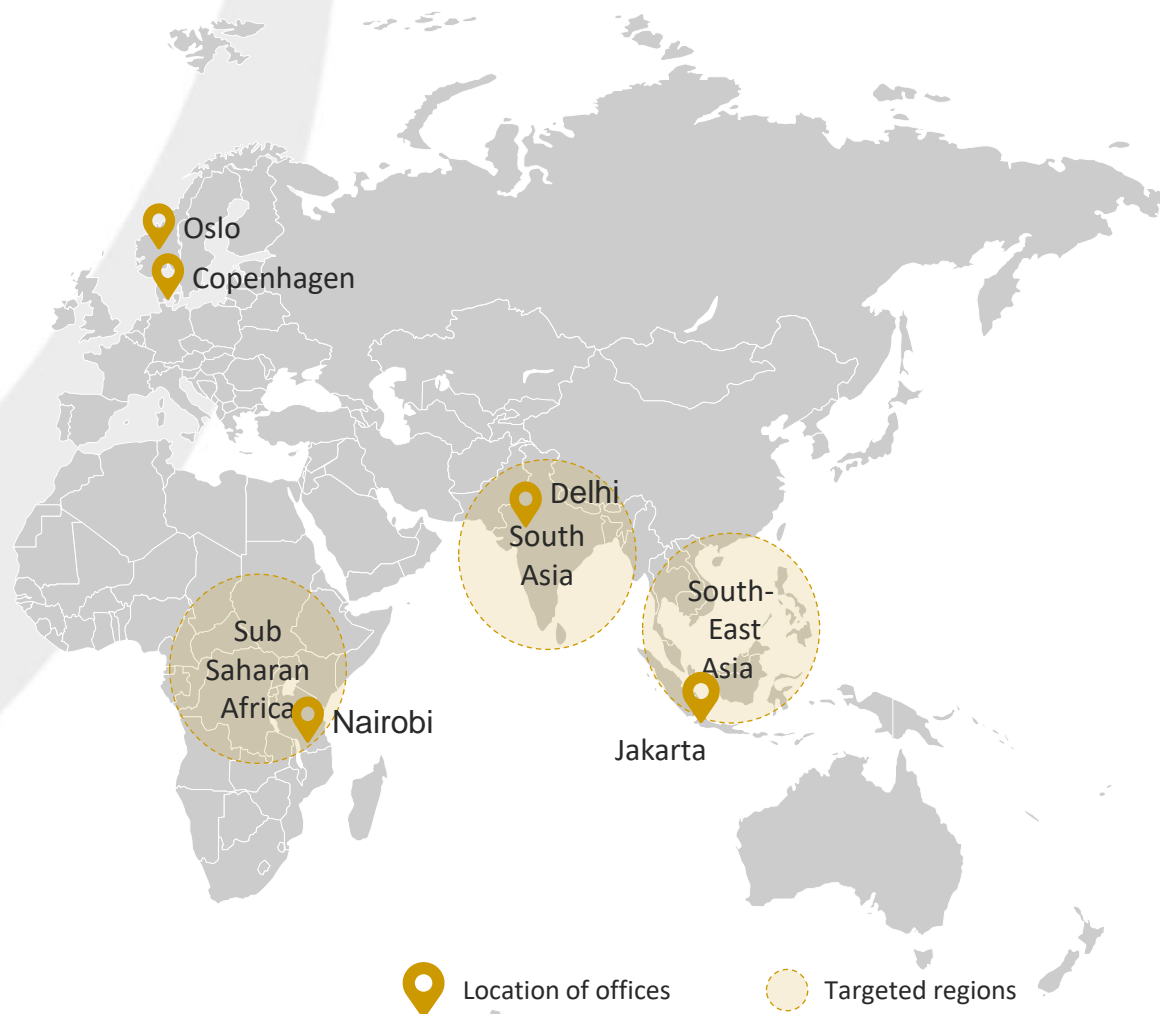
Builds up and invests in institutions providing financial inclusion to low-income households in developing countries



Creates strong social results and provide sustainable financial returns



Present in Sub-Saharan Africa, South Asia and South-East Asia



**345m**

USD in aggregated commitments between five funds

**12.7m**

Customers empowered with financial services since 2008

**92%**

of customers reached by Abler Nordic's portfolio companies are women

## From outreach to impact

- **Historical reliance from investors on outreach data → # of women, # of rural clients, # of loans. Does not tell us anything about whether our clients' lives have improved because of financial services**
- **Being able to measure client outcomes is crucial – how else do we know if we are creating the impact we intend to?**
- **Challenges:**
  - **Acquiring data for all our investees and aggregating at portfolio level**
  - **Context – what does 'good' look like?**
  - **Prioritisation and resources – for investors and FSPs alike**



**Name:** Caroline Jerono Rono  
**FSP:** Juhudi Kilimo  
**Business:** Dairy farming  
**Location:** Limuru, Kenya

## Numbers, not assumptions

- Measurable targets that link to our Theory of Change and the relevant SDGs –tracking if we are fulfilling our mission.
- Our targets substantially influence:
  - What we invest in
  - How we work with investments to create value
- Data is actionable – monitor progress against the targets and adjust course where needed
- Development of broader ‘impact investing’ and ‘ESG investing’ sectors; competition for capital is stiff – measurable outcomes are crucial



### Juhudi Kilimo – SEPM + Outcomes project

- Working actively with outcomes management
- Going from assumed impact → backed by data.
- Impressive commitment to listening to customers and actioning improvement areas



## Good for clients & for business

- Understanding your clients makes impact and business sense
  - What products do they find useful? What services are they missing? Are there any unintended negative consequences?
- Showing proof of impact is increasingly important in attracting investors. This also applies us – our investors expect proof of impact. Broader ‘impact investing’ and ‘ESG investing’ sectors; competition for capital is stiff – measurable outcomes are crucial
- We don’t expect perfection → we support actioning the data – what can be learned from and improved, and seeing where FSPs are on the right



### Baobab Group & Svasti Microfinance – Theory of Change project

- Collaboration with IFU & Norfund, Facilitated by Cerise+SPTF
- Examining if FSP’s mission/ ToC translates into their desired customer outcomes.
- Embedding the FSP’s mission/ToC deeper into their business strategy



## Key take-aways

- **Outcomes data for informed discussions (from field officer to asset managers) => a core set for common understanding**
- **Needs for data combination from different sources, not in silo**
- **Efforts on data visualizations to grab key lessons and make decision**
- **Benchmarks at different levels: country/findex, among peers, internally (branches/products/segment of clients, etc)**