



Our Approach to Measuring and Managing Client Impact

As an organisation committed to a single bottom line of impact at scale, we knew that we needed a better understanding of how and how much we are delivering on that commitment through our microfinance services. In the past three years, we have continued our journey to becoming more client-centric and impact-focused and played a leadership role by advocating for and demonstrating the impact of responsible microfinance. This impact brief compares our social performance and client outcome data over the past three years. We are encouraged to see positive trends in client satisfaction and resilience - a result of our deliberate strategies to measure and manage our impact bottom line.

In 2019, BRAC Microfinance set baselines of responsible practices and client outcome results (outreach, satisfaction, impact etc.) for its microfinance entities in Africa and Asia. We aimed to understand whether our services are helping to bring positive changes in the lives of our clients. First, we performed CERISE SPI4¹ audits to measure our compliance with the Universal Standards for Social Performance Management (USSPM). Then we systematically started listening to our clients through annual client impact surveys with 60 Decibels (60dB) using Lean DataSM methodology². The survey results informed us

Microfinance

Impact Brief 2021

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¹ The CERISE SPI4 is a social audit tool for Financial Service Providers to assess their social performance following the USSPM and the Client Protection Principles (CPPs). The third edition of the universal standards are now available as the Universal Standards for Social and Environmental Performance Management (USSEPM).

² Lean DataSM is an approach to impact measurement that leverages mobile, voice-based data collection and uses tested social impact survey tools aligned with industry standards for fast, reliable responses.

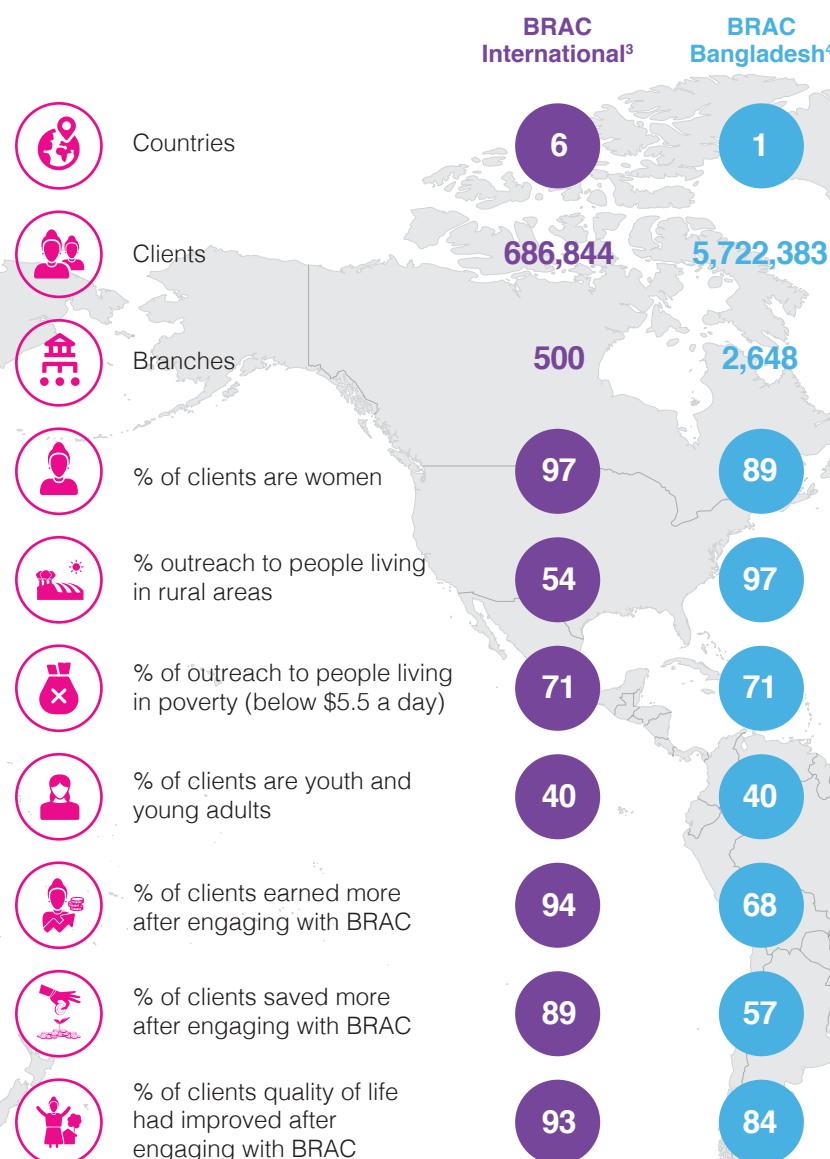
whether we were reaching underserved populations, whether our services impact in clients' lives, and how we can improve our services. In addition, the baseline surveys and audits helped in set and define strategies to improve our social performance, outreach, and impact goals. The subsequent quarterly SPI4 audits and the annual impact surveys are used to measure progress.

In 2021, we published our first **Impact Report** - demonstrating our approach to client-centricity and impact measurement. The report presented learnings and recommendations from our journey towards becoming an institution that systematically practices client-centricity. It was also a message for the responsible microfinance community to practice client-centricity and effectively bring the focus back to improving the well-being of the people we serve. Continuing this journey, we were happy to be one of the founding partners of the inaugural financial inclusion index by 60 Decibels which published a comparative social performance of 72 microfinance institutions. These initiatives present opportunities for all of us to dig deeper and ask ourselves what more we can do to intentionally increase our clients' financial resilience and economic empowerment.

³ BRAC International Holdings B.V. (BIHBV) is the sole or largest shareholder of all BRAC's microfinance entities outside of Bangladesh: BRAC Tanzania Finance Ltd, BRAC Uganda Bank Ltd, BRAC Rwanda Microfinance Company PLC, BRAC Microfinance Sierra Leone Ltd, BRAC Liberia Microfinance Company Ltd, and BRAC Myanmar Microfinance Company Ltd. BIHBV is a fully-owned subsidiary of Stichting BRAC International, a nonprofit foundation set up in 2009 in The Netherlands. BRAC has deposit-taking entities in Bangladesh, Myanmar, Uganda, and Rwanda.

⁴ BRAC Bangladesh Microfinance has been in operation for 50 years and is the leading MFI in Bangladesh by number of clients and loan outstanding.

Performance At a Glance



Data as at Dec 2021

Our Social Performance

All BRAC microfinance entities are working toward full compliance with the USSPM and are on the Client Protection (CP) pathway. Across the six BRAC International Microfinance (BI MF) entities, the average compliance to the USSPM improved by 16 percentage points, from 71% in December 2019 to 87% in December 2021. After the first set of surveys in 2019, BRAC set targets and measures for improving client satisfaction by addressing the challenges raised by clients. Our 2021 surveys confirm improved client satisfaction. Notably, the Net Promoter Score (NPS)—a gauge for client loyalty and satisfaction—has improved from 50 in 2019 to 58 in 2021, while the share of reported challenges has decreased from 17% in 2019 to 9% in 2021. We also see that countries that have made the most progress in their USSPM compliance, have also scored higher on their NPS.

Both CERISE benchmark data and 60dB microfinance index benchmarks show that BRAC is consistently outperforms its peers on social performance and client satisfaction measures.



We consistently
lead in **social**
performance in
the microfinance
industry

Figure 1

BRAC USSPM dimension scores vs global Cerise benchmark

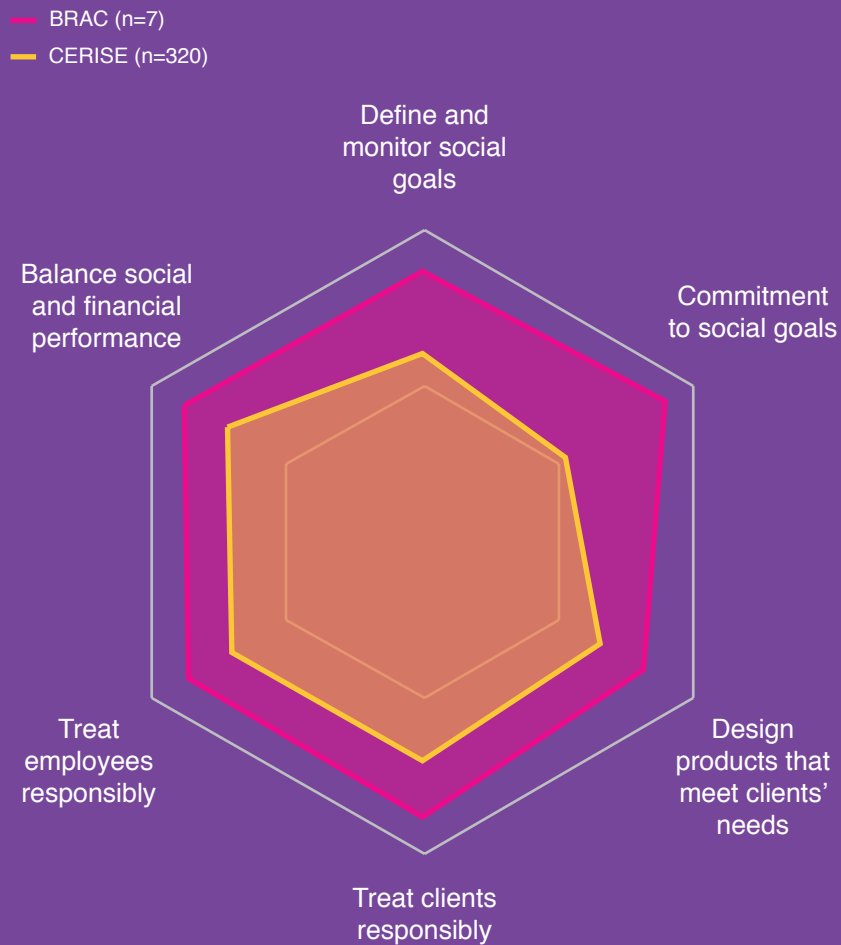


Figure 2

BRAC client protection compliance scores vs global Cerise benchmark

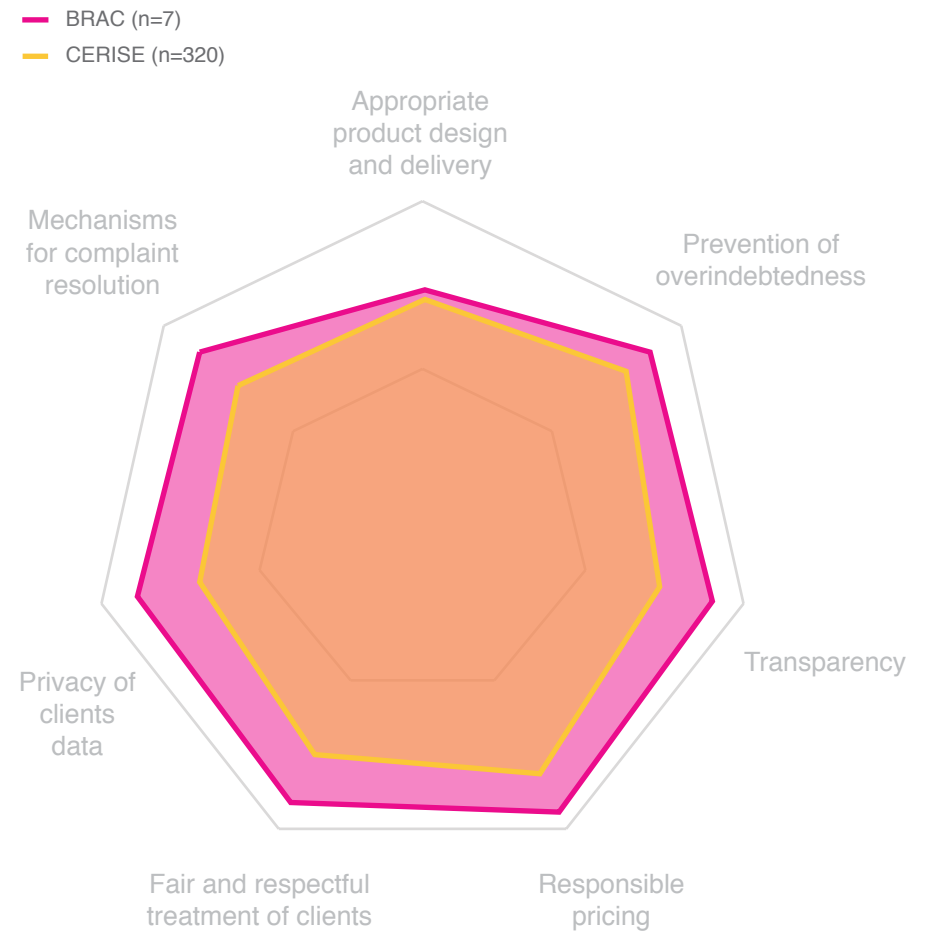


Figure 3

Comparison of BRAC with 60dB Benchmarks

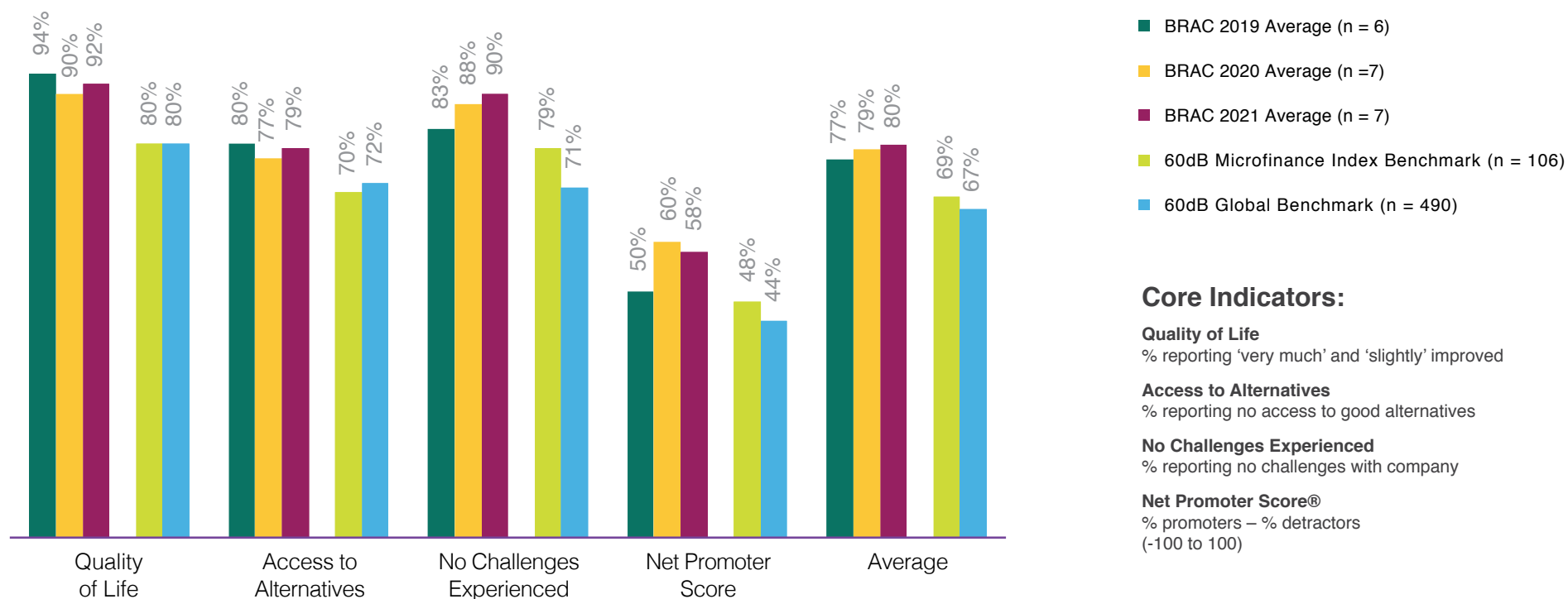
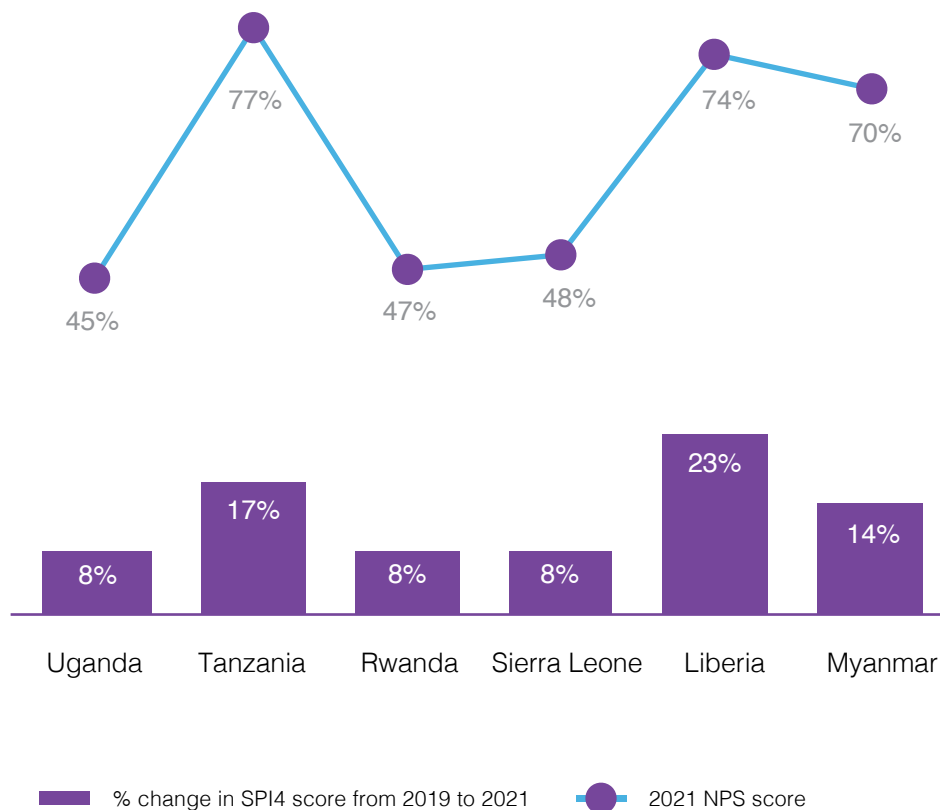


Figure 4

Microfinance institutions reporting higher improvements in SPI4 scores also recorded higher NPS



‘

BRAC gives loans on time and their customer care is good.

— *BRAC Uganda*

’

‘

BRAC understands my situation and we have a good working relationship. The staff are kind and polite. They are eager to explain the policy and conditions.

— *BRAC Myanmar*

’

Our Reach

Our outreach targets come directly from our mission to serve women living poverty and in rural and hard-to-reach areas.

BRAC continues to serve an underserved population, with over 79% of our clients in all seven markets reporting they could not find a good alternative to our services. As a result we set deliberate strategies and targets to improve our poverty outreach since the baseline survey results in 2019.

The subsequent surveys demonstrate a need for more conscious effort to increase outreach to people living in poverty.



BRAC is filling a
critical **market gap**

Figure 5

Outreach to women, rural clients, youth and young adults



“

I started this business with nothing when my friend called me and told me about BRAC... that they can give loans to women who are in business. So, I came, and I was empowered by BRAC. Today, I am able to send my children to school and I built a house through my business.

”

— BRAC Liberia

Figure 6

Access to Alternatives

Q: Could you easily find a good alternative to BRAC [Country]? (n = 2,457)

■ No ■ Maybe ■ Yes ■ Don't know

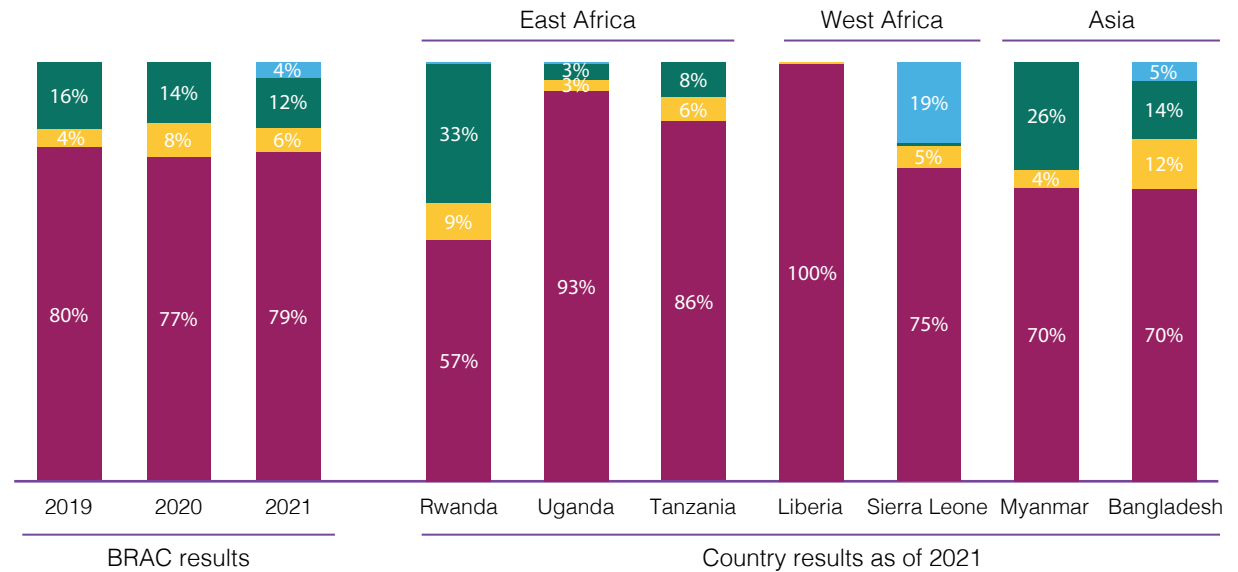
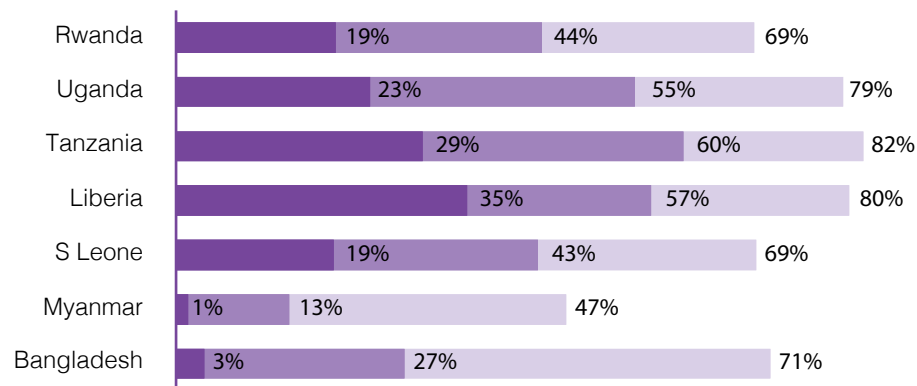


Figure 7

Poverty Profile

% of clients living below \$x. xx per day (2011 PPP); estimated using the Poverty Probability Index®*

■ % below \$1.90/day ■ % below \$3.20/day ■ % below \$5.50/day



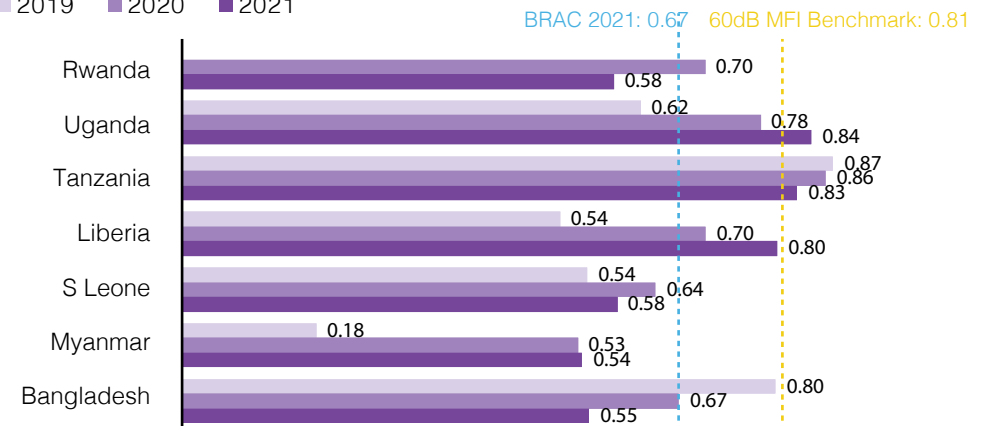
* While the PPI is based on 2011 household survey data, it is the most widely used and allows for comparison across markets.

Figure 8

Inclusivity Ratio

Degree to which BRAC is reaching population segments at \$1.90, \$3.20, and \$5.50 per day income lines**

■ 2019 ■ 2020 ■ 2021



** Figures are the average of the ratio of clients at each income line (\$1.90/day, \$3.20/day, and \$5.50/day) compared to national figures.



BRAC clients continue to report **strong impact performance** and financial resilience despite the impact of the COVID-19 pandemic

Our **outcomes and impact**

The impact performance our clients reported are similar across the past three years, but we see a shrinking trend in the depth of the outcomes. While most people still report improvements in the five social outcome areas of BI MF (Figure 9), fewer people over time are reporting the impact to be 'very much improved' than 'slightly improved'. This could be due to the effect of the COVID-19 pandemic, but we cannot draw that conclusion because the change is within the margin of error. Nevertheless one trend is consistent in all three years of surveys - where we are filling a critical market gap, we see stronger impact results.

I am a widow, but I pay for my children's school fees without much stress.

— BRAC Tanzania

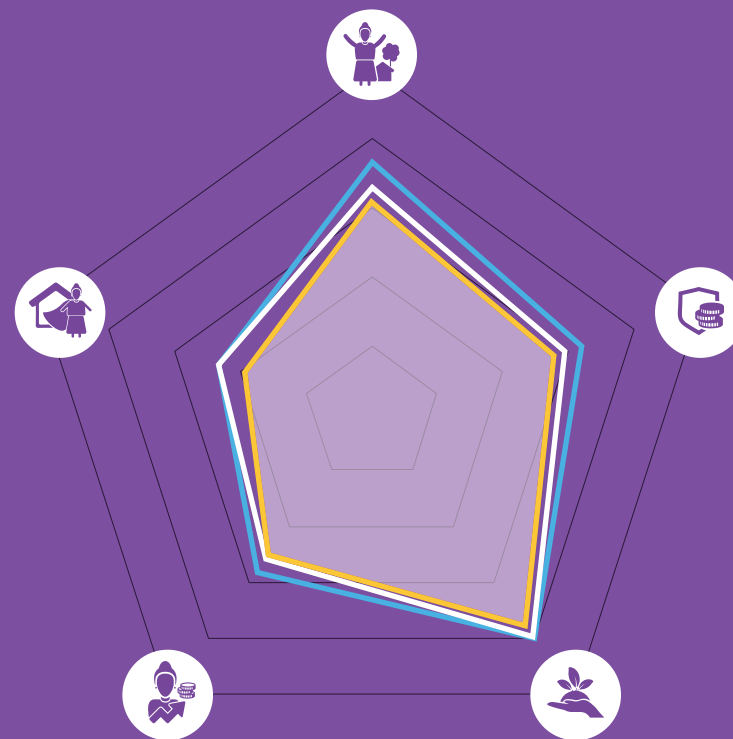
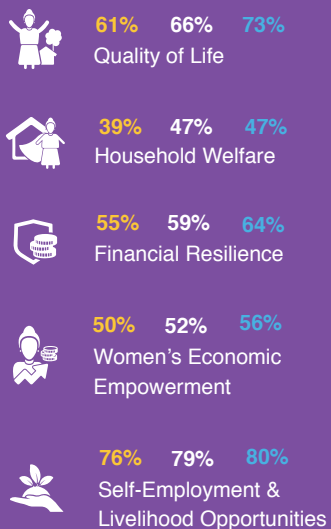
BRAC's determination to help women in my society is very impressive.

— BRAC Sierra Leone

Figure 9

BRAC average impact performance from 2019 to 2021

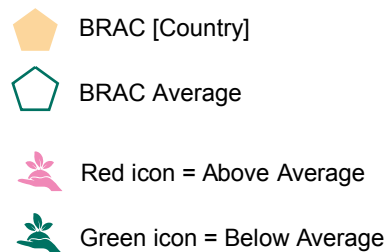
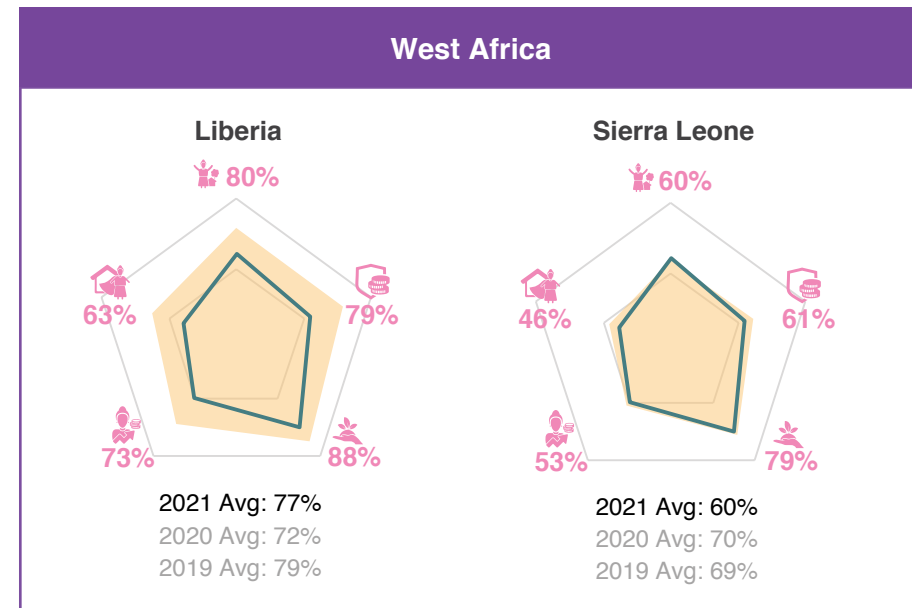
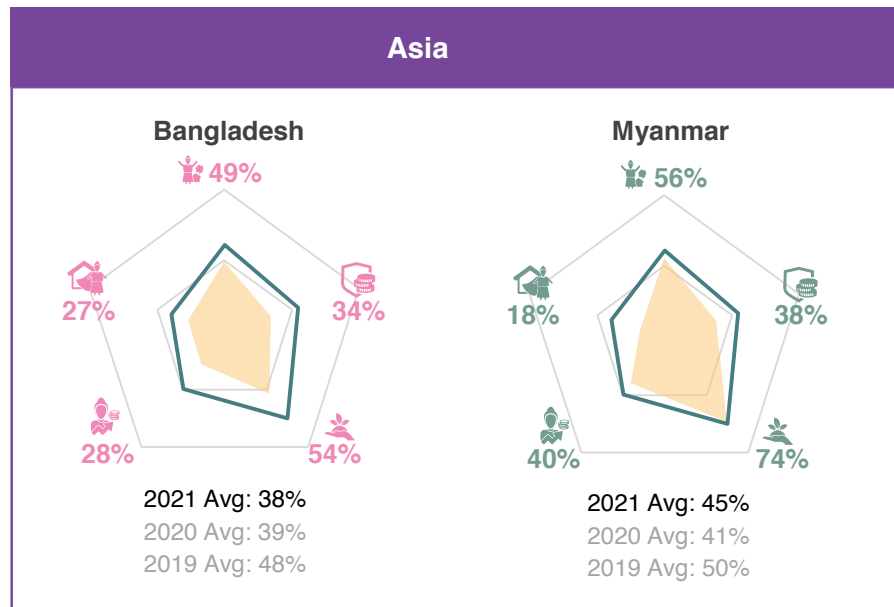
— 2021 avg. 56%
— 2020 avg. 61%
— 2019 avg. 64%



Each outcome uses weighted calculation where "very much improved" responses are weighted as double as "slightly improved" responses. (n=7,600)

Figure 10

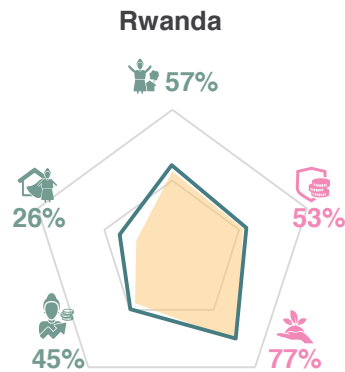
Impact by country relative to BRAC average



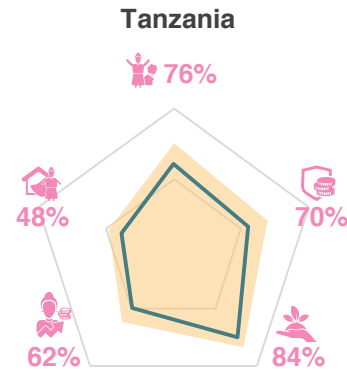
BRAC provides adequate loans at flexible interest rates. It encourages savings habits.

— BRAC Rwanda

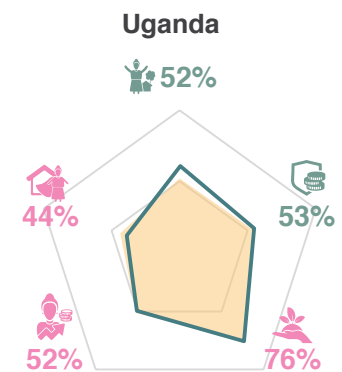
East Africa



2021 Avg: 51%
2020 Avg: 56%
2019 Avg: n.a.



2021 Avg: 68%
2020 Avg: 75%
2019 Avg: 75%



2021 Avg: 55%
2020 Avg: 70%
2019 Avg: 64%

“

The changes in my lifestyle happened because of BRAC. I invested the loan money in our cloth business and the business is generating profit. Now the business is in a good shape.

— BRAC Bangladesh

”



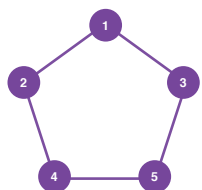
BRAC institutions
perform strongly in the
**first microfinance
social performance
report** grounded in
clients' voices

60dB Microfinance Index

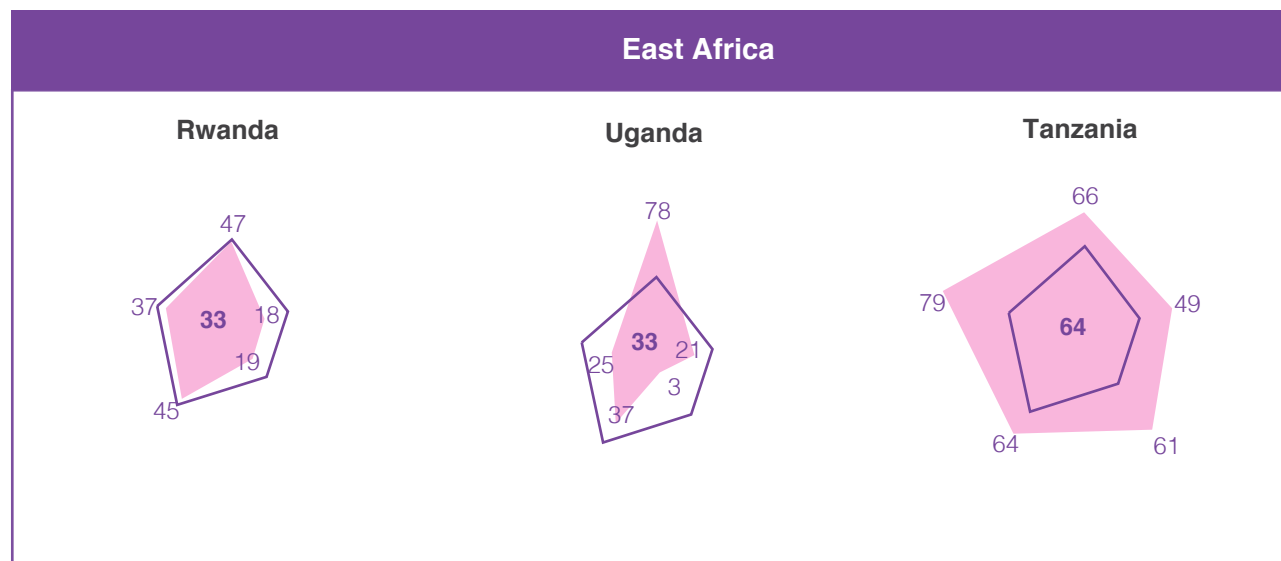
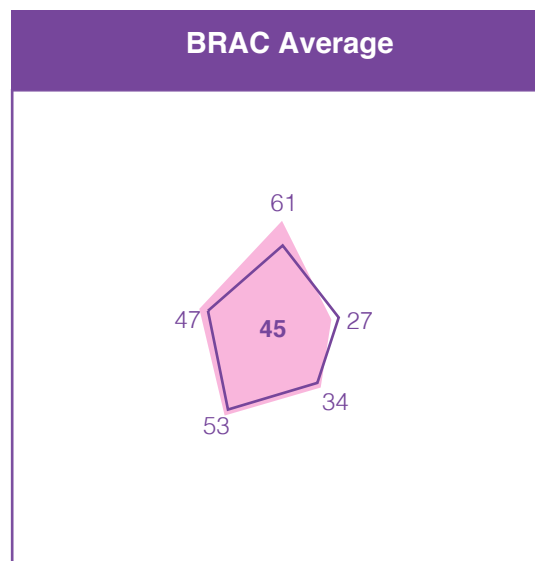
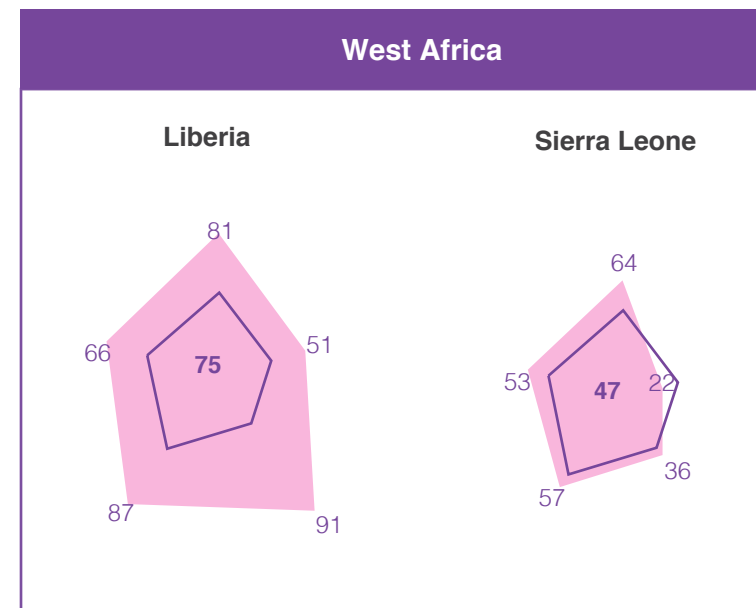
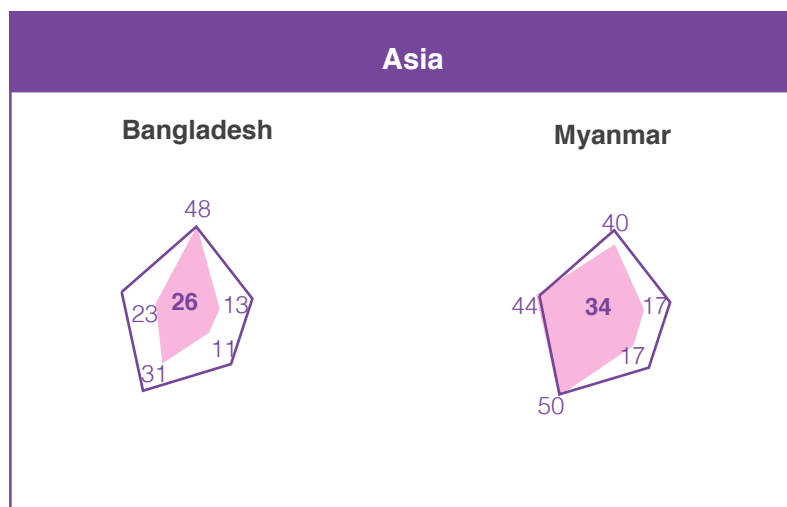
BRAC was one of the founding partners of the inaugural 2021-22 Microfinance Index by 60dB - the world's first microfinance social performance report based entirely on the client's perspective. The 72 participating microfinance institutions (MFIs) serve 25 million clients, 17,956 of whom participated in the survey across 41 countries. The index measured client-level outcomes across the five common dimensions of impact: Access, Business Impact, Household Impact, Financial Management, and Resilience.

BRAC Liberia Microfinance Company Ltd took the top spot as the best-performing MFI, and many of the BRAC MFIs come among the best performers. Overall, BRAC entities' performance is either in line with the 60dB MFI index benchmark or outperforming it. BRAC's entities in West Africa are performing relatively better than BRAC entities in other regions.

Figure 11 60dB MFI Index: Overview



1. Access
2. Resilience
3. Business Impact
4. Financial Management
5. Household Impact

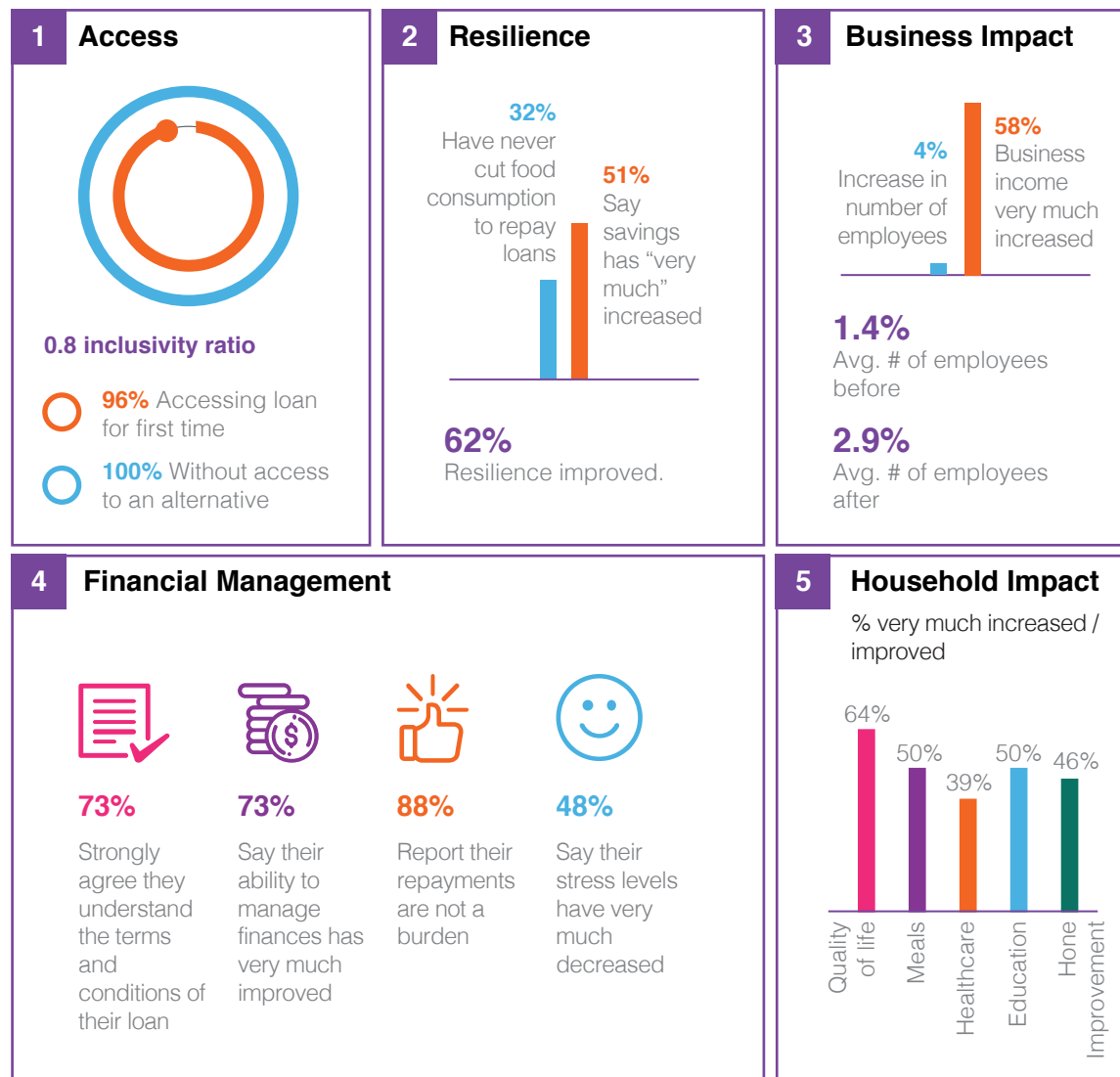
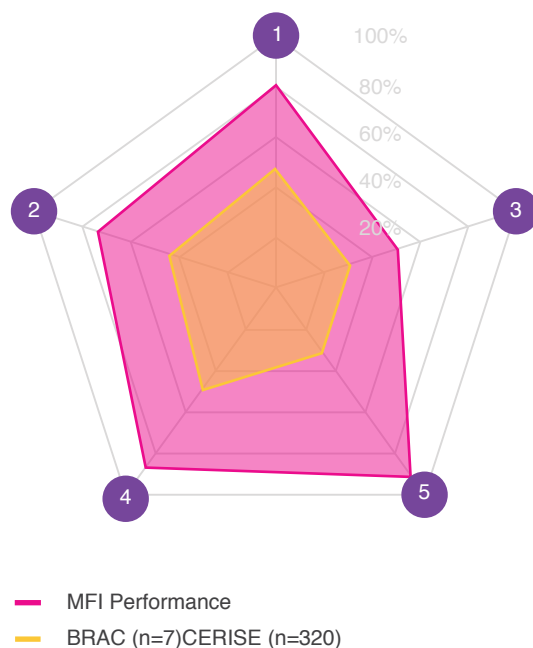


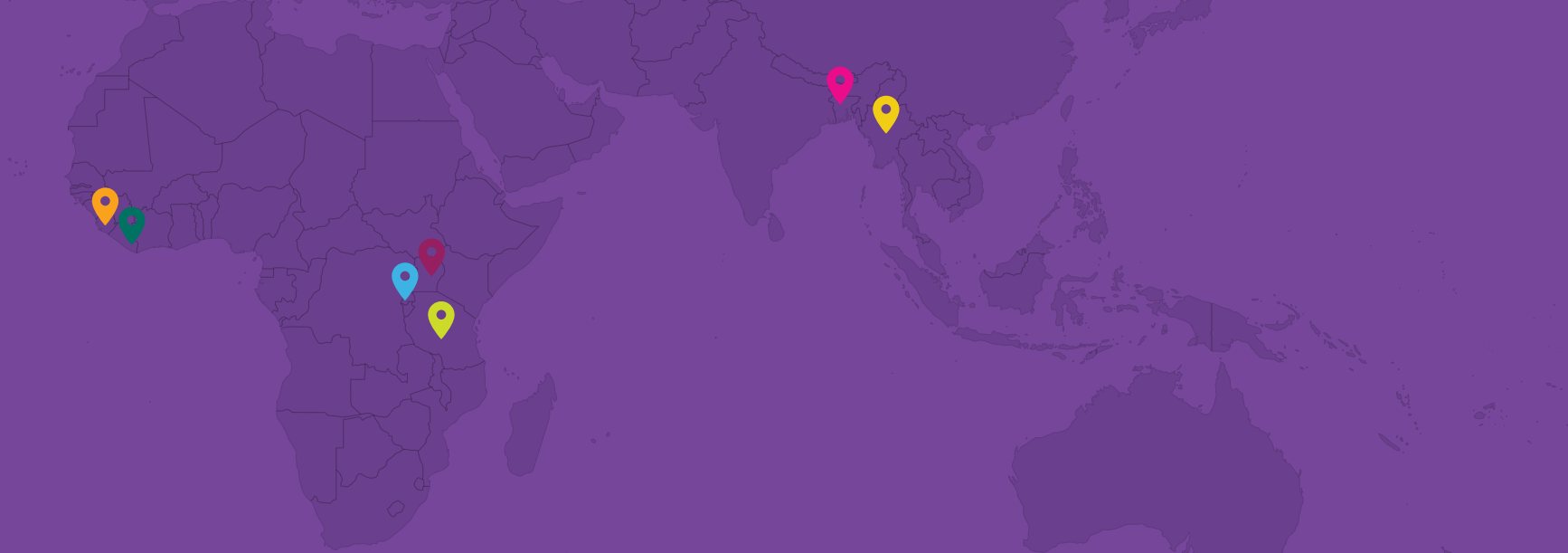
By comparing each BRAC country's performance to the average portfolio performance, we can see which countries are over- and under- performing in each dimension.

Figure 12

The top-performing MFI in 60dB Microfinance Index: BRAC Liberia Microfinance Company Limited (BLMCL)

1. Access | 2. Resilience | 3. Business Impact
4. Financial Management | 5. Household Impact





BRAC Microfinance Across the World

Tanzania

BRAC Tanzania Finance Limited

Launched in 2007

255,272 clients

98% of clients are women

Rwanda

BRAC Rwanda Microfinance Company PLC

Launched in 2019

18,861 clients

99% of clients are women

Uganda

BRAC Uganda Bank Limited

Launched in 2006

163,202 clients

95% of clients are women

Sierra Leone

BRAC Microfinance Sierra Leone Limited

Launched in 2008

64,381 clients

96% of clients are women

Liberia

BRAC Liberia Microfinance Company Limited

Launched in 2008

46,516 clients

97% of clients are women

Myanmar

BRAC Myanmar Microfinance Company Limited

Launched in 2013

138,612 clients

94% of clients are women

Bangladesh

BRAC Bangladesh Microfinance Programme

Launched in 1974

5,719,488 clients

89% of clients are women



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