



Continuing our journey of measuring and managing impact

BRAC believes that sustainable, large-scale change must address and deliver both economic and social progress. Therefore, for over 50 years, microfinance has been an integral part of BRAC's holistic approach to development, equipping people with the tools to invest in themselves, their families, and their communities.

BRAC International Microfinance (BI MF) has been measuring its social performance and desired client-level outcomes since 2019 using the Lean DataSM methodology.¹ In the past four years, we have continued our journey to becoming more client-centric and impact-led. Our results show that client-centric microfinance remains a critical tool for people living in poverty, particularly women, to improve their quality of life and strengthen their resilience, even in the face of a crisis.

BRAC International Microfinance Impact Brief 2022

¹ 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.

We place clients' well-being at the centre of everything we do to achieve our mission. Following through on this commitment, we established and maintain strong systems and practices. In all our endeavours, we adhere to the industry's Universal Standards for Social and Environmental Performance Management (USSEPM)² and the Client Protection Principles (CPPs)³.

In this edition of the impact brief, we present key trends in our social performance from the past four years. It includes information on the profile and experience of our clients, the social outcomes they are experiencing, and shows our performance relative to peers in the financial inclusion sector.

² The third edition of the universal standards are available from January 2023 as the Universal Standards for Social and Environmental Performance Management (USSEPM) with the addition of the seventh dimension on Environmental Performance. The BI MF entities started applying the new version from 2023.

³ The CERISE SPI is a social audit tool for Financial Service Providers to assess their social performance following the USSEPM and the Client Protection Principles (CPPs).

Our mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

BRAC International Microfinance At A Glance

Data as of December 2022



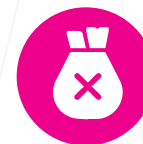
6
countries



57%
of outreach to people living in rural areas



745,295
clients



70%
of outreach to people living in poverty (below \$5.5 a day poverty line)



523
branches



38%
of clients are youth and young adults



96%
of clients are women

BRAC International Holdings B.V. (BIHBV) is the sole or largest shareholder of BRAC International Microfinance entities: 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. BIHBV entities in Myanmar, Uganda, and Rwanda are deposit-taking.

The Dream Chaser

Khin Thu's journey as an entrepreneur was not easy.

She started a pig farm in 2007 to support her family. Her husband served in the army for 20 years but his income was not enough to cover the expenses of the five-member family.

"I struggled to gather the initial capital because I did not have enough money of my own. I had no options other than borrowing money with very high interest from informal moneylenders," said Khin Thu.

When she heard about BRAC from one of her friends in 2019, she applied for an agriculture loan of 1.5 million Kyat. She used the money to buy more piglets and feed and turned her backyard into a full-fledged farm. "My monthly income has increased by three times after taking my first loan from BRAC and I deposit 3,000 kyats in my BRAC savings account every month. BRAC's interest rate is low compared to other institutions and that helps me to save more of my profits", said a smiling Khin Thu.

“

I'm very relaxed now. I love spending time with my family and grandson. I have enough money now and I am planning to build a big farm outside of my house like I have always dreamt of.





Dreams Beyond Borders

The 'Friends and Fans Boutique' shop stands tall in the streets of Bo and everyone in the area knows the owner, Marie Kanneh, a businesswoman and a mother of two children.

Marie started with a small shop many years ago and quickly realised there was a big demand for the clothes she was selling. She wanted to buy more stock but did not have enough capital. Marie learned about BRAC and acquired her first loan of seven million Leones. She invested the money in her business by buying more products and renting a bigger shop. When she realised the business had the potential of selling in other countries, she started exporting to Guinea and Liberia earning herself a name in the clothing industry.

Marie's dream is to be a successful businesswoman. Her children are doing well in school and she hopes they will get good jobs in the public or private sector.

I want to be a very successful boutique owner, not just in Bo but also across Sierra Leone and beyond. I am really proud that I was able to grow my small business into where it is today.

Our Reach

As of 31 December 2022, 96% of all clients we serve are women, 57% live in rural areas and 70% live under the \$5.5 a day poverty line.⁴

BI MF continues to serve an underserved population with 78% of our clients in all six countries reporting they could not find a good alternative to the services we offered. We set deliberate strategies and targets to improve our poverty outreach since the baseline survey results in 2019. The subsequent lean data surveys demonstrate a need for a more conscious effort to increase outreach to people living in poverty.

| ⁴ Weighted for portfolio size from sample survey using Poverty Probability Index



BRAC is filling a
critical **market gap**

Figure 1

Access to alternatives

Q: Could you easily find a good alternative to BRAC [Country]? (n = 1,663)

■ No ■ Maybe ■ Yes

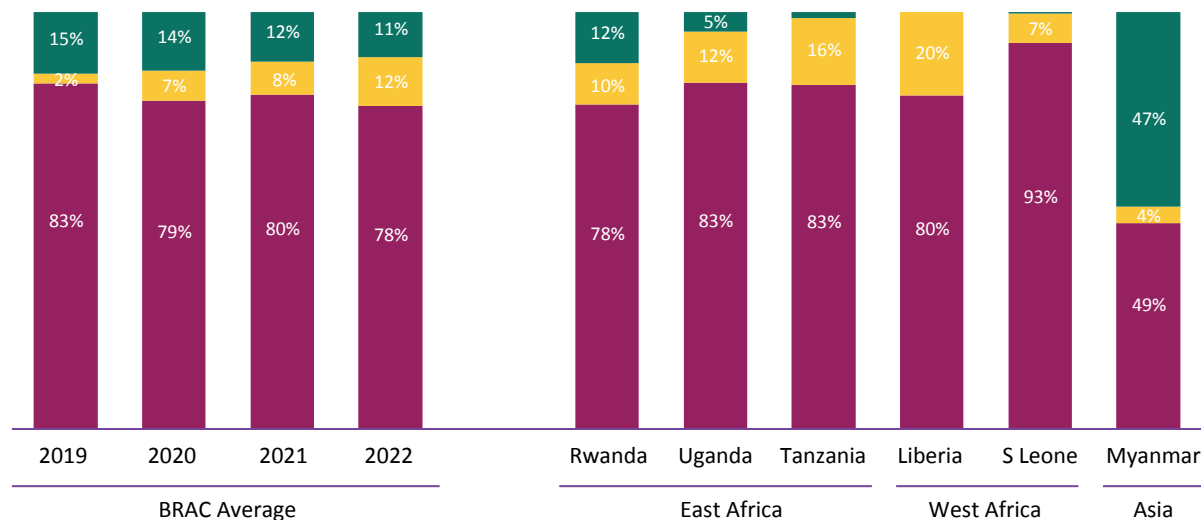
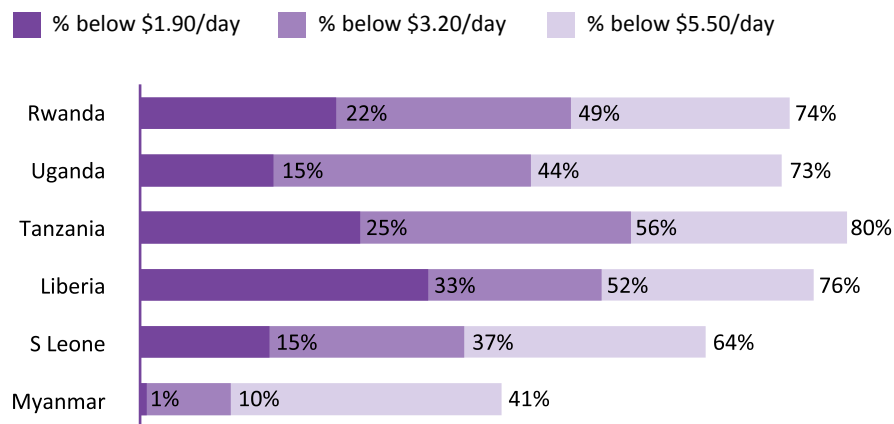


Figure 1.2 Poverty Profile

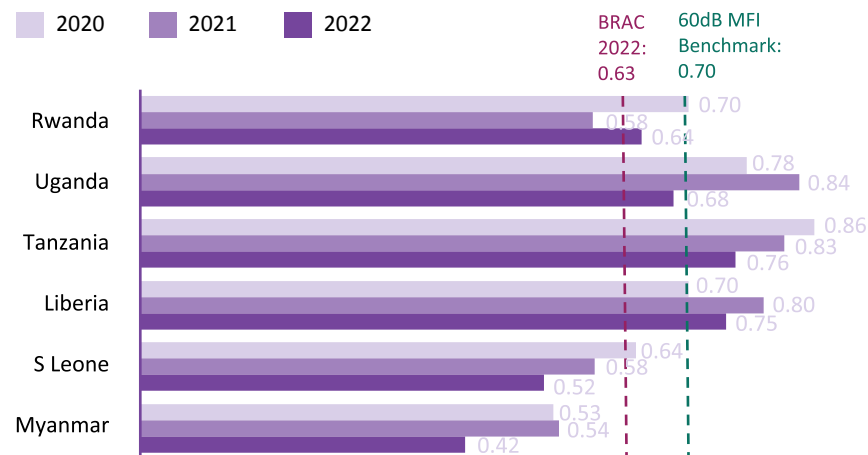
% of clients living below \$x.xx per day (2011 PPP); estimated using the Poverty Probability Index®.*



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

Figure 1.3 Inclusivity Ratio

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



** Inclusivity Ratio is the average of the ratio of clients at each income line (\$1.90/day, \$3.20/day, and \$5.50/day) compared to national averages.



Continuously
striving to improve
our **social**
performance

Our Social Performance

All BI MF entities are working toward full compliance with the USSEPM and are on the Client Protection (CP) pathway.

In 2019, all BI MF institutions set baselines of responsible practices and client outcome results with the aim of understanding whether our services are actually helping to bring positive changes in the lives of our clients. At first, we performed CERISE SPI audits to measure our compliance level with the USSEPM. Then, we systematically started listening to our clients through annual client surveys with 60 Decibels (60dB) using the Lean DataSM methodology. The survey results told us whether we were reaching our target populations and whether our services are making an impact in clients' lives, and gave us valuable insights on how we can improve our services. In addition, the baseline surveys and audits helped in setting and defining strategies to improve our social performance, outreach, and outcome goals. The subsequent quarterly SPI audits and the annual lean data surveys are used to measure progress.

Across the six BI MF entities, the average compliance with the USSEPM improved from 71% in December 2019 to 83% in December 2022. After the first set of lean data surveys in 2019, we sought to improve client satisfaction by addressing the challenges raised by clients. In 2022, the Net Promoter Score (NPS)—a gauge for client loyalty and satisfaction—has improved from 52 in 2019 to 66 in 2022, while the share of those who experienced no challenges has improved from 81% in 2019 to 88% in 2022.

Both CERISE benchmark data (figures 2.1 and 2.2) and 60dB microfinance index benchmarks (figure 2.3) show that BI MF is consistently outperforming its peers on social performance and client satisfaction measures.

Figure 2.1

BRAC USSPM dimension scores compared to global Cerise benchmark

BRAC (n=6)
CERISE (n=352)



Figure 2.2

BRAC client protection compliance scores compared to global Cerise benchmark

BRAC (n=6)
CERISE (n=352)

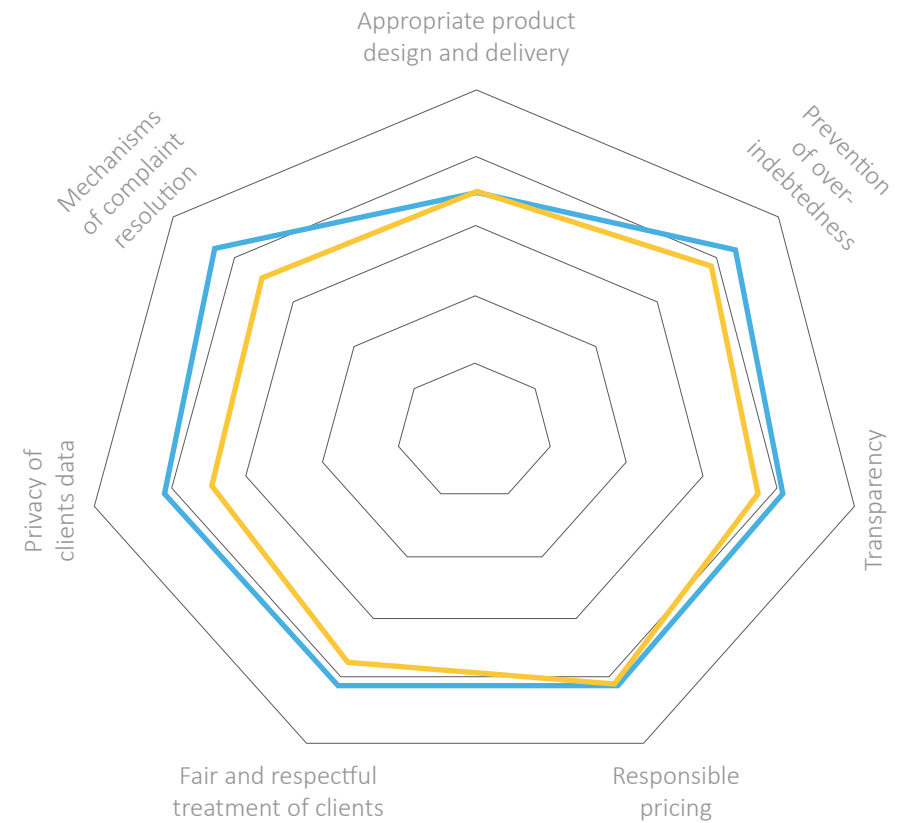
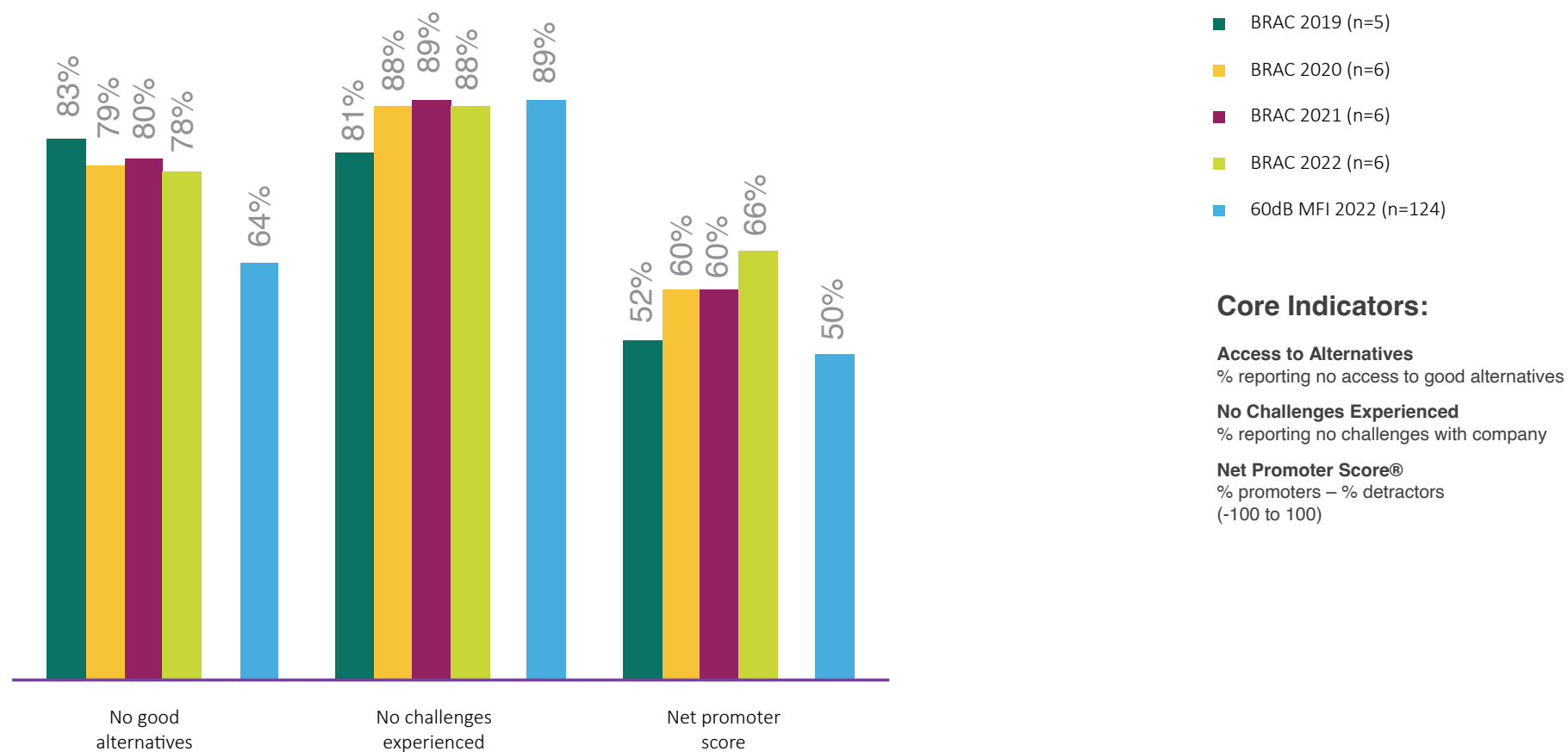


Figure 2.3

Comparison of BRAC with 60dB Benchmarks



Our Outcome and Impact

Our clients continue to report improvement in well-being and financial resilience which is consistent across the past four years. Each year, BI MF has performed the strongest in creating self-employment and livelihood opportunities.. The average composite Social Outcomes index (across BI MF's five focus areas) has recovered in 2022, after a drop over the last two years. This could potentially be due to the recovery from the impact of COVID-19, but it is hard to draw definite conclusions.

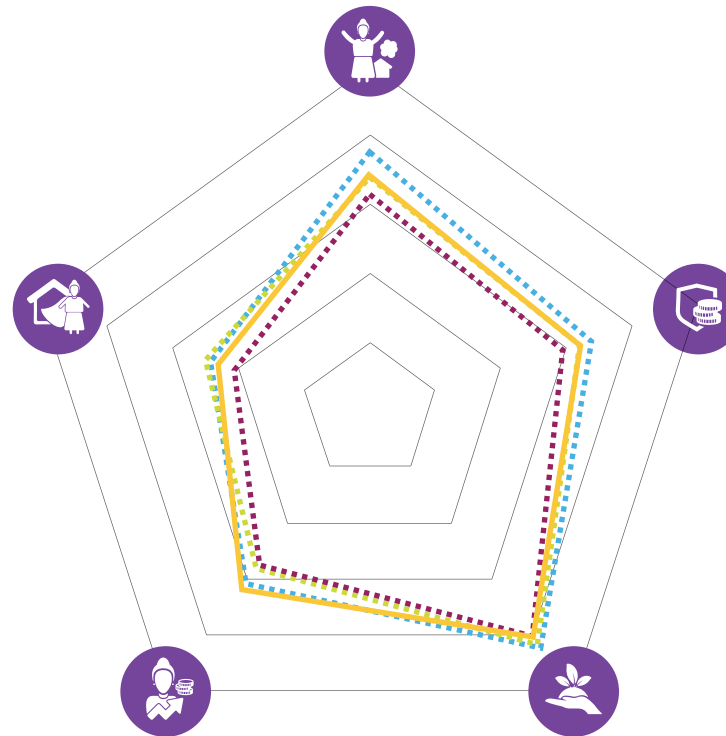
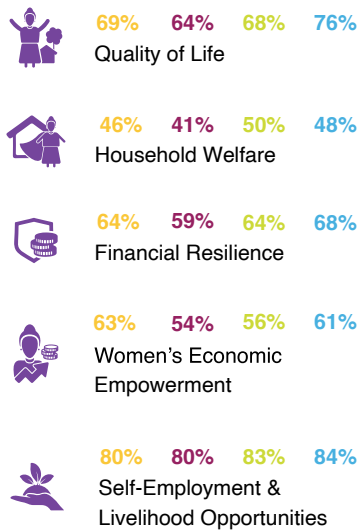
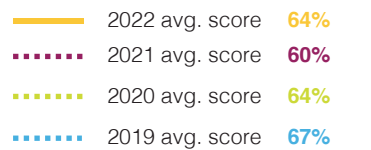
Our clients continue to report strong **outcomes** seen across their personal lives and businesses



Figure 3.1

BRAC average social outcome performance from 2019 to 2022

The Social Outcomes Index* pools BI MF's five outcome focus areas. Each year, BI MF has performed the strongest in creating self-employment and livelihood opportunities for its clients.



* Each outcome uses a weighted calculation, where 'very much improved' responses are weighted as double as 'slightly improved' responses.

Quality of Life

avg. % reporting improvement in:

- Quality of life

Financial Resilience

avg. % reporting improvements in:

- Ability to plan finances
- Ability to save money

Self-Employment and Livelihood Opportunities

avg. % reporting improvement or business use in:

- Income earned
- Loan usage

Women's Economic Empowerment

avg. % female respondents reporting improvements in:

- Income earned
- Decision-making **

Household Welfare

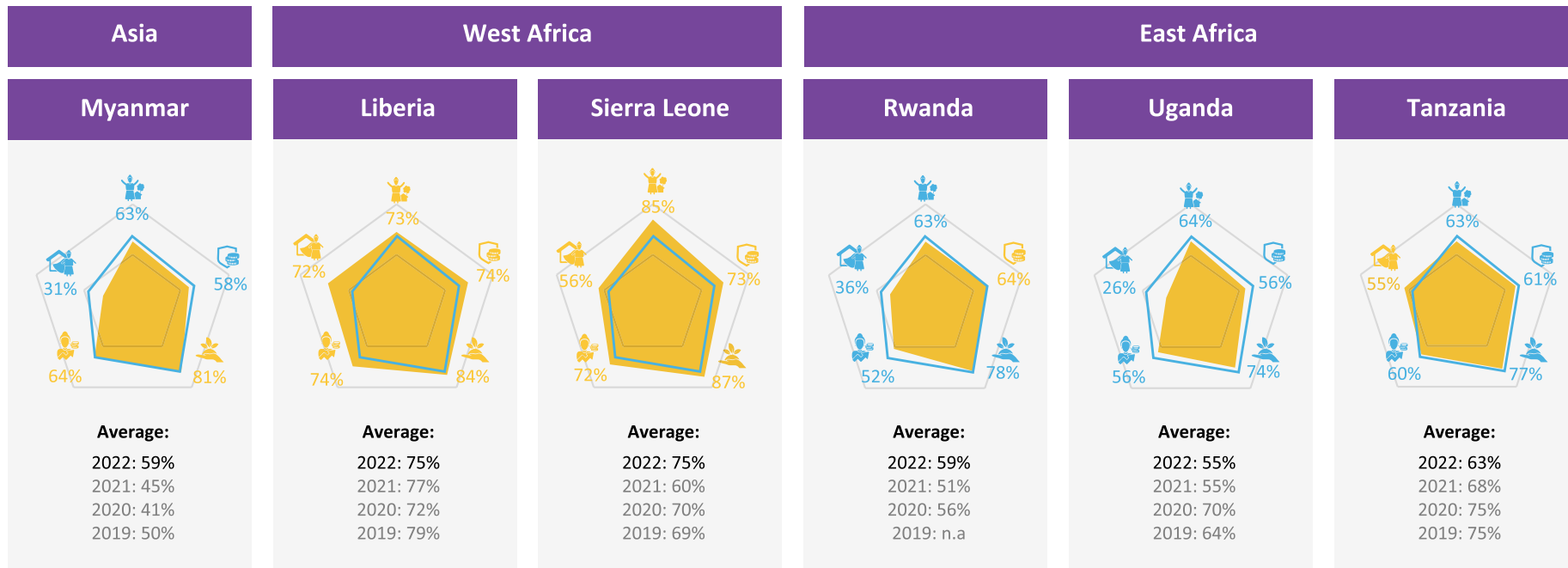
avg. % reporting improvements in:

- Investment in house
- Investment in health
- Investment in education
- Quantity and quality of meals eaten

** In 2022, we updated the questions to reflect the respondent's ability to make independent financial decisions (i.e. spend or save) in the household.

Figure 3.2

Social outcome by country relative to BRAC average from 2019 to 2022



BRAC [Country]

BRAC Average

Yellow icon = Above Average

Blue icon = Below Average

Quality of Life

Women's Economic Empowerment

Financial Resilience

Household Welfare

Self-Employment & Livelihood Opportunities

Looking Ahead

We are constantly learning from our clients to achieve impact at scale through responsible, client-centric microfinance. While we are inspired to see encouraging results in client satisfaction and resilience we remain keen to explore what we can do to increase the impact we have on clients' lives. Knowing where and how we can create more value for our clients is the first step in achieving that goal.



2022 country level lean data survey results



% of clients said their quality of life had improved after engaging with BRAC



% of clients earned more after engaging with BRAC



% of clients managed their finances better after engaging with BRAC

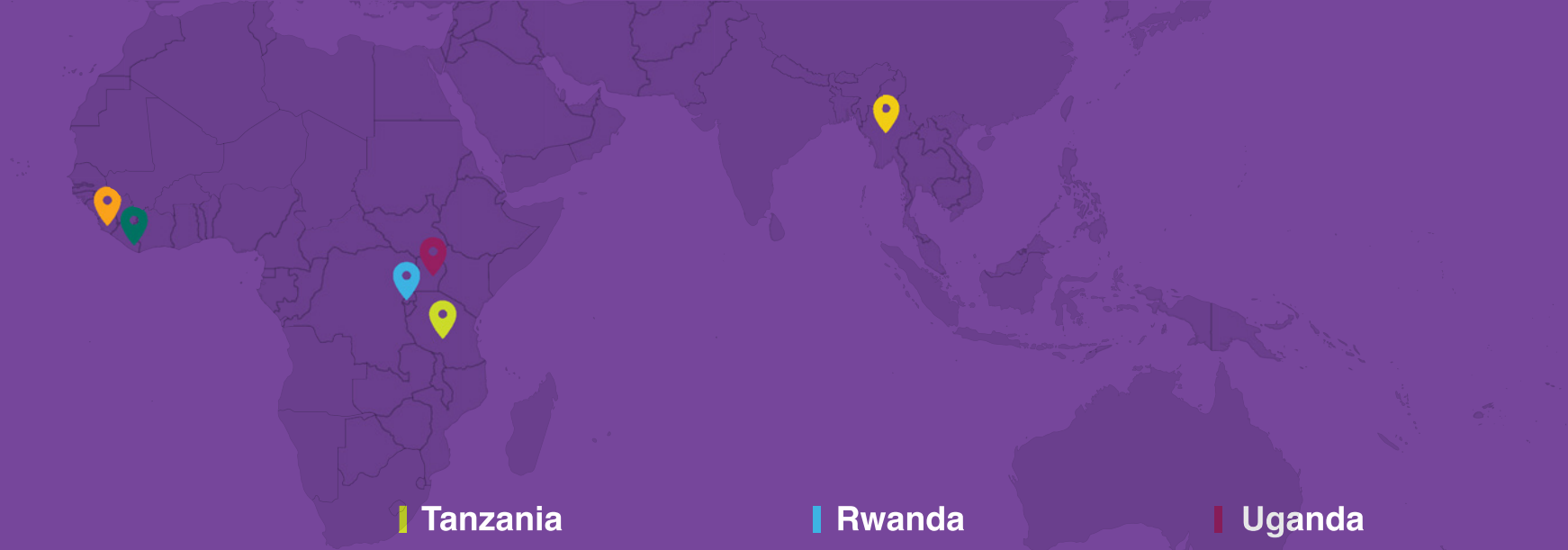


% of clients saved more after engaging with BRAC



% of clients contributed more to important household decisions after engaging with BRAC

	% of clients said their quality of life had improved after engaging with BRAC	% of clients earned more after engaging with BRAC	% of clients managed their finances better after engaging with BRAC	% of clients saved more after engaging with BRAC	% of clients contributed more to important household decisions after engaging with BRAC
Uganda	93%	89%	82%	88%	76%
Tanzania	93%	93%	94%	91%	89%
Rwanda	95%	94%	92%	96%	71%
Liberia	89%	91%	89%	89%	89%
Sierra Leone	99%	98%	98%	99%	85%
Myanmar	89%	89%	90%	80%	86%



BRAC International Microfinance Across the World

Tanzania

BRAC Tanzania Finance Limited

Launched in 2007

318,811 clients

98% clients are women

Rwanda

BRAC Rwanda Microfinance Company PLC

Launched in 2019

25,255 clients

99% clients are women

Uganda

BRAC Uganda Bank Limited

Launched in 2006

157,669 clients

95% clients are women

Sierra Leone

BRAC Microfinance Sierra Leone Limited

Launched in 2008

61,657 clients

96% clients are women

Liberia

BRAC Liberia Microfinance Company Limited

Launched in 2008

58,035 clients

97% clients are women

Myanmar

BRAC Myanmar Microfinance Company Limited

Launched in 2013

123,870 clients

94% clients are women

Note all data in this briefing note is as of December 2021

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Zuid-Hollandlaan 7,
2596 AL Den Haag, The Netherlands.
info.bimf@brac.net

Author

Upoma Husain

Editor

Tahjib Shamsuddin

Creative Designer

Syed MD Tayab

Photo: BRAC



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