VALUE-CENTERED SOCIAL PERFORMANCE MANAGEMENT: A GUIDEBOOK

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Acronyms and Abbreviations

AI	Appreciative Inquiry
CLM	Composite Logic Model
CSoC	Critical Stories of Change
LAST	Livelihood Asset Status Tracking
LQAS	Lot Quality Assurance Sampling
MIS	Management Information System
MAPP	Method for Impact Assessment of Programs and Projects
MFI	Microfinance Institutions
MSC	Most Significant Change
OM	Outcome Mapping
PIM	Participatory Impact Monitoring
PIPA	Participatory Impact Pathways Assessment
PaLSA	Participatory Livelihood Monitoring
PPM&E	Participatory Planning Monitoring and Evaluation
PWR	Participatory Wealth Ranking
PAG	Performance Appraisal of the Groups
PANgo	Performance Assessment of NGOs
PIA	Poverty Impact Assessment
RIA	Rigorous Impact Analysis
SAGE	Situational Analysis and Goal Establishment
SIA	Sustainability Impact Assessment
SPM	Social Performance Management
SPTF	Social Performance Task Force
SPE	Special Purpose Entities
SCAMPER	Substitute - Combine - Adapt - Modify - Put to another use - Eliminate - Reverse
ToC	Theory of Change

Foreword

In 2012 we came out with a handbook called "Social Performance Management – In a Purposive Way." It presented a framework called SPM Molecule. At its core are ethical values.

In this book, we aim to describe the desirable values, what makes them ethical, and how these values can contribute to a greater chance of success of having social performance. To make matters simpler, we have developed icons for these values and also identified some indicators which can be used.

We do hope that with the completion of this second part, any institution deciding to integrate Social Performance can now have some guide how to make it happen.

ECLOF International

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PART 1. Overview

I. Introduction to Social Performance Management

Most Microfinance Institutions (MFIs) have social goals and mission. These can take a variety of forms such as: extending financial services to under-served areas or to persons previously excluded from the formal banking sector; supporting micro and small enterprises; promoting corporate social responsibility; protecting the environment; contributing to gender equity; reducing poverty or vulnerability among the poor; bringing marginal groups into mainstream society; or facilitating job creation. However, less emphasis has been given to monitoring progress towards these goals and mission (G. Woller, 2008).

Every day managers and staff make decisions that affect the social and financial performance of their MFI, yet formal information systems and decision-making are concerned almost exclusively with financial performance. Social performance, admittedly, does not happen overnight. Achieving it requires a commitment from those who own and control or direct MFIs as well as timely and useful information on social performance. In other words, social performance requires management.

The Social Performance Task Force (SPTF) defined "Social Performance" as the effective translation of an institution's social mission into practice, while "Social Performance Management" is the institutionalized process that involves setting clear social objectives, monitoring and assessing progress towards achieving these objectives, and using this information to improve overall organizational performance.

II. The Core of Social Performance Management[1](SPM)

At its core, SPM helps an MFI build a better understanding of who its clients are and how they use and benefit from the institution's products and services. Such information is critical to the MFI's ability to demonstrate programmed impact for a range of stakeholders and improve programmed services. Understanding how clients interact with the programs improve operational and product decision-making in response to their needs and preferences.

There are key questions to consider before implementing SPM. These questions incorporate not only the collection of information, but also its use. Consequently, some of the questions below target clients and client behavior while others focus on how the MFI will use that information in its daily operations and in strategic planning.

[1] *This was heavily drawn from: Social Performance Map, The SEEP Network Social Performance Working Group, April 2008.*

1. ***What are your social objectives and how do you seek to achieve these?***

By clearly articulating its social objectives and strategies the MFI will be able to tailor its services to its clients' needs and monitor the extent to which these services are meeting its objectives. Social objectives are not attained immediately or overnight. Like financial objectives, they require a deliberate strategy and a conscious effort to monitor its implementation.

2. ***How do you align your social objectives with your services and to your identified target clients? How do you monitor, understand the ways in which clients use your services, whether or not their needs are met, and why some clients leave or become inactive?***

Clients' needs and programmed participation often differ depending on their age, sex, level of education, and type of business. Matching clients' demographic characteristics to the services they use is valuable information for adapting and/or diversifying products and services in response to distinct market segments. There are many ways to group or categorize clients; in addition to the specific categories, it is important to determine how each category is represented in the overall portfolio. It can also be useful to know who within the target market do not participate, and why. Such information may suggest adjustments to existing services or even offering new ones that will attract these potential clients.

A wide variety of factors can influence a client's decision to stop borrowing, leave her savings account dormant for long periods, or withdraw from the programs. Some factors are not related to the work of the programs. The client's business may be well enough established that she no longer feels the need to borrow, personal issues or illness might be temporarily preventing her from running her business, or there may be periods of inactivity according to the season. However, other explanations—such as dissatisfaction with some aspect of the program or preference for another MFI—should sound an alarm for management. They are an indication that the existing program is not meeting clients' needs in some way. Left unaddressed the rate at which clients' leave is likely to increase, negatively affecting both financial and social performance.

The connection between client retention and overall performance—both social and financial—is an area of increasing concern for MFIs. Beyond client satisfaction, exit rates can also be an important indicator of social performance. If clients are leaving because they cannot afford to stay, the MFI is probably not achieving the desired impact on their livelihoods. Clients who leave the program in the aftermath of external shocks (e.g., natural disasters, accidents, illness) were probably highly vulnerable in the first place, again an indicator that impact may be limited.

On the financial side, losing established clients is expensive because they have to be replaced with new borrowers who cost significantly more to recruit, orient, and assess. Close monitoring of clients who leave is a key to managing and minimizing this costly trend. Exit surveys can reveal clients' satisfaction levels with the products and services, and help the MFI adjust to improve its benefits and impact.

3. ***How do you align your internal or organizational capacity to increase the probability of success in attaining social objectives?***

What changes are clients experiencing? Are their incomes increasing? Are their businesses growing? Is their nutrition improving? Is their poverty status changing?

These questions reflect a tiny sample of the possible indicators of client status. Practitioners must choose those that most appropriately measure progress toward their institution's specific social objectives. Once selected, regular monitoring is recommended to get a sense of the changes that are, or are not, occurring over time. It will also help clarify the process by which change occurs: are the changes limited to particular branches or linked to a particular product? Such information can help identify programmatic strengths to reinforce or weaknesses to correct.

Routine monitoring of client status through regular collection of data is only part of the process. On its own, monitoring generally does not explain why the observed changes have taken place, nor the extent to which they can be attributed to the MFI. In addition, it may not be sufficient to identify market trends, or economic changes that affect the way micro-entrepreneurs do business or their financial strategies for loan use. These more complex aspects of client behavior and programmed impact require more rigorous research that most institutions undertake only periodically. SPM includes both routine monitoring and more intense follow-up research.

4. ***What is the information you need to generate to know if you are advancing your social objectives through SPM?***

SPM is dynamic. MFI objectives, clientele, and context typically evolve over time, and so must the processes by which they are monitored. Periodic reviews of the system, which are an integral part of the SPM process, ensure that the information being collected is both useful and reliable.

III. Costs and Benefits of Social Performance Management[2]

An MFI's success is closely linked to the success of its clients. In a context of greater availability of services and growing competition among providers, MFIs that do not meet the needs of their clients will lose them. Those that are focused on and responsive to their clients will retain them, and increase their share of the market. Thus, in microfinance, financial and social goals are mutually reinforcing. Strong financial performance enables an MFI to pursue its social objectives, and achieving social objectives is good for business. Through active monitoring and assessment of client interaction with products and services, SPM helps MFIs to remain faithful to their mission and maximize both sides of the performance coin.

[2] *This section was heavily drawn from Social Performance Map, 2008.*

There are costs involved in SPM, but the benefits are well worth the investment over time. SPM will lead to better client-focused services and organizational culture, more satisfied clients, stronger management, and improved financial performance. SPM serves as the social lens through which all organizational systems can be viewed and aligned.

SPM will help managers —

- Attain both financial and social objectives to make better business decisions based on a more thorough understanding of the trade-offs each involves
- Generate baseline information that is invaluable for more in-depth assessment of social performance
- Track performance against targets, both social and financial
- Identify problems at an early stage before they become damaging for the organization

SPM will benefit clients, giving them —

- Services more appropriate to their needs
- More product choices
- Better customer service
- A greater "voice" in the programs

SPM will improve outreach, services, and products, enabling the MFI to—

- Segment its portfolio to examine differences in performance by client characteristics and thereby identify market niches, opportunities, and problems
- Monitor how clients use services to determine how well they "fit," assessing the appropriateness of its services to the needs of its target clients, as well as how to adapt them
- Innovate to improve client satisfaction and loyalty through better products, better customer service, and greater flexibility
- Verify the results of programmatic changes to determine if they have made a difference
- Track intended and unintended impacts on clients' lives and on the wider community, and understand the role that the organization plays in promoting these changes

SPM will improve financial performance, due to —

- Higher retention of clients, through monitoring of and responsiveness to their satisfaction with programs. Higher retention rates translate into lower costs and higher profits.
- Program growth, by making the institution more attractive to potential clients because of demand-driven products and services and word of mouth from satisfied current clients.
- Lower operational costs, as resources are used more effectively based on better understanding of the best investments.
- Demonstration of social performance to stakeholders, thus improving position in a competitive funding market.

IV.ECLOF International's Role and Interest

ECLOF International's strategic plan and programs emphasize the importance of monitoring the effectiveness of its intervention both at the grassroots level and in relation to EI's role and responsibilities for its NECs. This applies to microfinance, or providing financial services to people who would not easily have access to such services, and the belief that appropriate financial services — such as credit, savings, and insurance — can empower disadvantaged and vulnerable people as well as communities to break the cycle of poverty and improve their livelihoods.

In such a context, assessing and monitoring the effectiveness of its programs and initiatives is an important step for ECLOF International. Social performance assessment and measurement quantifies the changes among households and communities.

This guidebook recommends a broader approach and methods that involve understanding whether the programs have the means to reach their social objectives and how to improve their actions in terms of households and communities.

Box 1. A Profile of SPM: Prizma in Bosnia-Herzegovina[3]

In the highly competitive Bosnian microfinance market, Prizma has strategically positioned itself at the low end, targeting poor entrepreneurs, particularly women. Prizma's social performance management system has been tailored to monitor its performance related to three social goals: (1) to deepen outreach to poor women; (2) to strengthen impact; and (3) to ensure the quality of services. It serves 12,278 clients and had an active portfolio of US$8.4 million as of December 2004. Its average loan size is US$695. Prizma achieved full financial self-sufficiency in 2001, and today it generates an annual surplus in excess of $100,000.

Prizma's social performance management system consists of three core components:

- **Poverty status monitoring** is conducted for all clients on entry and at the start of each loan cycle using a poverty scorecard comprised of seven indicators: education of the head of household; location and size of residence; household assets; transportation assets; meat consumption; and sweets consumption.
- **Exit monitoring** using a short, semi-structured interview, is conducted by field staff twice a year to answer questions such as: Who leaves? What is the magnitude? What are the characteristics of dropouts? Why do they leave?
- **Focus groups** provide information on how Prizma is reaching, serving, and affecting its target market: Which groups does Prizma reach? Which groups are excluded? What kind of products and services should Prizma develops to reach and serve its target clientele?

Its management information system (MIS) can generate a custom report that provides aggregate poverty scores for any segment of the client base, or by any of the 30 other variables in the system. The capacity to thus segment its market helps Prizma to achieve the correct design of products and services for its target clientele. It can adjust delivery, price, or other attributes of one or more products to better meet the preferences of any given segment, or pilot a new product in response to a significant need among a large number of clients.

For example, poverty and exit monitoring data enable Prizma to segment its market to identify the characteristics of clients most vulnerable to performing poorly and eventually leaving the program. If these vulnerable clients are strategically important, more attention can be invested in retaining them. If they do not constitute an important group (for example, those clients who "shop" for loans across the market and are less likely to become loyal clients), Prizma can save time and resources on efforts to keep them.

The information gathered also supports the design of staff incentive schemes, delinquency management, business plan projections, and branch performance comparisons. It strengthens ongoing market-research activities, strategic positioning, product promotion, and branding. Focus group discussions enable Prizma to investigate the reasons behind the patterns and trends in client status highlighted by the monitoring data.

SPM has become a part of Prizma's organizational culture due to the strong support from the board and senior management. Overall, the new system has provided stronger, more timely, and more accurate reporting, tighter internal control, and the ability to manage multiple products and increased scale. All employees are able to monitor branch and loan officer performance, portfolio quality, or other institutional or client data.

Staff access to critical performance data has been at the heart of Prizma's effort to build strong decentralized profit centers, greater staff ownership of and accountability for individual and team results, and consensus for management decisions intended to strengthen both the institution's financial health and its ability to fulfill the mission.

To cover the cost of developing these tools, Prizma estimated that it would need to retain an extra 152 (2.2%) of its group enterprise loan clients for one additional loan cycle—on the assumption that each retained client is worth $278.

[3] *Ibid.*

PART 2.
The SPM Molecule Approach and How it is Different

The basic building blocks of the "normal" matter that we see in the Universe are Atoms, and combinations of atoms that we call Molecules. In SPM, we start with the most basic building block and so we need to focus first on the framework of an organization. This then leads us to values and mission because these two are what differentiates one organization from another.

I. The Character of Values and Ethics[4]

Values can be defined as those things that are important to or valued by someone. That someone can be an individual or, collectively, an organization. One place where values are important is in relation to vision.

One of the imperatives for organizational vision is that it must be based on and consistent with the organization's core values. In one example of a vision statement, the organization's core values - integrity, professionalism, caring, teamwork, and stewardship - were deemed important enough to be included with the statement of the organization's vision. Dr. John Johns, in an article entitled "The Ethical Dimensions of National Security," mentions honesty and loyalty as values that are the ingredients of integrity. When all members of an organization share values, they become extraordinarily important tools for making judgments, assessing probable outcomes of contemplated actions, and choosing among alternatives. Perhaps more important, they put all members "on the same sheet of music" with regard to what all members as a body consider important.

*The U.S. Army in 1986 had as the theme for the year "values," and listed four **organizational values** - loyalty, duty, selfless service, and integrity - and four **individual values** - commitment, competence, candor, and courage. A Department of the Army pamphlet entitled **Values: The Bedrock of Our Profession** spent some time talking about the importance of **values**, and included this definition:*

[4] http://www.au.af.mil/au/awc/awcgate/ndu/strat-ldr-dm/pt4ch15.html

***Values** are what we, as a profession, judge to be right. They are more than words - they are the moral, ethical, and professional attributes of character... there are certain core values that must be instilled in members of the U.S. Army — civilian and uniformed soldier alike. These are not the only values that should determine our character, but they are ones that are central to our profession and should guide our lives as we serve our Nation.*

***Values** are the embodiment of what an organization stands for, and should be the basis for the behavior of its members. However, what if members of the organization do not share and have not internalized the organization's values? Obviously, a disconnect between **individual** and **organizational values** will be dysfunctional. Additionally, an organization may publish one set of values, perhaps in an effort to push forward a positive image, while the values that really guide organizational behavior are very different. When there is a disconnect between **stated** and **operating values**, it may be difficult to determine what is "acceptable." For example, two of the Army's organizational values include candor and courage. One might infer that officers are encouraged to "have the courage of their convictions" and speak their disagreements openly. In some cases, this does work; in others it does not.*

The same thing works at the level of the larger society. The principles by which society functions do not necessarily conform to the principles stated. Those in power may covertly allow the use of force to suppress debate in order to remain in power ("death squads" are an example). In some organizations, dissent may be rewarded by termination from employment - the organizational equivalent of "death squad" action. In others, a group member may be ostracized or expelled.

Values provide the basis for judgments about what is important for the organization to succeed in its core business

Group members quickly learn ***operating values***, or they don't survive for long. And to the extent they differ from stated values, the organization will not only suffer from doing things less effectively but also from the cynicism of its members who may yet have another reason for mistrusting the leadership or doubting its wisdom.

So, there are some disconnects, and these disconnects create problems. However, the central purpose of ***values*** remains. They state either an actual or an idealized set of criteria for evaluating options and deciding what is appropriate based on long experience. The relevance of the Army's ***values***, for example, is apparent. When soldiers are called upon to expose themselves to mortal danger in the performance of their duty, they must be absolutely able to trust their fellow soldiers (to do their fair share and to help in the event of need) and their leaders (to guard them from unnecessary risk). So the Army's ***values*** prescribe conditions that facilitate trust, a necessary element in willingness to face danger. Without trust risk tolerance will be low, as will combat effectiveness.

> ***To behave ethically is to behave in a manner that is consistent with what is generally considered to be right or moral. Ethical behavior is the bedrock of mutual trust.***

So how do values relate to ***ethics***? And what do we mean by ethics? One of the keys is in the phrase we quoted above from the DA pamphlet: "Values are what we, as a profession, judge to be right."

Individually or organizationally, ***values determine what is right and what is wrong, and doing what is right or wrong is what we mean by ethics. To behave ethically is to behave in a manner consistent with what is generally considered to be right or moral.***

What does "generally considered to be right" mean? That is a critical question, and part of the difficulty in deciding whether or not behavior is ethical is in determining what exactly is right or wrong.

Perhaps the first place to look in determining what is right or wrong is society. Virtually every society makes some determination of morally correct behavior. In Islamic countries, a determination of what is right or moral is tied to religious strictures. In more secular societies, the influence of religious beliefs may be less obvious but still a key factor. In the United States much of what is believed to be right or wrong is based on Judeo-Christian heritage. The Ten Commandments, for many people, define what is morally right or wrong. Societies not only regulate the behavior of their members, but also define their societal core values. "Life, liberty, and the pursuit of happiness" represent core American values enshrined in the U.S. Constitution.

Collective and individual experience has led societies to develop beliefs about what is of value for the common good. (Note that societies may differ from one another in the specifics, but not in the general principles.) One example is the notion of reciprocity: "One good deed deserves another." Another is the notion of good intent: "A gentleman's word is his bond." Yet, a third is the notion of appreciation of merit in others regardless of personal feelings: "Give the Devil his due."

These all contain implied "shoulds" about how people interact and behave toward one another in groups, organizations, and societies. These "shoulds" define collective effort because they are fundamental to trust and to team relationships that entail risk. The greater the potential risk, the more important ethical practices become.

Organizations, to some extent, define what is right or wrong for the members of the organization. Ethical codes – such as West Point's "A cadet will not lie, cheat, or steal, or tolerate those who do" – make clear what the organization considers to be right or wrong.

II. The SPM Molecule

Rather than focus on "one-time" social audit and assessment, the ECLOF International SPM approach focuses on integrating the value-focused SPM into day-to-day management practices for the institution to see the value and the need to better achieve both social and financial performance.

ECLOF International's Social Performance Management Framework has been minted and conceptualized into the **"ECLOF SPM Molecule"**. As a molecule is a combination of two or more atoms bonded together, in the ECLOF SPM Molecule the core values and principles are found at the nucleus and portray the ethical value system that the organization stands for, whether social or financial. The ECLOF SPM Molecule is surrounded by six atoms: namely, (a) governance; (b) leadership and management; (c) social responsibility to staff; (d) responsive products and services for clients; (e) responsible finance; and (f) monitoring systems that represent the processes and procedures in the institution.

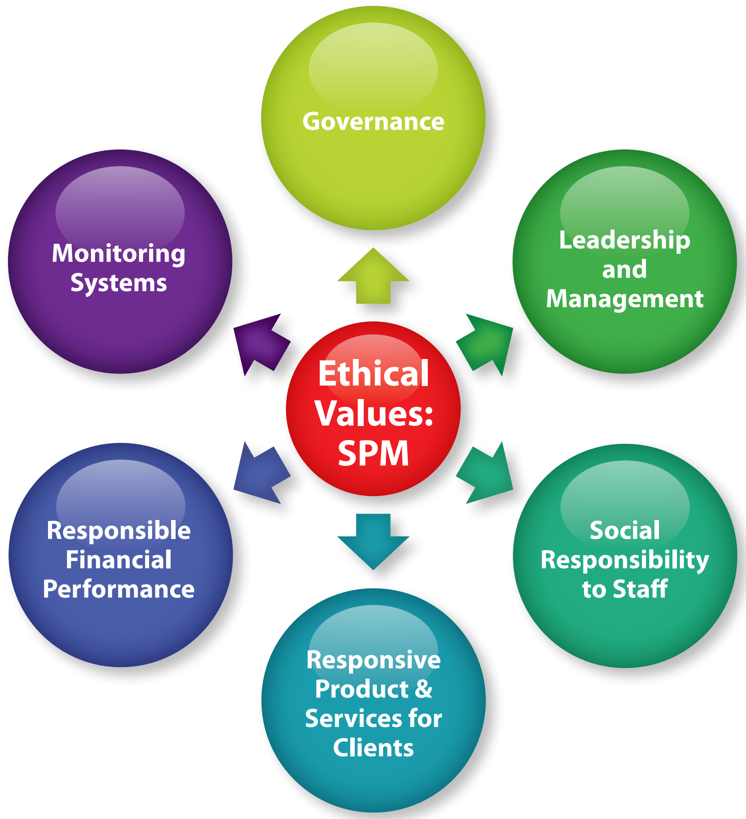

Figure 1. The SPM Molecule

Box 2. ECLOF International's SPM Molecule	
Atom/Indicator	**What the Atom/Indicator Tells us . . .**
Governance	The process by which the Board of Trustees or Directors, through its management, guides the institution in fulfilling its corporate mission and protects the institution's assets over time. Fundamental to effective governance is the ability of individual Directors to work together in accomplishing a balance between financial and social objectives, the precise aim of SPM.
Leadership and Management	The top management of the MFI plays a critical role in getting all staff on board with SPM, in ensuring that policies and systems are aligned with organizational values, and in building the capacity of the organization to achieve not just the MFI's financial objectives but its social mission as well.
Social Responsibility to the Staff	The MFI must also recognize that it has a social responsibility toward its employees. SPM involves not only treating clients well and giving them the products and services they need, but also extending the same treatment and care for the staff. For MFIs with a strong commitment to SPM, the staff should be heavily involved in planning, given orientation on SPM, and the organization's social objectives should be reflected in the employees' performance reviews, promotions and incentive systems.
Responsive Products and Services for Clients	At the heart of any MFI are the clients. Thus any MFI committed to achieving its social objectives must design and deliver the right products and services for its target clients.
Responsible Finance	The MFI must achieve both social and financial objectives in a transparent manner.
Monitoring Systems	For MFIs with strong commitment to SPM, its monitoring system should provide information on how the organization is reaching and serving its target clients, and how its services are changing clients' lives instead of merely focusing on measuring and reporting financial performance. Thus, it should also create an information system that will provide data on what's happening in their clients' lives, so that members of the Board and management can make informed, strategic choices to balance social and financial concerns.

[5] *ECLOF International Governing Social Performance: A Module*

III. The SPM Molecule Moral Yardstick

The moral yardstick of key guiding principles represents a code of conduct and practices that are critical for the achievement of social performance. This moral yardstick of key principles is an integral part of the management of any institution with focus on social performance. In a sense, this can be viewed as composed of a *priori* conditions or assumed requirements without which transparent and accurate performance measurement is impossible (Garand and Wipf, 2010). The implementation of these principles can be the focus of internal management review or external assessment. In either case, review of practice will help managers to identify weaknesses or implement necessary improvements.

The SPM Molecule Moral Yardstick of key principles was developed and finalized during the Values Development Workshop held on 20 December 2011. Several experts on different fields gathered together to discuss values and behavior important for SPM to succeed.

After the process, the following values were deemed important for the success of SPM. These values are not static but may change over time depending on the social objectives of the organization. These key principles provide the definition deemed appropriate for this framework.

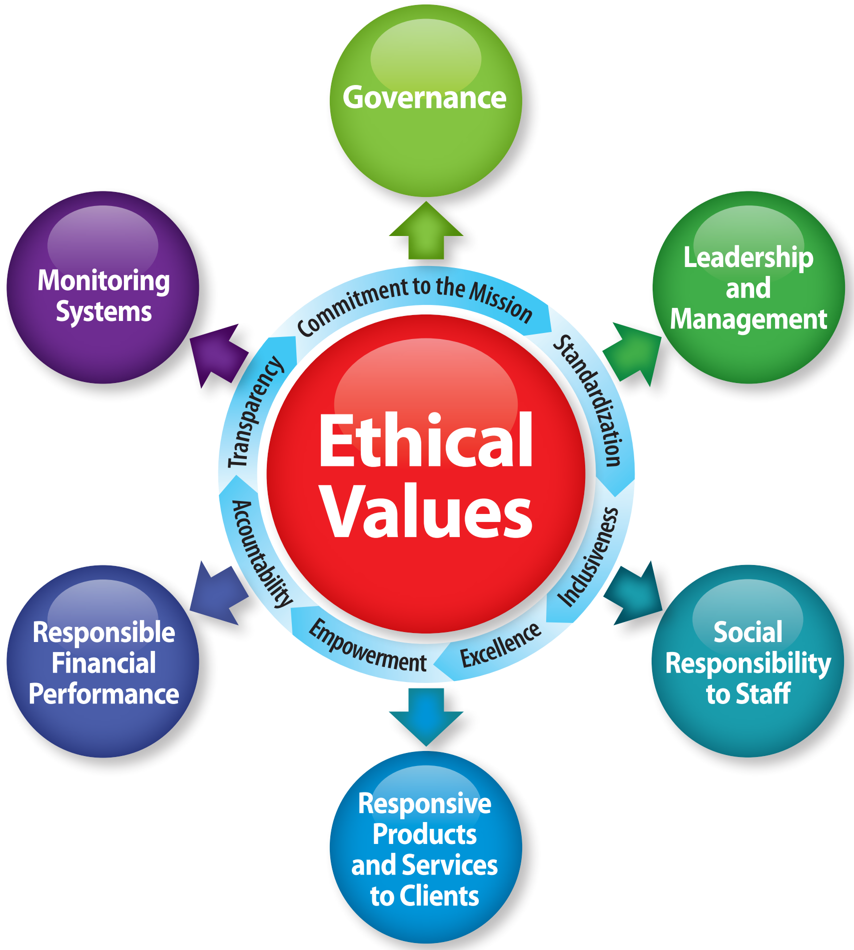

Figure 2. The SPM Molecule Moral Yardstick

Principle No. 1:
Commitment to the Mission

COMMITMENT TO THE MISSION *is the degree to which the organization remains focused on fulfilling its "reason for being" or the purpose of an organization.*

A great business leader once said:

"... the basic philosophy, spirit, and drive of an organization have far more to do with its relative achievements than do technological or economic resources, organizational structure, innovation, and timing. All these things weigh heavily in success. But they are, I think, transcended by how strongly the people in the organization believe in its basic precepts and how faithfully they carry them out." – Thomas J. Watson, Jr., in *A Business and its Beliefs - The ideas that helped build IBM*

Shedding Light

As true as this is for the success of an organization, it is even more so for the individual. The most important single factor in individual success is **COMMITMENT**. **Commitment** ignites action. To commit is to pledge yourself to a certain purpose or line of conduct. It also means practicing your beliefs consistently.

There are, two fundamental conditions for commitment. The first is having a **sound set of beliefs**. There is an old saying that goes, "Stand for something or you'll fall for anything." The second is **faithful adherence** to those beliefs as reflected in your behavior. **Possibly the best description of commitment is "persistence with a purpose"**.

Where To Practice

It appears that effective leaders hold dearly to half a dozen commitments. The *first*, and most *basic*, of these is a **commitment to a set of values, principles or beliefs**. This set of underlying principles defines both the organization's uniqueness and the fundamental direction in which it wants to head. This first commitment leads to a common vision and purpose within the organization.

The second is **commitment to oneself**, to how one acts as a leader. An effective leader possesses a strong sense of personal integrity and self-confidence. This leads to a willingness to share the credit for success. Another aspect to this commitment is a deliberate emphasis on continual self-improvement.

The combination of a strong, positive commitment to self and to a set of principles serves as the foundation to effectively maintain the *remaining four commitments*, which are: **commitment to customers, commitment to results, commitment to employees,** and **commitment to the organization**.

- Everyone has a **customer** and is in turn a customer to someone else. Customers are usually thought of as external to the organization that needs your product or service. A question worth asking is, "How much are others willing to pay for my work?" The price your customers are willing to pay for your product or service measures its value in their eyes.
- Besides serving customers, all organizations target specific **results**. Given the large number of demands placed on all of us, it is important to concentrate on achieving the most important goals and objectives. Commitment to results is largely determined by how clear priorities are, what actions get rewarded, and what risks are taken to improve intended results.
- The next commitment is to the **employees**. The quality of the organization's commitment to customers and results is largely based upon the quality of its commitment to its **employees**. The simple reason for this is that it is these employees who serve the customer and achieve results. How are employees treated in the organization? Commitment to employees is largely the product of treating people with respect, challenging them, and giving them effective feedback on how they are doing.
- The final leadership commitment is to the **organization**. Other departments, higher management, the **organization's overall strategy & mission – all of these are important**. Communication is the key with this commitment. How people talk to, and about, each other greatly affects the quality of cooperation. How open are the channels of communication up, down, and across? Can management be challenged? Will people support management decisions and changes?

Balancing all commitments is the key to well directed leadership. When management supports its employees, they will be able and willing to achieve intended results; when these results support customer needs and expectations, customers will support the organization with their business. A strong and healthy organization can then continue to show commitment to its people. The glue that holds this process together is the **values and leaders in the organization**.

How To Practice Commitment

Effectively demonstrating commitment to others, to the organization's basic principles, and to oneself is never easy. The truth is demonstrating commitment is hard work. Wavering commitment is usually seen as no commitment at all. The only way to achieve a reputation for commitment is through determination and persistence. Genuine commitment stands the test of time.

Day to day, commitment is demonstrated by a combination of two actions. The f*irst action* is called **supporting**. Genuine support develops a commitment in the minds and hearts of others. This is accomplished by focusing on what is important and leading by example. It is not uncommon for people to be either confused as to what is important, or to lose sight of it over time. Supporting means concentrating on what adds value, spotlighting what's working, and rewarding others who are focusing on what is important and leading by example. A crucial aspect of true support is standing up to those who would undermine commitment, those whose words or actions show disrespect.

The second action underlying commitment is called **improving**. Improving stretches our commitment to an even higher level. Improving means a willingness to look for a better way and learn from the process. It focuses on eliminating complacency, confronting what is not working, and providing incentives for improvement. The spirit of improving is rooted in challenging current expectations and ultimately taking the risk to make changes. These changes are based more on optimism in the future than dissatisfaction in the past.

It is the combination of both **supporting and improving** behaviors that makes up the practice of commitment. Separately, neither action is capable of sustaining commitment. Continuous improvement can be seen as **"good is never good enough"**. Together they provide the needed balance essential to sustained commitment.

When It Is Most Important

Commitment is most difficult and most readily proven during tough times. How someone weathers the storms most clearly demonstrates their basic beliefs. In antiquity, Epicurus stated: "...a captain earns his reputation during the storms."

When your competition scores big against you, when the money dries up, or when the glamour of success wears off – these are the times when it is easiest to compromise your commitments. The real test comes when you can hold the line against the easy route of compromise.

Fortunately, paying the price that commitment commands has payoffs worth the cost – a reputation for integrity and, even more important, the commitment of others in return. Commitment is a two-way street. You only get it if you are willing to give it.

Suggested Indicators

The following indicators are suggested to check the degree of commitment to the mission of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
1.1	The Institution's Mission is stated clearly.		
1.2	Existence of policies and procedures that require everyone to learn and imbibe the mission statement.		
1.3	Teaching or explaining the mission is part of standard hiring procedure.		
1.4	The governing body demonstrates and clearly communicates its commitment to the mission.		
1.5	The mission statement is reviewed regularly, using a process that involves representatives of major constituencies of the institution, as appropriate.		
1.6	The Institution is engaged in reflecting on ways to enrich the application of the mission in all aspects of the program.		
1.7	Existence of policy on conflict of interest, such as the ability to fulfill the duty of loyalty and the practice of reciprocal board service.		
1.8	High attendance record in board meetings.		
1.9	Other indicators the institution proposes.		

Bring It On:

Checklist in Improving Commitment to the Mission ...[6]

1. **Check to see if your organization focuses on its mission.** It's difficult to maintain a mission-conscious mind-set in an organization that lacks a mission. Truthfully, an organization isn't really an organization if it isn't going anywhere. So start by measuring the clarity of the mission. Does your organization have a mission statement? If not, work to create one. If it does, then examine whether the goals match its mission. If the values, mission, goals, and practices don't match up, you're going to have a tough time as an organization.

2. **Find ways to keep the mission in mind.** If you're a strong achiever, the type of person who is used to working alone, or you tend to focus on the immediate rather than the big picture, you may need extra help being reminded of the mission of the organization. Write down the mission and place it someplace where you can see it. Hang it on the office wall, make it a message on your computer's screen saver, or have it made into a plaque for your desk. Keep it in front of you so that you are always conscious of the organization's mission.

3. **Contribute your best as an organization member.** Once you are sure of the organization's mission and direction, determine to contribute your best in the context of the organization, not as an individual. That may mean taking a behind-the-scenes role for a while. Or it may mean focusing your inner circle in a way that contributes more to the organization, even if it gives you and your people less recognition.

[5] *Maxwell, John C. The 17 Essential Qualities of a Team Player: Becoming the Kind of Person Every Team Wants.*

Principle No. 2: Standardization

STANDARDIZATION *is the process of developing, formulating and implementing systems, processes and procedures aimed at achieving the proper degree of order and uniformity*

Shedding Light[7]

Standardization (or **standardisation**) is the process of developing and implementing technical standards. The goals of right standardization can be to help with independence of single suppliers (commoditization), compatibility, safety, repeatability, or quality.

In social sciences, including economics, the idea of *standardization* is close to the solution for a coordination problem, a situation in which all parties can realize mutual gains but only by making mutually consistent decisions.

Standardization is defined as the best technical application of consensual wisdom inclusive of processes for selection in making appropriate choices for ratification and coupled with consistent decisions for maintaining obtained standards. This view includes the case of "spontaneous standardization processes," to produce *de facto* standards.

[7] *Booz & Company, 2009.*

Standardization means creating uniform business processes across various divisions or locations. The expected results are processes that consistently meet their cost and performance objectives using a well-defined practice. Standardization thus reduces the risk of failure.

When you standardize your business, you put logical systems into place in order to streamline every process in your workday. Rather than handling each situation as it arises, you react according to a set list of instructions and protocols. The goal is to make sure every action – from dealing with the public to manufacturing goods – is done the same way every time.

Standardizing your business practices doesn't have to mean losing your personal touch or lowering customer service standards. While large corporations with multiple branches lead the way in standardizing the workplace, even the most independent small business can benefit from following basic standard procedures. When done correctly, putting standards in place can increase your bottom line by a surprising amount.

Standards can be:

- *De facto* standards, which means they are followed by informal convention or dominant usage.
- *De jure* standards, which are part of legally binding contracts, laws or regulations.
- Voluntary standards, which are published and available for people to consider for use

Over 80 percent of institutions have adopted (or attempted to adopt) operational excellence programs like Lean and Six Sigma, which are nearly always launched with high expectations that the workforce will be better engaged in rooting out waste. In any institutions where Lean and Six Sigma have successfully taken hold, a deep appreciation of standardized processes, job descriptions, and key performance indicators is a given.

But there are also some less immediately visible gains from standardization that are equally if not more significant:

- A well-functioning procedural management process archives and shares the organization's best practices, historical records, and institutional knowledge or memory otherwise lost when people leave the institution;
- The alignment of the entire organization to follow a distinct set of procedures increases discipline and precision, laying the foundation for a continuous improvement culture.

It would seem perfectly obvious that standardization naturally comes before continuous improvement. After all, standardization is a centrally managed initiative involving the process and functional specialists in the institution. In contrast, continuous improvement can be seen as a more grassroots initiative, driven by this challenge to the organization.

Suggested Indicators

The following indicators are suggested to check the degree of standardization/standards of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
2.1	There is a set of written instructions that document a routine or repetitive activity that, at the very least, outlines how the core business should be implemented		
2.2	There are specific instructions about how to do their jobs produce a safe a healthy work environment		
2.3	Benchmarks are embedded into process standardization		
2.4	Serious compliance with financial, safety and environmental regulations		
2.5	Other indicators the institution proposes.		

Bring It On

The Road to Standardization

There are seven steps to implementing standardization called a "standard work wheel" *(see Figure 3)*. This is a comprehensive framework that can be used across all industries and for all levels of an organization, from senior management to shop floor employees.

The first three steps establish a working sequence that enables subsequent standardization efforts by defining and formalizing the standardized work itself:

1. *Taking Inventory* – prioritizes need for work instructions based on critical activity classification
2. *Generating Content* – defines who to involve and how best to leverage cross-functional knowledge
3. *Formatting & Availability* – defines a user-friendly layout and rules on how to make work instructions accessible

The remaining four steps involve implementing standardization:

4. *Training* – defines a comprehensive training concept
5. *Control & Action* – defines tools and relevant "Key Performance Indicators" to keep process control sustainable
6. *Updating Content* – defines how to ensure updating and improvement of work instructions
7. *Governance* – defines clear roles and control responsibilities

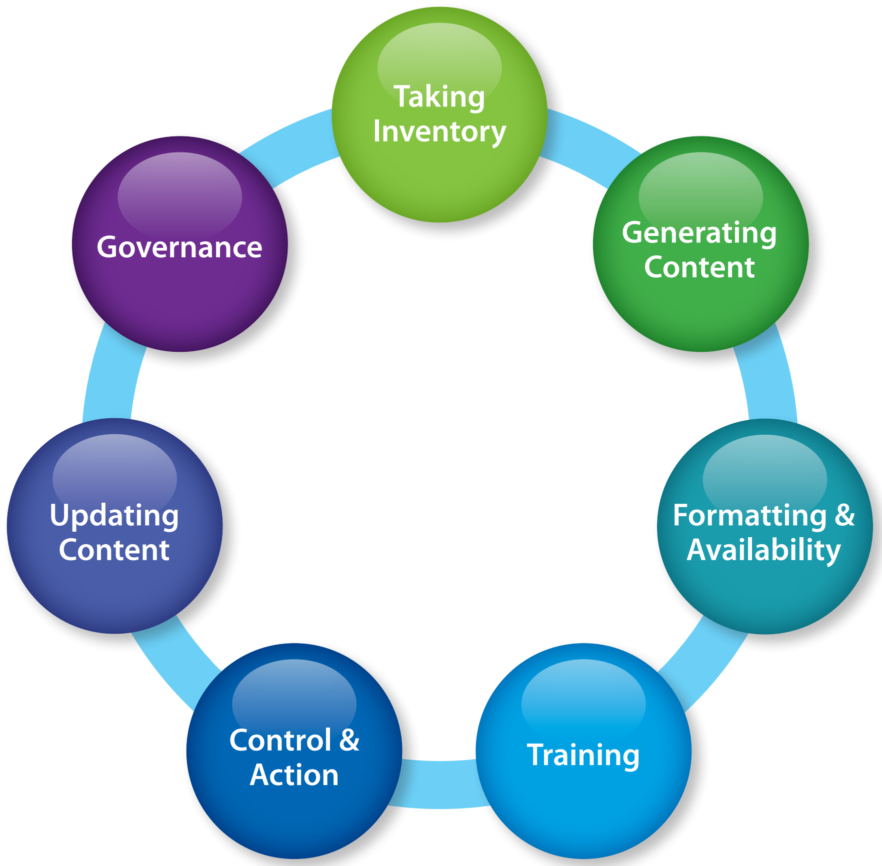

Figure 3. Standard Work Wheel

Reflecting On It

Ask yourself "Would I like my employees to achieve more?" If your answer is "Yes", look to your performance standards. If they're not clear, measurable and definitive, you can't expect your employees to perform to their potential. Without standards, they won't know exactly what and how to perform.

Principle No. 3: Inclusiveness

INCLUSIVENESS *is the degree to which the organization is able, within certain reasonable limits, to accept people of different persuasions, beliefs, color and culture.*

Shedding Light

While the terms are sometimes used interchangeably, diversity and inclusiveness are defined in different ways[9] :

Diversity is the face of an organization – who is involved as board, staff, volunteers, donors, and clients; **inclusiveness**, on the other hand, describes how people from all backgrounds are involved in the organization, how their perspective are valued, and how their needs are understood.

Most of us are familiar with the suggestion that being more inclusive is simply the "right thing to do." It is equally important to recognize that building inclusiveness will:

- Help achieve your organization's mission;
- Affect your organization's bottom line;
- Adapt your organization to the changing community in which you operate; and
- Address disparities that impact nearly all nonprofits, their work, and their constituents.

[9] *The Denver Foundation.*

Suggested Indicators

The following indicators are suggested to check the level of inclusiveness of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
4.1	Hiring and Recruitment • Actively seek applications from a wide range of candidates and recruit from diverse group, taking proactive steps to address underrepresented or minority groups • Offer applicants a copy of organization's nondiscrimination policy • Assess the candidate's application based upon his or her experience, knowledge and competencies rather than personal characteristics and background		
4.2	Training and Development • Invest in a training program for staff and board members that incorporates concepts of diversity and inclusion • Offer leadership program training for staff and board members • Offer other trainings that address diversity topics that may not have been considered, such as learning styles, behavioral styles, work styles and generational issues		
4.3	Employee Representation • A wide variety of religious/faith-based practices • A wide range of age groups and experience levels • People with physical disabilities • People with varied socio-economic background and education levels		
4.4	Communication • Demonstrate patience with people who have trouble speaking and understanding English • Value face-to-face opportunities that enable them to interpret body language • Demonstrate sensitivity to the wide range of potential family arrangements, such as domestic partner relationships and single parent families • Help employees learn to express themselves more effectively • Refrain from talking negatively about people when they aren't present		
4.5	Organizational Leadership • An understanding of the principles of inclusion, diversity, fairness, and equality • Ongoing personal development in diversity awareness • Collaboration with mentors and consultants who have proven knowledge and experience in the areas of inclusiveness and diversity appreciation • A commitment to take the necessary steps to eradicate any structural discriminatory practices with relation to employee opportunities and benefits • Visible support for all employees both in the workplace and in the community		
4.6	Other indicators the institution proposes.		

Bring It On

Some of the benefits of creating a more inclusive organization include:

- Higher job satisfaction
- Lower turnover of employees
- Higher productivity
- Higher employee morale
- Improved problem-solving throughout the organization
- Increased creativity and innovation
- Increased organizational flexibility and ability to learn from people at all levels
- Improving the quality of personnel through better recruitment and retention
- Decreased vulnerability to legal challenges

Reflecting on it

A recent white paper has revealed that managers with high versatility were rated significantly more effective at promoting diversity and inclusiveness within their organizations than managers with lower versatility.

Managers with high versatility were more likely to engage in the following pro-diversity behaviors:

1. *Actively trying to understand others' experiences and perspectives*
2. *Recognizing employees' contributions*
3. *Fostering a welcoming environment for the team*
4. *Valuing different opinions*

Highly versatile managers were rated up to 17% more effective on these behaviors than low versatility managers.

Box 3. Sample Diversity and Inclusiveness Policy

THE CENTER FOR
EFFECTIVE PHILANTHROPY

A nonprofit organization

DIVERSITY AND INCLUSIVENESS POLICY

The Center for Effective Philanthropy, (CEP), is a young organization with a small staff and board. Notwithstanding our size, at CEP, we believe that diversity and inclusion are key drivers of creativity and innovation. Diversity includes men and women from different nations, cultures, ethnic groups, sexual orientations, generations, backgrounds, skills, abilities and all the other unique differences that make each of us who we are. Inclusion means a work environment where everyone has an opportunity to fully participate in creating success and where each person is valued for his or her distinctive skills, experiences and perspectives.

CEP's policies and supporting practices are built upon this philosophy, as well as a set of values that include a strong belief that all employees and board members should be treated with dignity and respect. In accordance with this, CEP does not discriminate against any board member, employee, or applicant for employment because of race, creed, color, religion, gender, sexual orientation, gender identity/expression, national origin, marital status, disability, age, veteran's status, or any other category protected under applicable law. This policy of non-discrimination applies to all CEP practices, including recruiting, hiring, compensation benefits, promotion, training, termination, and other terms and conditions of employment. At CEP, all employment and advancement decisions are based on merit, qualifications and abilities. Moreover, CEP seeks to take affirmative steps to attract diverse candidates for all board and staff openings. CEP is committed to compliance with all applicable national and local laws pertaining to nondiscrimination and equal opportunity.

CEP Core Beliefs:

- An inclusive, flexible work environment that values differences motivates employees to contribute their best.
- To better fulfill our mission and most effectively address our audiences, we must attract, develop, promote, and retain a diverse workforce and board.
- Trust, mutual respect, and dignity are fundamental beliefs that are reflected in our behavior and actions.

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Principle No. 4: Excellence

EXCELLENCE *is about giving the best to the best of your ability, or the degree to which people and the organization are encouraged to give their best to the best of their abilities.*

Shedding Light

Excellence is the quality of being outstanding or extremely good. It describes the furthest end of the quality spectrum. When we think of excellence, we think of an outstanding aspect, a model of its kind – the very best there is.

Excellence may bring to mind unmatched performance, unusual expertise, or consistent high-quality performance. In our minds, we often associate excellence with talent. To be the best, surely you have to be gifted, right? In fact, the primary pathway to excellence has three main steps, none of which depends on talent.

I. Find Your Passion

"You are nothing unless it comes from your heart. Passion, caring, really looking to create excellence. If you perform functions only and go to work only to do processes, then you are effectively retired. And it scares me - most people I see, by age 28, are retired. If you go to work only to fulfill the processes and functions, then you are a machine. You have to bring passion, commitment and caring - that's what makes you a human being." – Horst Schulze, former President of Ritz-Carlton

People of excellence love what they do, or they learn to love what they do. They have learned how to fuel the fire that keeps them moving. How do you spot a passionate person?

1. They work with their whole heart.
2. They work with undistracted attention.
3. They work with maximum energy.

In life, the prize goes not to who's the smartest or most talented but to the person with passion.

Reflecting on it

Reshuffle Tasks in the Direction of Your Passion

1) Take an inventory of the work activities that you enjoy, and in which you excel. What energizes you and makes you feel alive about them?

2) Take inventory of the work activities that drain away your energy. Ask yourself why these tasks feel so burdensome.

3) Have a conversation with your manager about shifting your workload in the direction of your passion. Don't expect your boss to allow you to reshuffle your responsibilities overnight. Be willing to take very small, gradual steps toward your passion. Even exchanging one de-energizing task for another that brings you energy is a victory.

II. Never Cease Practicing

"If people knew how hard I had to work to gain my mastery, it would not seem so wonderful at all." – Michelangelo

Passion won't take you anywhere unless you combine it with disciplined practice. Malcolm Gladwell, in his book *Outliers*, studies success and discovers that innate talent has a lot less to do with excellence than does practice. In fact, he found that the successful people he studied (the Beatles, Bill Gates) put in 10,000 hours of practice before making a big splash. Nobody cruises to the top on natural giftedness alone. As Gladwell writes, "Practice isn't the thing you do once you're good. It's the thing you do that makes you good."

Reflecting on it

Don't Just Learn...Do

In hospital emergency rooms nurses have a saying, "Watch one, do one, and teach one." This refers to the fast pace of the profession and the need to learn quickly, then jump right in to practice what you learned on a real live patient, and then pass it on just as quickly to someone else. Notice that learning is only the first one-third of the job. The real key is putting that learning into practice. The principle applies to any profession or business. You can't just read about how to change a tire, write a contract, start a business, or perform open-heart surgery. You need to perform the skill to perfect the skill.

III. Honor Your Values

"I desire so to conduct the affairs of this administration that if at the end, when I come to lay down the reins of power, I have lost every other friend on earth, I shall at least have one friend left, and that friend shall be down inside of me." – Abraham Lincoln

We all could give examples of talented, charismatic people who sabotaged their careers by abandoning their values. Passion and practice bring excellence, but character sustains excellence over time. Absence of strong character eventually topples talent. People cannot climb beyond the limitations of their character. Eventually the limelight of success brings to light the cracks in their integrity.

Reflecting on it

Clarify Core Values

1. Consider the question: What does excellent character look like?
2. Brainstorm a list of qualities you feel is important to character (honesty, integrity, etc.). Keep thinking and writing until you have at least 10. Then choose three of them as "core values."
3. Set aside time on your calendar (30 minutes or so), twice a month for the next four months, to pause and evaluate how you're doing in honoring your core values.

9 Power Principles of Think Excellence[10]

Power Principles	Values
1. Always Target Your Power Goals	Be focused and aim high, not wide.
2. Refresh your Power Goals Before Reentering the Starting Gate	If necessary, realign your goals based on new realities.
3. The Power of Weakness Informs Success	Understand and embrace weakness... don't ignore it.
4. Perfection Is the Enemy of Excellence	Never strive for perfection; it hinders a path toward excellence.
5. Seek Solutions to Problems Rather Than Just Their Causes	Time is limited; let's fix it or make it better. Don't get stuck in the why, focus on the how.
6. Make Foresight Your 20/20 Hindsight Objective	Think before it happens.
7. Life Gets in the Way of Life	Expect and anticipate life's unexpected, unanticipated "curveballs."
8. Embrace and Celebrate Detours, Roadblocks, Speed Bumps, and Stop Signs	A journey well-travelled helps ensure safe arrival.
9. People Support What They Help Create	Two is better than one; and three is even better. Collaboration rules.

Suggested Indicators[11]

The following indicators are suggested to check the degree of excellence of the institution. The institution can set additional indicators as it may deem necessary.

[10] *Dr. Botwinick is the president and CEO of the Center for the Advancement of Jewish Education in Miami, Florida*
[11] *http://blogs.hbr.org/schwartz/2010/08/six-keys-to-being-excellent-at.html*

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
4.1	A Clear and Focused Mission • Mission statement is posted and practiced • Core values reflect the philosophy and function of the organization • The Leadership reflects these core values		
4.2	A Safe and Caring Learning Environment • Code of conduct • Respect for self and others • Assertive discipline practices employed by staff		
4.3	High Expectations for Employee Success		
4.4	Positive Leadership		
4.5	Frequent Monitoring of Employee Progress		
4.6	Professional Staff Development		
4.7	A new mindset, new set of habits and a whole new design of company's corporate culture		
4.8	Provides a practical road map for leaders at every level in an organization.		
4.9	Provides a new set of standards or expectations for the way in which your people go about their day-to-day responsibilities.		
4.10	Other indicators the institution proposes.		

Bring It On!

Qualities of Excellence in the Workplace

There are specific qualities which distinguish excellence from just minimal work performance. Those who possess these qualities are a dying breed in today's society. Integrity, dedication, and punctuality are the driving force behind what defines excellent work performance. It is important for those seeking to identify themselves with these qualities to never compromise who they are or what they do.

1. **Integrity and Setting High Standards.** Integrity is a quality that is earned with time, self-discipline, and through consistency. A person must set high standards for himself in order to be a person of integrity. By setting high standards, a person is less likely to compromise his beliefs and values. A person with integrity performs to the best of his ability even when nobody is watching because he knows it is not about who is watching but about the principle of being truthful and productive.

2. **Dedication and Fulfilling a Purpose.** Dedication to perform well requires a desire to complete whatever task is at hand, knowing that the work serves a purpose. Dedication is the willingness to go the extra mile and to commit to what a person says he will do. Dedication leads to thorough work production and adequate use of time. A person dedicated to his work will do the best job possible and take pride in his performance.

3. **Punctuality and Accountability.** Punctuality builds trust and shows accountability. Excellent work performance is characterized by consistent ability to be where a person says he will be and when he says he will be there. Punctuality shows a person can be counted on. Accountability is important for maintaining long lasting work relationships and excellence. The person with a record of accountability and punctuality is more often than not acknowledged for this when it comes for promotion or raises. A company is far more willing to invest in someone they know will be at work the next day.

Principle No. 5: Empowerment

EMPOWERMENT *is the degree to which the organization is able to grant power or authority to its people to have the initiative to take actions or make decisions in a consistent way that allows them to be resourceful, creative, and decisive*

Shedding Light

Empowerment is a management practice of sharing information, rewards and power with the staff so that they can take initiative and make decision to solve problems and improve service and performance. Also, it is based on the idea that giving the staff skills, resources, authority, opportunity, motivation, as well holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction.

Organizations can expect obvious results when they implement an empowered environment. However, many people fail to realize the impact of the hidden effects of the empowerment process. These hidden benefits can have a more dramatic impact on profitability than a leader might imagine. When one considers the issue of the effective use of resources, the hidden impact of empowerment clearly demonstrates how leaders can effectively marshal the resources they are responsible for.

[12] *www.businessdictionary.com*

Many traditional managers fail to understand and comprehend how empowerment can impact their bottom line, as there are a number of hidden costs associated with restricting employee abilities and capabilities. Most are focused on their power and authority and concentrate on ways to maintain their personal power base.

Leaders, on the other hand, understand that tapping into the human potential of their employees unleashes a tremendous source of power, information and expertise that the organization can ultimately benefit from.

Most leaders are often unaware of the hidden or intangible benefits associated with empowerment. However, the thoughtful leader who takes the time to consider the costs of the traditional approach will find them staggering, which is often sufficient to motivate them to move the empowerment process along as quickly as possible.

Empowering other people puts out the positive vibes into the atmosphere that will be returned, not in any sort of karmic sense, but in terms of improving one's own sense of self-awareness and confidence. This can be achieved in terms of improving one's own sense of self-awareness and confidence that can range from simply boosting someone else's mood to helping them realize new aspects of personalities.

Suggested Indicators[13]

The following indicators are suggested to check the level of empowerment of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
5.1	Employees of the organization understand their jobs. They know their tasks, roles and function within the organization.		
5.2	Encourage employees and support decision-making environment.		
5.3	Give employees the tools and knowledge they need to act upon their own discretion.		

[13] *http://blogs.hbr.org/goldsmith/2010/04/empowering_your_employees_to_e.html*

5.4	Give power to those who have demonstrated the capacity to handle the responsibility.		
5.5	Create a favorable environment in which people are encouraged to grow their skills.		
5.6	Don't second-guess other's decision and ideas unless its absolutely necessary.		
5.7	Other indicators the institution proposes.		

Bring It On

The following outlines the great number of benefits that the institution can measure beyond the results of increased productivity, efficiency, effectiveness and productivity when implementing an empowered workplace.

- ***Absenteeism*** results from employee boredom with their jobs and a feeling that what they do is not valued and does not contribute to the success of the organization. In other words, there is no personal connection between the organization and the individual employee.

  As employee involvement increases through empowerment, most organizations experience a noticeable decrease in absenteeism because the individual contribution to the organization is sought, valued and recognized. Empowered individuals are challenged to their maximum capacity and abilities, resulting in an increase in overall job satisfaction. Consequently, the cost of lost productivity associated with absenteeism is reduced and can be directly attributed to a benefit and positive effect of empowerment.

- ***Employee turnover*** is often due to a lack of feeling of value, opportunity and growth within an organization. Employees feel that their only option is to look for a better job. Without job satisfaction, they appraise their work only in terms of what they are being paid.

  Since empowerment taps the individual resources each employee can provide and focuses the combined efforts of all employees toward a common goal, job satisfaction increases. As a result, many employees feel that they are valued, and they come to understand their role in the organization's success. They are invited to grow with the organization and expand their personal capabilities. They are rewarded and recognized for their personal contributions, which motivates them to do more and to continue to grow. The combined result is that it reduces their desire to leave the organization, and, in many instances, it increases their motivation to do a good job and remain with the organization.

  When employee turnover is reduced, the organization saves the funds to search, relocate and train new employees.

- ***Safety.*** When employees are involved with the personal management of their tasks and assignments, they are empowered to work within the boundaries that enable them to make their jobs safer and more efficient. Most companies report a reduction in workers' compensation claims and, as a result, see lower insurance premiums. This can provide significant savings, especially in the environment where frequent accidents occur. When employees understand the financial impact of these claims, they are motivated and empowered to make the necessary changes to increase safety.

- ***Productivity.*** Empowerment sparks new ideas and concepts throughout the organization, including ways to reduce waste and increase productivity and efficiency. While these may be small improvements in and by themselves, in the empowered environment they add up to additional profits over time.

  Additionally, empowerment improves the relationships among managers, leaders and employees, which correspondingly reduce complaints and grievances. Although these elements are difficult to quantify, the productivity increase attributable to the resolution of these problems positively impacts the performance of the organization.

- ***Lawsuits.*** Organizations that have implemented an empowerment program have experienced a significant reduction in the number of lawsuits from employees and customers. An empowered workforce experiences increased job satisfaction, fosters better relationships with customers and suppliers, and produces a higher quality product or service. All of these factors contribute to a reduction in lawsuits and legal fees.

- ***Benefits.*** Benefit claims is an area organizations often overlook when assessing the overall effects and impact of empowerment. While savings will obviously vary depending on the benefit packages provided to employees, most organizations report a reduction in medical and other health-related claims as job satisfaction and fulfillment rises.

- ***Reputation.*** There is a demonstrable relationship between an enlightened workplace and overall performance. Organizations who have empowered their employees are more productive, retain more customers and are more profitable. They are able to withstand economic pressures and competitive demands because of overall employee involvement.

Reflecting On It[14]

Give others more than just something to do. Before you officially start the process, carefully plan your strategy for passing the baton of responsibility by using the following checklist:

Describe the task:		
Name the person to whom you will give it:		
	YES	**NO**
What knowledge does the task require?		
Does the person have the required knowledge?		
What skills does the task require?		
Does the person have the skills required?		
Have you modeled how you want the job done?		
Have you given the person the authority and permission to succeed?		
Have you publicly given the person your confidence?		
Have you privately supplied the person with feedback?		
Have you set a date to release the person to continue on his or her own?		

Note: *Repeat this process with every task you intend to delegate until it becomes second nature. Even when someone you empower is successful and established in performance, continue praising, encouraging, and showing your confidence publicly.*

[14] *John C. Maxwell & Jim Dornan, Becoming A Person of Influence, 1997.*

Principle No. 6: Accountability

ACCOUNTABILITY *is the degree to which the organization or a person is held responsible for its or his decision, actions and performance.*

Shedding Light

When expectations go unmet and someone has failed to deliver, how often do you assume that they failed to follow through because something is wrong with them? This is what is called the **Accountability Fallacy**, the first of the three accountability principles that form the underpinning of any real shift to **true accountability** in an organization or team. The Accountability Fallacy, a mistaken belief based upon an unsound argument, is that it is most probable we have been as effective as we should be at establishing our accountability expectations with others in a way that optimizes success. When people fall prey to this Fallacy, they not only assume that others are flawed, but that they themselves can do little or nothing to change those flaws except to punish people when they make mistakes or fail to deliver.[15]

The second principle of accountability, key to holding people accountable the positive and principled way, is the **Accountability Assumption**. This principle counsels that, in any given circumstance, you should always begin with the assumption that people are doing their very best to fulfill your **expectations**. This assumption allows you to approach the process of holding others accountable with the view that people want things to succeed

[15] *http://www.ozprinciple.org/blog/uncategorized/the-three-principles-of-accountability*

just as much as you do and that they are doing all they can to make that happen. By applying the Accountability Assumption, you not only bring out the best in yourself but, with some rare exceptions, you will see the same coming from the people you depend upon.

When the people you count on fail to follow through and deliver on expectations, there's only one thing to do—apply the third and final principle, the **Accountability Truth**. True accountability begins by looking at yourself, by holding yourself accountable. The truth is, when things go wrong, there is usually something wrong with what you are doing. When you embrace this principle, you harness future outcomes and strengthen your ability to hold others accountable. Seeing yourself as part of the problem empowers you to join the team and do whatever it takes to solve the problem. Thinking and behaving this way allows you to become more proficient at getting results through others.

These three principles form the foundation for **holding others accountable** in a positive, principled way and set the stage for effectively establishing expectations with others in a way that produces results and fosters true accountability.

Accountability is about responsibilities and relationships. Many describe **accountability** in terms of a "process of holding actors responsible for actions" (Fox and Brown, 1998: 12) or as "the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions" (Edwards and Hulme, 1996b: 967).

The literature further identifies *four core components of accountability* (Ebrahim and Weisband, 2007):

- **Transparency**, which involves collecting information and making it available and accessible for public scrutiny;
- **Answerability or Justification**, which requires providing clear reasoning for actions and decisions, including those not adopted, so that they may reasonably be questioned;
- **Compliance**, through the monitoring and evaluation of procedures and outcomes, combined with transparency in reporting those findings; and,
- **Enforcement or Sanctions** for shortfalls in compliance, justification, or transparency.

The power to decide or act can make people responsible or answerable for their actions or decisions, whether they like it or not. This is important because if there is a system of accountability of making people answerable, they will act more responsibly or the process of deciding and acting may require a more serious analytical process so that no mistake for which people shall answer for is made. Being answerable means there are repercussions for erroneous, especially deliberately wrongful, acts. This becomes a deterrent to a person or group underpinning legitimate and valid decisions.

There are two key dimensions how to practice accountability in any organization. The first is to hold yourself accountable; the second is to hold others accountable.

Consider the following example:[16]

At a recent Speed of Trust program, one of the participants shared a story about another participant, "Matt," who was a buyer from a large beef supplier. One of Matt's people had been in an accident while driving a company vehicle. The accident wasn't serious, but the company policy is that anytime there is an accident involving a company vehicle – even if it's in a parking lot or hitting a tree – the person has to file a police report at the time of the incident. Matt wasn't aware of the policy. So when his boss came to him and said, "Your guy didn't fill out a police report, so you need to write him up," Matt said, "Well, he didn't know about the policy because I didn't know the policy too." Matt wrote up a report on his employee – and then he wrote up a report on himself. He turned both reports in. When his boss said, "I'm not going to accept this," Matt replied, "It's my responsibility to make sure my employee knows the policy."

Matt's behavior is an excellent example of what it means to hold yourself accountable. It demonstrates one of the points Jim Collins makes in his metaphor of "the window and the mirror." This was a time to stop looking out the window – i.e., to not look out at others and to blame and accuse – but to look at the mirror – i.e., to focus on one's own responsibility for the situation.

Why is Accountability Necessary?

Operational Reasons	Legal Reasons
• Funders and investors know how their money is being spent, and how effective it is • They get feedback on their activities, enabling them to identify new opportunities and improvements • Increased trust from donors and supporters leads to more funding and help • It is harder for criminals to commit fraud or abuse undetected	Many organizations are legally obliged to be accountable: – Government laws, decrees and regulations – Funders' requirements

[16] *Stephen M.R. Covey, The Speed of Trust.*

Ethical Reasons	Policy Reasons
Have a moral duty to be accountable to society:	It is in the interests of the organization to be seen as accountable:
– Exist for the benefit of the public – and have a duty to explain to the public how they are helping them	– To ensure a favourable legal, regulatory, policy and funding environment
– Supported by the society through funding, tax breaks and volunteering	– To ensure continued public support and assistance

Source: http://www.cso-effectiveness.org/IMG/pdf/accountability_slides_for_gf_session.pdf

Suggested Indicators

The following indicators are suggested to check the level of accountability of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
6.1	Clearly defined job responsibility, expected output and performance results.		
6.2	Regular performance evaluation is conducted for all levels.		
6.3	Existence of employee code of conduct and sanctions in case of violations.		
6.4	Clear levels or limits of approval authority or power. The degree of power to decide and act must be equal to the level of accountability.		
6.5	Other indicators the institution proposes.		

Bring It On[17]

Practice accountability by holding your direct subordinates accountable for their actions. Always clarify expectations first so that everyone knows what they're accountable for and by when. When people account to you, allow them to evaluate themselves first against the results you've agreed upon (most people will be tougher on themselves than you will be); then follow through with the agreed-upon or natural consequences of people performing (or not). Remember: the people you rely upon most in your organization like to be held accountable and want others to be held accountable, too.

[17] *Ibid.*

Principle No. 7: Transparency

TRANSPARENCY *is the degree to which the organization willingly shares and provides information, within certain limits.*

Shedding Light

Transparency is a powerful force that, when consistently applied, can help fight corruption, improve governance and promote accountability. This refers to the timely, reliable, clear and relevant reporting on the organization's status, mandate, strategy, activities, financial management, operations and performance.

Transparency is viewed as a responsibility to its most important stakeholder – the client. Thus, for an MFI to claim for a responsible service, transparency is a value that must be inculcated in the way each of the MFI employee deals with the clients and must be embedded in the products and services provided to them. Transparency is even of greater importance to a client than lower cost or rates. It builds trust in both ways, and empowers clients who are given the right to make informed decisions.

People often talk about access to **information and transparency** in the same breath. A government is transparent when the great majority of the information that it holds about its activities, policies, etc., is available to the public. Therefore, **transparency** is the result of information being available. A transparent public body is one that is characterized by visibility or accessibility of information by people. Usually, this means not only that the public body is good and fast at answering requests for information from the public, but also that they publish the appropriate information without the need for requests, for example by publishing on their website and in official journals as well as in user-friendly leaflets and reports.

***Transparency Is Assurance*[19]**

The word "transparent" can be used to describe high-quality financial statements. The term has quickly become a part of business vocabulary. Dictionaries offer many definitions for the word, but those synonyms relevant to financial reporting are: **"easily understood," "very clear," "frank" and "candid".**

Consider two companies with the same market capitalization, same overall market-risk exposure, and the same financial leverage. Assume that both also have the same earnings, earnings growth rate and similar returns on capital. The difference is that Company A is a single-business company with easy-to-understand financial statements. Company B, by contrast, has numerous businesses and subsidiaries with complex financials.

Which one will have more value? Odds are good the market will value Company A more highly. Because of its complex and opaque financial statements, Company B's value will be discounted.

The reason is simple: *less information means less certainty for investors*. When financial statements are not transparent, investors can never be sure about a company's real fundamentals and true risk. For instance, a firm's growth prospects are related to how it invests. It's difficult, if not impossible, to evaluate a company's investment performance if its investments are funneled through holding companies hidden from view. Lack of transparency may also obscure the company's level of debt. If a company hides its debt, investors can't estimate their exposure to bankruptcy risk.

High-profile cases of financial shenanigans, such as those at Enron and Tyco, showed everyone that managers employ fuzzy financials and complex business structures to hide unpleasant news. Lack of transparency can mean nasty surprises to come. **(Find out more about what happened at Enron in http://www.abcnews.go.com/Business/10-things-learn-enron-scandal-10-years/Story.)** When firms enter new markets or businesses, the way they structure these new businesses can result in greater complexity and less transparency. The cause of poor transparency, however, is less important than its effect on a company's ability to give investors the critical information they need to value their investments. If investors neither believe nor understand financial statements, the performance and fundamental value of that company remains either irrelevant or distorted.

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[18] *http://www.legalleaks.info/right-to-information/2-what-is-transparency-is-it-the-same-as-access-to-information.html*
[11] *http://www.investopedia.com/articles/fundamental/03/121703.asp#axzz2NOYQHsbw*

Transparency Pays
Mounting evidence suggests that the market gives a higher value to firms that are upfront with investors and analysts. Transparency pays, according to Robert Eccles, author of "Building Public Trust – The Value Reporting Revolution". Eccles shows that companies with fuller disclosure win more trust from investors. Relevant and reliable information means less risk to investors and thus a lower cost of capital, which naturally translates into higher valuations. The key finding is that companies that share the key metrics and performance indicators that investors consider important are more valuable than those companies that keep information to themselves.

There are two ways to interpret this:
- One is that the market rewards more transparent companies with higher valuations because the risk of unpleasant surprises is believed to be lower.
- The other interpretation is that companies with good results usually release their earnings earlier. Companies that are doing well have nothing to hide and are eager to publicize their good performance as widely as possible. It is in their interest to be transparent and forthcoming with information so that the market can upgrade their fair value.

Suggested Indicators

The following indicators are suggested to check the level of transparency of the institution. The institution can set additional indicators as it may deem necessary

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
7.1	The organizational mandate, missions, strategy and relationships with various stakeholders are publicly available.		
7.2	Adopted standards and methodologies that comply with fundamental auditing standards.		
7.3	Have ethical rules or codes, policies and practices.		
7.4	Prevent internal conflicts of interest and corruption and ensure transparency and legality of own operation.		
7.5	Actively promote ethical behavior throughout the organization.		
7.6	Transparency principles are not compromised when activities are outsourced.		
7.7	Employ sound management principles, including appropriate internal controls over its financial management.		
7.8	Financial statements are made public and are subject to external independent audit		
7.9	Maintain and develop skills and competencies needed to perform the work to achieve their mission and meet their responsibilities		
7.10	Measure and report on the efficiency and effectiveness on the use of funds.		
7.11	Use audit committee to review and provide input to their financial management and reporting processes.		
7.12	Use of performance indicators to assess the value of audit work.		
7.13	Other indicators the institution proposes.		

Reflecting On It!

The Case of ENRON: The Fall Of A Wall Street Darling

Enron is a company that reached dramatic heights, only to face a dizzying collapse. The story ends with the bankruptcy of one of America's largest corporations. Enron's collapse affected the lives of thousands of employees, many pension funds and shook Wall Street to its very core. To this day, many wonder how a company so big and so powerful disappeared almost overnight. How did it manage to fool the regulators and the Wall Street community for so long, with fake off-the-books corporations? What is the overall lasting impact that Enron has had on the investment community and the world in general?

Collapse of a Wall Street Darling
By the fall of 2000, Enron was starting to crumble under its own weight. CEO Jeffrey Skilling had a way of hiding the financial losses of the trading business and other operations of the company; it was called mark-to-market accounting. This is used in the trading of securities, when you determine what the actual value of the security is at the moment. This can work well for securities, but it can be disastrous for other businesses.

In Enron's case, the company would build an asset, such as a power plant, and immediately claim the projected profit on its books, even though it hadn't made one dime from it. If the revenue from the power plant was less than the projected amount, instead of taking the loss, the company would then transfer these assets to an off-the-books corporation, where the loss would go unreported. This type of accounting created the attitude that the company did not need profits, and that, by using the mark-to-market method, Enron could basically write off any loss without hurting the company's bottom line.

Part of the reason the company was able to pull off its shady business for so long is that Skilling also competed with the top Wall Street firms for the best business school graduates, and would shower them with luxuries and corporate benefits. One of Skilling's top recruits was Andrew Fastow, who joined the company in 1990. Fastow was the CFO of Enron until the SEC started investigating his role in the scandal.

Fraud: What Was the Scheme?

The mark-to-market practice led to schemes that were designed to hide the losses and make the company appear to be more profitable than it really was. In order to cope with the mounting losses, Andrew Fastow, a rising star who was promoted to CFO in 1998, came up with a devious plan to make the company appear to be in great shape, despite the fact that many of its subsidiaries were losing money. That scheme was achieved through the use of special purpose entities (SPE). An SPE could be used to hide any assets that were losing money or business ventures that had gone under; this would keep the failed assets off of the company's books. In return, the company would issue to the investors of the SPE shares of Enron's common stock to compensate them for the losses. This game couldn't go on forever, however, and by April 2001, many analysts started to question the transparency of Enron's earnings.

The Shock Felt Around Wall Street

By the summer of 2001, Enron was in a free fall. CEO Ken Lay had retired in February, turning over the position to Skilling, and by August Skilling resigned as CEO for "personal reasons." By Oct. 16, the company reported its first quarterly loss and closed its "Raptor" SPE, so that it would not have to distribute 58 million shares of stock, which would further reduce earnings. This action caught the attention of the SEC.

A few days later, Enron changed pension plan administrators, basically forbidding employees from selling their shares for at least 30 days. Shortly after, the SEC announced it was investigating Enron and the SPEs created by Fastow. Fastow was fired from the company that day. In addition, the company restated earnings going back to 1997. Enron had losses of $591 million and had $628 million in debt, by the end of 2000. The final blow was dealt when Dynegy (NYSE:DYN), a company that had previously announced would merge with the Enron, backed out of its offer on Nov. 28. By Dec. 2, 2001, Enron had filed for bankruptcy.

Lasting Effects

Enron shows us what a company and its leadership are capable of when they are obsessed with making profits at all cost. One of Enron's lasting effects was the creation of the Sarbanes-Oxley Act of 2002, which tightened disclosure and increased the penalties for financial manipulation. Second, the Financial Accounting Standards Board (FASB) substantially raised its levels of ethical conduct. Third, boards of directors became more independent, monitoring the audit companies and quickly replacing bad managers. While these effects are reactive, they are important to spot and close the loopholes that companies have used as a way to avoid accountability.

The Bottom Line

The collapse of Enron was an unfortunate incident, and it is important to know how and why it happened so we can understand how to avoid these situations in the future. Looking back, the company incurred tremendous financial losses as a result of arrogance, greed and foolishness from the top management all the way down. Many of the company's losses started the collapse that could have been avoided if someone had had the nerve and the foresight to put a stop to it. Enron will remain in our minds for years to come as a classic example of unchecked corporate greed, and of the actions that were taken to help prevent it from happening again.

PART 3.
Defining the Value-Centered SPM Implementation

This guidebook provides directions on how to design the value-centered SPM implementation and how the institutions can more effectively manage the organizational steps necessary to achieve social goals and objectives better, to wit:[12]

- Clarifying the social goals and objectives of the institutions, understanding whether current program practices relate to the achievement of these goals, and setting appropriate achievement targets;
- Developing and adopting simple indicators anchored on the principles and values of SPM that are integrated into the regular monitoring system so that progress can be tracked; and
- Continuous feedbacking and learning so that the Board, Management, and staff can adopt practices to improve organizational performance based on the information and data gathered through the monitoring system.

To operationalize these organizational steps, it is important that the institutions adopt a set of indicators for each of the principles. Through this, management and measurement of a value-centered Social Performance can be made possible. Indicators are suggested for each of the principles and the institution can go through the exercise of assessing its compliance to these indicators as a step towards designing the value-centered SPM Implementation.

[21] *Hashemi, Foose & Badawi. Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions.*

A. Governance Guiding Principles in Implementing the SPM

"It is not simply a case of having a set of procedures and processes, nor is it just about having controls in place. Reliance on a poor control is often worse than having no control at all. (The trustees must have) … a clear understanding of the business and what can go wrong." – Tony Rawlins - (2001)

1. **Commitment to the Mission** is the degree to which the organization remains focused on fulfilling the "reason for being" or the purpose of an organization.

   An acid test of commitment to mission is to know the degree by which the institution through its Board ensures that there is congruence between the institution's stated mission and core values and its actual program, policies, planning, and decision-making at both the operational and governance levels. This requires that the institution have an appropriate system of governance that assures its being true to its mission and that it has necessary resources to support its present and prospective operations.

   Commitment to mission therefore exists when the four elements of mission – namely, institutional purpose, strategy, behavior standards and values – link tightly together, resonating and reinforcing each other. This is most easily perceived by looking at the links between the strategy and the value system and whether both can be acted out through the same behavior standards. Are the important behavior standards central to both the strategy and the value system?

Commitment must come from the Board as a group. This can be reflected in how the Board members make decisions. Do their decisions advance the mission of the organization, in both small and big ways? Commitment should also be shown in their individual capacity. This can be shown in their punctuality in attending meetings, the time they spend preparing for the meeting and actually participating during the meeting.

The following indicators are suggested to check the degree of commitment to mission of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
1.1	The Institution's Mission is stated clearly.		
1.2	The governing body demonstrates and clearly communicates its commitment to the mission.		
1.3	The Mission is embraced by all constituencies and linked to all aspects of the operations.		
1.4	The mission statement is reviewed regularly using a process that involves representatives of major constituencies of the institution, as appropriate.		
1.5	The Institution is engaged in reflecting on ways to enrich the application of the mission in all aspects of the program.		
1.6	The institution's climate and culture is consistent with its commitment to implementing its stated mission.		
1.7	Board members are passionate in the mission that they are comfortable taking part in fundraising, and look forward to acting as an ambassador that promotes the organization to friends, colleagues, and other contacts.		
1.8	Board members are eager to use their professional skills to help oversee the organization, and understand that their role is to focus on strategic issues while the staff handles management issues.		
1.9	Existence of policy on conflict of interest, such as the ability to fulfill the duty of loyalty and the practice of reciprocal board service.		
1.10	High attendance record in board meetings.		
1.11	Other indicators the institution proposes.		

2. **Accountability** is the degree to which the organization is held responsible for their decision, actions, and performance.

   To "account" is to give a description or depiction of something that happens or happened. Accountability may therefore be taken to literally mean the process of giving an account of an event. The tricky part about it is that, for the people to whom the account is being given, the accuracy and probity of the story is very important. To achieve this, accountability usually moves hand in hand with seven other principles. These are - delegation, responsibility, disclosure, autonomy, authority, power and legitimacy.

   Accountability is a key component of governance. The separation between Board functions from Management can cause conflict if there is a breach of trust by managers either by intentional acts, omission of key facts from reports, neglect, or incompetence. One way in which this can be avoided is for entities (in their entirety) to act with transparency and be accountable to the shareholders and other stakeholders.

   Accountability is also a key to performance measurement. The more accountable the Trustees and Management are, the more likely it is that results of performance measurement processes are going to be a true and fair representative of the performance being measured. With this, the confidence of stakeholders is increased. It is achieved through faithfulness in various aspects of governance, especially reporting. The strength and accuracy of the reporting is also strengthened by various standards and regulations.

   Accountability starts in the boardroom. As leaders in their organizations, Boards play a special role in setting standards of behavior that will ensure that they and their organizations operate legally and ethically. Principled behavior starts with the Board itself, with policies that address compensation, conflicts of interest, travel, and expense reimbursement. Boards and chief executives must ensure adequate and accurate financial reporting. All CEO compensation should, at a minimum, be based on an evaluation of performance and benchmarked to comparable studies for CEOs of similar institutions. Board policies that set and enforce standards provide a self-regulatory frame that support and reinforce those glass walls.

The following indicators are suggested to check the level of accountability of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
2.1	The governance of the institution is clearly defined, understood by all constituents, and provides for: ✓ Continuity of the mission ✓ Stability and ethical process in transitions of leadership ✓ A comprehensive, multi-year planning process ✓ Assurance of adequate financial resources ✓ Institutional advancement/development ✓ Evaluation and support of the professional growth of the Executive Director/Chief Executive Officer ✓ Establishing and monitoring of needed policies ✓ Self-evaluation of individuals and groups with governance responsibilities ✓ Defined orientation and evaluation procedures		
2.2	Provision is made for participation of all constituencies in the policy-making process, as appropriate.		
2.3	There is an understood delegation of decision-making process that gives the ED/CEO the capacity to exercise effective, accountable, and responsible leadership.		
2.4	Responsibility for oversight of internal controls and legal compliance, such that failures within an organization are reflective of failures of guidance and oversight at the Board level.		
2.5	Periodic performance audit is being conducted.		
2.6	Reporting compliance.		
2.7	Having a board performance assessment – as individual and as a body.		
2.8	Other indicators the institution proposes.		

3. **Integrity** is the degree to which the organization remains true to their values and mission, both in statement and in action.

   "Integrity" has a very specific meaning in the governance context. "Integrity" means consistency between what a Trustee says, writes and does. It means authenticity, candor, reliability, confidentiality, solidarity, and a willingness to accept personal accountability and be bound by board decisions and a Trustee's own role within them.

   Most importantly, "integrity" means putting the interests of the organization above one's own, even at the risk one's own reputation or that of the organization. It means having the courage to take significant principled action when necessary, for the ultimate good of the institution. "Integrity" also means using power appropriately and always acting in a way that withstands the harshest scrutiny. Integrity is one of the highest bars in the governance game because the opportunities for self-interest and enrichment are so plentiful.

   If a Manager or Trustee has defects in integrity, others will not trust them. "Integrity" is an important attribute in Trustees and officers and contributes to trustworthiness and "doing the right thing" in the interests of the institution.

   Integrity is so important that it should be recruited for, developed, and assessed. Don't avoid assessing and having internal controls over integrity. It can be done. And if a trustee or manager doesn't possess integrity, they need to go. In the words of Warren Buffet:

   "In looking for someone to hire, you look for three qualities: integrity, intelligence, and energy. But the most important is integrity, because if they don't have that, the other two qualities, intelligence and energy, are going to kill you."

   Recruit directors and officers with the utmost integrity and replace those who do not have it. The Board will be better for it.

   The following indicators are suggested to check the level of integrity of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
3.1	The governance of the institution is clearly defined, understood by all constituents and provides a model of inclusive behavior and integrity for the institution.		
3.2	There is a consistency of actions and decisions.		
3.3	Board members have freedom to express contrary opinions.		
3.4	Respect for the judgment and views of others.		
3.5	Ownership considerations on microfinance Boards, which comprise diverse types of people and are becoming even more diverse.		
3.6	Other indicators the institution proposes.		

4. **Critical Thinking** is the degree to which the organization is able to think out of the box, discuss issues from all perspective, and come up with an appropriate decision substantiated by reason.

   It is when people base their actions or decisions on reason rather than emotion, and consider a variety of possible viewpoints or perspectives before making a decision. It is indicated by an individual's manner of evaluating, comparing, analyzing, critiquing, and synthesizing information in order to arrive at a decision.

   Without thinking critically, you are only looking at the surface of things. When you come across a politician's statement in the media, do you accept it at face value? Do you accept some people's statements and not others'? The chances are you exercise at least some judgment based on what you know about the particular person, and whether you generally agree with her or not.

   Knowing whether you agree with someone is not necessarily the same as critical thinking, however. Your reaction may be based on emotion ("I hate that guy!"), or on the fact that this elected official supports programs that are in your interest, even though they may not be in the best interests of everyone else. What is important about critical thinking is that it helps you to sort out what is accurate and what is not, and it gives you a solid, factual base for solving problems or addressing issues.

   The following indicators are suggested to check the **level of critical thinking** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
4.1	Participating in discussions and decision-making process.		
4.2	Reading and learning to form one's own logical, informed views, even if they are counter to the prevailing views of the moment.		
4.3	Considering alternative positions and ideas.		
4.4	Appropriately drawing inferences from data.		
4.5	Being open to new ideas, even seemingly conflicting ones.		
4.6	Other indicators the institution proposes.		

5. **Transparency** is the degree to which the organization willingly shares and provides information within certain limits, or the extent to which the clients and other stakeholders have current, complete and reliable information about decisions and actions taken by decision-makers of the organization.

   Transparency is imperative with respect to corporate governance due to the crucial nature of reporting financial information to maintaining donor and client confidence. The lack of devotion to governance policies will send the message that the institution is unbalanced and the leadership is not incorporating the highest level of integrity with change initiatives.

   The importance of integrating financial reporting, auditing processes, and developing clearly outlined information on the roles of the CEO and board of trustee is part of the transparency philosophy that can impact any organization.

The following indicators are suggested to check the level of transparency of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
5.1	Disclosure includes, but is not limited to material information on:		
	• The financial and operating results of the organization		
	• Organization objectives		
	• Major share ownership and voting rights		
	• Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other organization directorships and whether they are regarded as independent by the board		
	• Related party transactions		
	• Foreseeable risk factors		
	• Issues regarding employees and other stakeholders		
	• Governance structures and policies; in particular, the content of any corporate governance code or policy and the process by which it is implemented		
5.2	Information was prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosure		
5.3	An annual audit was conducted by an independent, competent and qualified auditor in order to provide an external and objective assurance to the board and stakeholders		
5.4	Financial statements fairly represent the financial position and performance of the organization in all material respects		
5.5	There is an external auditor accountable to the stakeholders and who owes a duty to the company to exercise due professional care in the conduct of the audit.		
5.6	Channels for disseminating information was provided for equal, timely and cost-efficient access to relevant information by users		
5.7	The governance framework was complemented by an effective approach that addresses and promotes the provision of analysis or advice by other parties concerned that is relevant to decisions, and free from material conflict of interest that might compromise the integrity of their analysis or advice		
5.8	Other indicators the institution proposes.		

B. Leadership and Management Principles in SPM

"Effective leadership is putting first things first. Effective management is discipline, carrying it out." - Stephen Covey

1. **Excellence** is about "giving the best to the best of your ability".

   The single biggest predictor of institutional excellence is Leadership. And it is pretty conclusive: there is considerable research out there that draws correlations between effective leadership and superior organizational results/outcome. In fact, a few years ago, the Baldrige Performance Excellence Program studied organizations applying for national quality award in the United States and found that the area most strongly correlated with high performance results was leadership, followed by a focus on the customer and then having satisfied and engaged employees.

   The institution must adopt a systems perspective in order to instill a culture of excellence and guide the journey towards excellence. Systems are best understood as structures that assist by creating some order out of the chaotic world every organization exists in and so establish a process that moves the organization forward.

   To pursue performance excellence requires a commitment to become a learning institution that values self-understanding (facts) and is process driven. In a process-driven organization, the process is almost as important as the result. More focus on process allows everyone in the organization to know that responsibility is first and authority next. Allowing and learning from errors is a fundamental requirement to creatively adapt and innovative without having to look for person to be blamed.

   The following indicators are suggested to check the level of excellence of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
1.1	Existence of standards that define the minimum level of excellence.		
1.2	Challenge managers vigorously on performance.		
1.3	Set demanding but reasonable targets.		
1.4	Monitor progress against managers rigorously.		
1.5	Achieving a balanced result.		
1.6	Adding value for clients.		
1.7	Managing by processes.		
1.8	Other indicators the institution proposes.		

2. **Empowerment** is the degree to which the organization is able to grant power or authority to its people to have the initiative to take actions or make decisions in a consistent way that allows them to be resourceful, creative, and decisive.

   Empowerment , which passes on the responsibility and the autonomy of the work to the employees, can be a major contributor to the successful performance within an organization. This allows employees to make decisions, solve problems, and be accountable for the work they do. Such autonomy and the ability to make decisions create an empowered environment in which motivation can be nurtured. This is now becoming an increasingly popular management focus as employees are seen as a major asset to a business that can place it ahead of the competition.

   Empowerment of employees results in increased initiative, involvement, enthusiasm and innovation. From large corporate giants to a small business operation, this concept holds true. This is because empowerment caters to an important human need, which is common to any employee regardless of work setting: the need for recognition and self-actualization. In some people, this quality is high while you may find others with a limited level of these needs. Sometimes, although the need may exist, it is overshadowed by other more pressing needs or hidden deliberately to suit organizational culture. Yet it is important for managers to realize that each employee can be given responsibility, decision-making rights, and resource allocation powers so that they can complete an assigned task successfully with minimum management intervention. This in fact creates "mini-managers" who are self-directed across all levels of the business.

   When a manager or a leader trains himself to empower the down line, it also benefits the manager or the leader as well. Employee empowerment changes the managers' mind-set & leaves them more time for company-wide improvements. The leader has more thinking time to engage in overall visionary strategizing instead of being embroiled in day-to-day fire fighting within functional activities. This helps organizations achieve a better and stronger growth potential.

The following indicators are suggested to check the level of empowerment of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
2.1	Employee involvement and participative management		
2.2	Has the responsibility to create a work environment which helps foster the ability and desire of employees to act in empowered ways		
2.3	Has the responsibility to remove barriers that limit the ability of staff to act in empowered ways		
2.4	Job satisfaction and a sense of meaning in the work being performed		
2.5	Motivates employees to put more effort to achieve higher wages or performance bonuses given		
2.6	Task-specific knowledge is the best way to identify and solve problems to increase productivity through better decisions taken by persons on the job rather than the management		
2.7	Encouraging & getting the employees involved to play an active role in their work place gives them the feeling of responsibility to perform better (Sense of belonging in the work place)		
2.8	Empowerment also points towards a career development path, motivating people to work harder and perform as managers, even if they are currently not holding managerial positions		
2.9	Delegating authority to run the day-to-day business to those who are involved in the task so people become energized and interested to forge ahead; minimizing the layers of supervision, reducing costs and creating agility within the organization		
2.10	Other indicators the institution proposes		

3. **Commitment to the Mission** is the degree to which the organization remains focused on fulfilling the "reason for being" or the purpose of an organization.

   The following indicators are suggested to check the level of commitment to mission of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
3.1	A clear set of principles to guide staff behavior and attitudes.		
3.2	The institutional commitment, as expressed in its mission, purpose and strategic goals, is responsive to and aligned with local, national and international priorities.		
3.3	The strategic priorities and transformation goals of the institution provide adequately for the development and implementation of the mission.		
3.4	Management and leadership are able to convert the mission into component parts and embed them in the procedures and processes.		
3.5	The institution's leadership, management structures and organizational system reflect its commitment to mission.		
3.6	There is adequate resource allocation for delivering quality service as part of the institution's mission. ✓ The institution has a clear policy and procedures to ensure that funding (financial resources) is adequate and allocated appropriately. ✓ The recruitment, appointment and performance management of staff are aligned with the institution's mission. ✓ Provision for infrastructure and information resources is indicative of the institution's commitment to mission.		

3.7	Engagement, collaboration and partnerships are cornerstones of the institution's mission. ✓ The institution has effective structures and processes ✓ The institution has clear guidelines on partnership agreements ✓ The institution collaborates and networks at regional, national and international levels.		
3.8	Other indicators the institution proposes.		

4. **Accountability** is the degree to which the leaders and managers in an organization is held responsible for their decision, actions and performance.

   So many workplace issues – from employee job performance and engagement, to driving business results, customer loyalty, and profitability – could be easily resolved if more managers are engaged in holding themselves and their team accountable. Accountability for some seems to be a bad word that leads to low worker morale. Some see it as a form of workplace bullying. But there is nothing further from the truth.

   The word accountability is often inaccurately defined and ineffectively applied. In the workplace, accountability is defined as the act of holding others responsible or answerable for their actions (good or bad), for exemplary job performance, and for achieving business results. Accountability is not demoralizing staff members for the sake of making a point or an example of them. It is not directing staff members in a condescending manner, or by fear and intimidation.

   Accountability is about setting the expectation, clearly communicating it, and then holding one's self and everyone within his sphere of influence responsible for consistently meeting the established expectations. Accountability is a process, with a beginning and an end. It is not about telling people what you expect them to do, then quickly moving on to the next thing.

   The importance of leadership and employee accountability in creating a sustaining a culture of service, performance, and operational excellence cannot be overemphasized. While many leaders strongly agree, few know what is necessary to ensure accountability in the workplace. If leaders and managers enforce accountability with high level of intensity, sincerity, and finesse employees will have no option but to accept personal accountability for driving excellence.

The following indicators are suggested to check the level of accountability of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
4.1	Having disclosure statements and reports.		
4.2	Having an evaluation and performance assessment.		
4.3	Having a process of participation and adaptive empowerment learning within the organization.		
4.4	Having an oversight committee.		
4.5	Having an internal audit.		
4.6	Having clear lines and centers of command and control.		
4.7	Having checks and balances.		
4.8	Having standards of conduct and procedures of due diligence.		
4.9	Having sanctions imposed for violations of standards and procedures.		
4.10	Other indicators the institution proposes.		

5. **Stewardship** is the degree to which the organization is able to preserve, manage, and develop its resources. It is an ethic that embodies responsible planning and management of resources.

   Great leaders are ethical stewards who generate high levels of commitment from followers. Leaders and managers must be perceived as trustworthy and must manifest behaviors of ethical stewardship. Ethical stewardship is when leaders honor their duties owed to employees, stakeholders, and society in the pursuit of long-term wealth creation or ensuring the institution's sustainability. The relationship between leadership behaviors, perceptions of trustworthiness, and the nature of ethical stewardship reinforces the importance of ethical governance in dealing with employees and in creating organizational systems that are congruent with espoused organizational values.

It is important for leaders to keep ethical stewardship in mind. If you look at what the word really means, it implies a relationship and an understanding. The core idea is that we don't really own what we think we own – we are merely managers, or stewards, of these things. And, as stewards, we are accountable to someone else for how we manage that which has been entrusted to us.

As leaders, most of us would quickly acknowledge our role and agree with the premise that we don't own our job and, for most of us, we don't own the company either. Does this reality affect the way you lead? It should, since we are able to make better decisions when we firmly grasp the implications of being a steward.

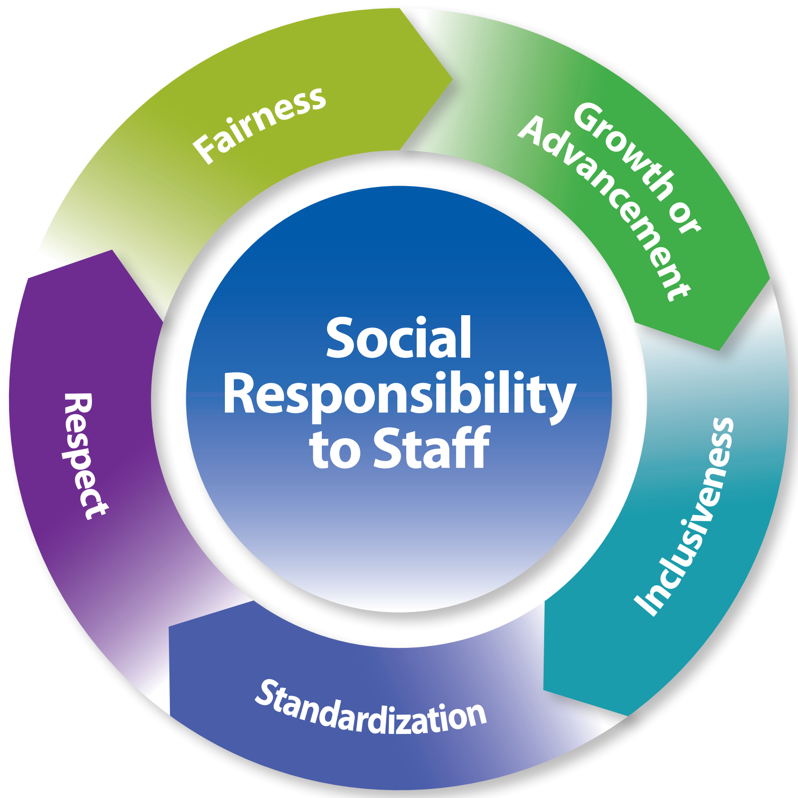
The following indicators are suggested to check the level of stewardship of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
5.1	Effective annual budgeting practices.		
5.2	Compliance with legally mandated financial requirements.		
5.3	Adherence to sound accounting principles that ensure fiscal responsibility and public trust.		
5.4	Effective internal controls.		
5.5	Effective and efficient use of resources.		
5.6	Clear policies and practices to monitor the sources and uses of funds.		
5.7	Other indicators the institution proposes.		

C. Social Responsibility to Staff

"The only vital value an enterprise has is the experience, skills, innovativeness and insights of its people." – Leif Edvinsson, Swedish Intellectual Capital guru in Corporate Longitude (2002)



1. **Growth or Advancement** is the degree to which the organization is able to provide opportunities for personal development.

The challenges associated with the changing nature of work and the workplace environment is as real for non-profit organizations as elsewhere. Rapid change requires a skilled, knowledgeable workforce with employees who are adaptive, flexible, and focused on the future.

One of the key responsibilities of a manager is to develop the staff. In essence, it means encouraging growth and career development of employees by coaching, and by helping employees achieve their personal goals at the institution and beyond. This requires providing adequate training, encouragement of staff development, and opportunities for growth. Growth and advancement requires a shared responsibility between the institution and its employees - it is a partnership.

Supporting staff growth and advancement affects the profitability of the institution - it all goes to the bottom line. By promoting staff growth and advancement, leaders and managers create an environment where employees are considered as important and that employees are respected and valued more than just the work that they do. When this kind of environment is created, leaders and managers set things in motion that produce improved employee attitude, client satisfaction and employee satisfaction.

The following indicators are suggested to check the level of growth or advancement of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
1.1	**Employee Engagement** ✓ Evidence of leadership supported, high-performing employees that clearly value and foster good business relationships and continued learning ✓ An established, active engagement committee or workgroup that advances employee-centered practices, promotes diverse involvement and encourages broad support of the agency's mission ✓ Employees place emphasis on personal and professional growth as evidenced by a high percentage of documented, staff-designed professional development plans that chart a development process ✓ Management practices and policies that foster and promote diversity, learning, professional growth, and employee-centered participation		
1.2	**Leadership Development** ✓ Use of professional development plans ✓ Well-defined career ladder ✓ Focus on community involvement — working with community groups and community leaders ✓ Promoting knowledge transfer related to leadership through: • Mentorship programs and/or coaching arrangements • Workplace learning — offering educational programs or giving employees access to educational programs related to the skills, knowledge and attitudes needed to be an effective leader ✓ Succession planning ✓ Employees who leave the agency for promotions and higher levels of leadership are monitored and reviewed on a case-by-case basis		
1.3	**Professional Ethics** ✓ Clear messages from the top about the importance of ethical practice and behavior ✓ Staff awareness of policies and procedures regarding ethical practices ✓ Awareness of mandated reporting responsibilities ✓ Absence of validated complaints or incidents involving ethical violations		
1.4	**Career Development** ✓ Use of professional development plans ✓ Timely, individualized and well written performance evaluations ✓ Opportunities for advancement and job growth ✓ Provision of training opportunities for staff		
1.5	Other indicators the institution proposes.		

2. **Inclusiveness** is the degree to which the organization is able, within certain reasonable limits, to accept people of different persuasions, beliefs, color and culture. It is taking a great deal of everything within its scope; and it describes how people from all backgrounds are involved in the organization, how their perspectives are valued, and how their needs are understood.[25]

[25] *The Denver Foundation.*

Work place diversity is the key to institutional survival and growth. Employees really want to contribute to the long-term success of their organizations and leaders should create a culture where everyone's perspective is heard.

Diversity and inclusion in the workplace are essential business tools. When diversity is acknowledged and honored, managers find new ways to maximize and capitalize on the different skills, styles and sensibilities of employees from different background or culture. When employees are understood and accepted for their different background or culture by their leaders and managers and co-employees, they are more capable of working harmoniously with their fellow staff and engaging in productive activity.

When employees feel valued and respected, they are much more likely to be engaged and thereby put forth their best efforts on the institution's behalf. Leadership that inspires, rather than rules, motivates employees. Employees are able to quickly differentiate a culture of inclusion from one of exclusion. This is precisely why embracing a diverse or inclusive workplace is important.

The following indicators are suggested to check the level of inclusiveness of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
2.1	Actively involve all employees • Consultation and participation • Encourage employees to take part in monitoring, and promote the reasons for doing so		
2.2	Build a culture of inclusion and respect • Ensure the organisation's core values include a commitment to equality, human rights and inclusive working • Create, extend or improve policies on equality and human rights and make sure other policies are equality-proofed • Take immediate action to address and tackle discrimination, harassment and bullying • Training for all staff on inclusive working, human rights and equality • Make inclusion a key management approach • Encourage and appoint equality and human rights champions • Encourage employee networks and forums • Promote culture-changing initiatives		
2.3	Take an inclusive approach to recruitment, promotion and development • Make equality, diversity, human rights and inclusive working part of job descriptions • Monitor applicants and staff at different levels within the organisation • Equality and human rights training for all staff involved in recruitment and a fair and transparent selection process • Attract candidates from the widest pool available • Reward talent and achievement rather than stereotypical indicators of success • Value skills achieved outside the workplace • Encourage and enable development for all • Offer mentoring opportunities to junior and new staff • Offer work placements • Conduct exit interviews		
2.7	Other indicators the institution proposes.		

3. **Standardization** is the process of developing, formulating and implementing systems, processes and procedures aimed at achieving a high degree of order and uniformity.

When employees are allowed to choose the method or sequence in which to do the job, quality suffers and productivity drops. Without standardized work, continuous improvement activities are not manageable because processes, which are in a constant state of change, cannot be improved. Detailed understanding of the steps needed to be taken to complete tasks is necessary to eliminate root causes and permanently resolve issues. When workers utilize various methods to complete their work, it is not possible to develop this understanding. Therefore, standardized work provides the baseline required for continuous improvement.

Standardized work is focused on what employees need to do to satisfy the customer. With standardized work implemented, employees no longer have to work from memory. The process documentation provides a baseline standard which is referenced whenever someone new is trained on the job. The standard provides consistent training results even if different managers are used to train new employees.

The following indicators are suggested to check the level of standardization of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
3.1	Employment Standards give detailed information on topics such as general holidays, annual vacation, hours of work, minimum wages, health and safety in the workplace, layoff procedures, and severance pay.		
3.2	Clear performance standards and outputs.		
3.3	Clear performance evaluation standards.		
3.4	Clear policy on discrimination, diversity, inclusion and workplace equality.		
3.5	Other indicators the institution proposes.		

4. **Fairness** is the degree to which the organization treats its people in a just and equitable manner.

   People accept that life is not fair – more or less – but although one cannot just walk away from life, it is relatively easy to walk away from a company or manager perceived as unfair. Fairness refers to more than just the obvious, in most cases to the company/manager holding up their end of the bargain. In other words, walking the talk.

   Fairness is money in the bank. It reduces employee turnover (and its associated costs), increases productivity and fuels innovation, all of which gives the institution a good reputation and credibility.

   Creating a culture of fairness requires conscious effort and a pragmatic infrastructure; in other words, cultures need to have teeth. You cannot count on an honor system to support the culture because if nothing happens to those who violate the culture then, over time, it will erode. It will erode not because you hire "bad" people, but because you hire humans and humans often tend to do what is convenient rather than what they should do. They also tend to follow a "monkey see/monkey do" pattern, so if a new hire sees an old hand cut a tiny corner here and skirt a little something there and nothing happens, then she will think it's okay to follow suit.

   A culture of fairness is not about bureaucracy; it is about attitudes, actions, a bit of policy and the obvious repercussions that happen when the culture is violated. It is not sneaky or hidden; it does not demean or embarrass. Above all, a culture of fairness means not enforcing rules and policies selectively; they apply equally to everybody—which is why they work. The purpose of rules and policies is to strengthen the institutional culture and not to undermine it, which is what happens the moment anyone becomes exempt.

   The following indicators are suggested to check the level of fairness of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
4.1	Rules and policies are applied equally.		
4.2	Give employees a leeway or flexibility.		
4.3	People are made accountable for poor performance and rewarded for exemplary ones.		
4.4	Existence of policy on hiring relatives.		
4.5	Motivate using the right methods.		
4.6	Other indicators the institution proposes.		

5. **Respect**[26] is the degree to which the organization provides a working environment that is healthy, safe, supportive, and values diversity.

   Respect can have varied definitions and meanings in any context; however the feeling of respect that is 'received' and 'paid' is the same. There should be a respect for the 'boss' or the superior in the mind of all the deputies and the people working under him/her, as the flow of authority is maintained in the pyramid of authority and responsibility. Every post in any organization is assigned with particular authority and responsibility. Every boss is given a specified amount of authority with the help of which he can get the work done from his subordinates.

   In most of the companies, the ratio of authority and responsibility is almost the same. When the authority and responsibility are equal, the boss tends to respect the feelings of his subordinates and never intrudes on the self-respect of any individual.

[26] *Draws from The Business Lobby Team [www.businesslobby.blog.com].*

The reason why an employee works very willingly is that the people under whom he is working respects him and treats him right, which he reciprocates by also treating the people under him with the same respect.

There are other added advantages of developing appropriate respect in the work place. One is that the employees start to accept their mistakes in the right sense and strive to rectify them. Employees whose respect and well-being is safeguarded often tend to strive for the well-being and the success of the organization, ensuring an effective team work. It can be concluded that respect helps an organization to function as one single body, with a heart that beats to the rhythm of success and the soul that reflects the happiness of its manpower.

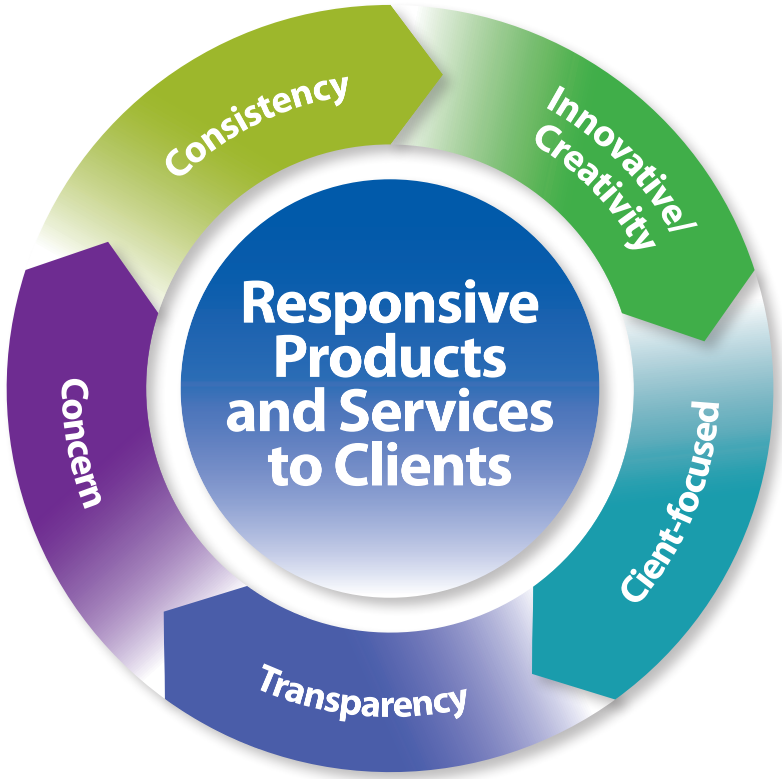
The following indicators are suggested to check the level of respect of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
5.1	Define the appropriate conducts and values to be adopted without trying to impose our way of doing things, or our values, on others		
5.2	Each employee is held accountable for his actions and behaviors		
5.3	Encourage discussions of differences and alternative points of view		
5.4	Listen to a person's concerns as you think that s/he would like them be listened to		
5.5	Implement formal communication processes through emails, newsletters and regular meetings, and limit informal communication through rumors and gossip by keeping everyone aware of things going on in the organization		
5.6	Employees are committed to keeping each other informed and trust each other to pass along information appropriately		
5.7	Employees collaborate on important issues asking each other's opinions and expertise		
5.8	Employees focus on the main issue or mission and don't get distracted by differences		
5.9	Employees respect organizational structures and roles and don't use them as weapons		
5.10	Employees value each other's background and experience rather than discrediting each other's competence		
5.11	Employees openly discuss concerns, criticisms, and conflicts in a respectful manner		
5.12	Employees speak positively about their work, the organization, and the future rather than negatively or expressing cynicism		
5.13	Other indicators the institution proposes		

D. Responsive products and services for clients (financial & non-financial)

"A client is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so." – Mahatma Gandhi



1. **Innovation** is the degree to which the organization is able to make the necessary changes to meet client needs.

   Although innovation is frequently put in the context of product innovation only, it is not limited to it. Process innovation in respect to product or service delivery follows product or service development itself. There is in addition the discipline of process innovation from a management point of view. This, along with management innovation, is itself a new field which has just recently been stressed and thus requires more in-depth research. When it comes to implementation of innovation processes and an innovative culture, leadership is a good starting point. This invokes strategic values, which in turn results in business process supporting and doing culture. Innovation processes are artifacts of the corporate culture and reinforces the same. This kind of self-reference is one of the intriguing points in the holistic perspective.

   Leadership is role-modeling to the company's staff, providing a basic corporate culture and formulating strategy. Strategy should address the management's commitment to innovation, provide direction and coaching in innovation, and build an innovation-capable organization which is flexible and controlled by the results of innovation. The implementation of the overall innovation strategy is a long-term process. Business processes depend on strategy. Innovation supporting processes need to be streamlined and refined to support an innovative culture.

   Focus should be put on the measurement, communication, and rewarding of innovation. Essential innovation processes are the problem-solving cycle serving as a kick-off to creativity, as well as the organized assessment and selection of high potential innovations. Corporate culture is a result of leadership, business strategy, and business processes, just as it provides reference for the same elements. Innovation culture can be measured in terms of innovative maturity which relates to capabilities in, and the results of, innovation.

   The following indicators are suggested to check the **level of innovation** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
1.1	Research and development are responsive to client needs (client satisfaction)		
1.2	Listening to client feedback		
1.3	Evaluation and openness to changes to improve on products and services		
1.4	Credit program is often reviewed to improve service delivery		
1.5	Determine the clients' needs and integrate them in the design		
1.6	Know your competitors		
1.7	Offer financial education		
1.8	Pilot test products to ensure effectiveness and that these are suited to the existing ones		
1.9	There is a regular review and evaluation systems and processes		
1.10	Other indicators the institution proposes		

2. **Client-focused** is the degree to which attention is given by the organization to meet client needs and satisfaction.

   Each organization needs to determine what really matters to its customers and how the organization can best uniquely meet their priorities. Customer retention can only be achieved if every aspect of the customer's contact with an organisation is focused on their needs. The culture of the entire organisation needs to be customer-centric. This includes not only the product or service offering, but how it is priced and promoted, where it is available, the processes through which it reaches the customer, what it looks like (physical evidence) and the people who deal with the customer.

   In generating long-term relationships, therefore, best practice companies develop a service strategy which focuses on ways of improving all aspects of how they do business with the customer. Customer service needs to be integrated into the business - its culture, its language, its role models and its teams and all its management activities. Some, but not all, organisations have seen value in constantly re-enforcing customer focus as a means to gain greater flexibility and responsiveness.

The following indicators are suggested to check the **level of focus on the clients** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
2.1	Appropriate policies and operating guidelines to treat clients and employees with dignity		
2.2	Employees are involved in suggesting ideas for service improvements		
2.3	Clients are educated on the Code of Conduct and its implementation		
2.4	Consistent focus on the client's best interests.		
2.5	Deals with complex problems		
2.6	Allows constant learning		
2.7	There is a competitive edge		
2.8	Encourages the client to share more, open up and give more access		
2.9	Managers model the customer-oriented behaviors they require in their staff		
2.10	Managers, individuals and teams are linked to a process of on-the-job coaching and development in customer service		
2.11	Employees are empowered to help the customer		
2.12	Standards of service are set which are meaningful to the clients		
2.13	Reward and recognition is linked to providing excellent service		
2.14	Leads to collaborate with the clients		
2.15	Customer-friendly processing and procedures.		
2.16	Customer service message is constantly reinforced		
2.17	Fosters acceptance of recommendations		
2.18	Other indicators the institution proposes		

3. **Transparency** is the degree to which the organization willingly shares and provides information within certain limits. It implies openness, communication, and accountability.

   Customers are growing accustomed to having access to more information before making a purchase decision. The person or company that provides the information is the one that earns the trust. As a company, you can work really hard to sell your products, or you can provide information to help your customers make informed buying decisions, earn their trust, and a longer-term relationship. A customer expects transparency from an institution before doing business with them.

   This means that companies or service institutions in this regard need to be truthful and forthcoming: allow clients to see detailed product information, only make guarantees that the company can deliver on, be fair and honest with potential customers. If you miss the boat in any of these areas, people will let you know about it. In addition, they will do it in the public forum where all consumers have access to the negative feedback. And this will do no good to the company. Strive for perfection in all facets of customer interactions, and come through when a promise is made.

   The following indicators are suggested to check the l**evel of transparency** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
3.1	Disclose to clients all the terms and conditions (including changes, if any) of the financial services offered in the language understood by the client		
3.2	Provide loan sanction letter or any other document clearly indicating the rate of interest, mode of charging interest, levy of any other charges, terms of repayment to the client with his/her acknowledgement		
3.3	Provide information to clients related to the premium and other fees being charged on insurance services		
3.4	Provide periodical statements of their accounts by means of a passbook or any other mechanism to the clients		
3.5	Other indicators the institution proposes		

4. **Concern** is the degree to which the organization genuinely treats its client in a dignified and respectful manner.

   Concern as a value requires products and services that are genuinely relevant to the needs of the clients and being aware of what is most important for them in relation to the whole product package an organization can offer. It particularly calls for a service with personal touch. This means treating our clients as more than just a source of income or livelihood. Our clients need to see a genuine desire and interest to serve, service that makes the client feels connected to what an organization does.

   It is important to realize that customer satisfaction does not equate to customer loyalty. Merely satisfied customers will switch to a competitor that will exceed their expectations, especially in a highly competitive market, in the blink of an eye. True competitive advantage therefore requires that customers are completely satisfied. In addition, it is important to inform customers that their opinions matter, and that their responses will instigate change within the organization.

   The following indicators are suggested to check the **level of concern** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
4.1	Existence of training plans that addresses client needs, concern, and satisfaction		
4.2	Venue for grievances		
4.3	System for feedback		
4.4	Policy on timely response to grievance/feedback		
4.5	Loan officers devote time to ask personal information on the lives of the client (personal life/ impact)		
4.6	Other indicators the institution proposes		

5. **Consistency** is the degree to which the organization is able to meet client expectation in the way products and services are delivered. This value is important in different aspects and levels. It is connected to different values because consistency reinforces all the other values. If monitored properly, it creates and leads to creation of a corporate culture for success.

   Consistency is fundamental to maintaining high customer satisfaction scores, customer loyalty, and customer longevity. Clients want timely, professional, and consistent service regardless of its point of origin. Consistency is perhaps the most elusive of these customer demands to fulfill.

   Consistent service allows companies to focus on their core deliverables to the market. By setting common behavioral expectation and performance standards to judge behavior, management creates a mechanism for transforming disparate individual habits and styles into a common service standard that is consistent with the values and strategic objectives of company. The result is increased customer loyalty that translates into longer relationships.

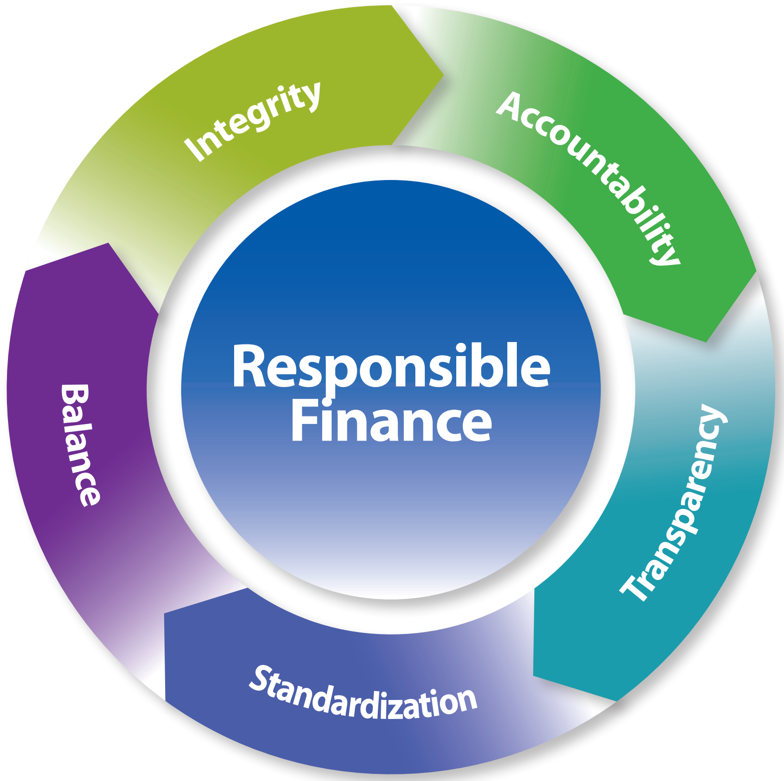
   Controlling the consistency of service delivery ensures companies will meet and exceed customer service expectations. This leads to improved overall customer satisfaction, loyalty, and customer longevity.

   The following indicators are suggested to check the **level of consistency** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.

	Suggested Indicators	Indicator Met? (Y/N)	Comments
5.1	Timeliness on the delivery of the products and services		
5.2	Accuracy and reliability of the products and services being offered		
5.3	Courtesy of the front-line staff and other personnel		
5.4	Responsiveness to complaints and suggestions		
5.5	Completeness (scope of services and availability of support, auxiliary and complementary services)		
5.6	Availability of the staff or personnel in case of client's queries		
5.7	Array of products and services (credit, savings, insurance, remittances, payments, capacity building, etc)		
5.8	Other indicators the institution proposes		

E. Responsible Financial Performance Principles



1. **Accountability** is the degree to which the organization is held responsible for its decisions, actions and performance.

   Financial accountability and management is necessary because of the number and variety of people who are affected by the behaviors and actions of the institution. It is clear that the issue of financial accountability and management is of paramount importance in today's society due to a number of high-profile businesses failures. In the long-run, poor financial accounting and management practices hurt the institution, the employees, the shareholders and the general public.

   The following indicators are suggested to check the **level of accountability** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
1.1	Disclosure of financial transactions		
1.2	Transparency in the use and oversight of funds by senior management and Trustees		
1.3	Protection for whistleblowers who reveal information about mismanagement		
1.4	Reliance on legislative or regulatory oversight		
1.5	Backed up by sanctions for non-compliance, such as fines and/or imprisonment		
1.6	Other indicators the institution proposes		

2. **Transparency** is the degree to which the organization willingly shares and provides information within certain limits.

   Transparency is the central principle of a good system of finance[27]. Information asymmetry between lender and borrower is especially pronounced in microfinance where the majority of clients are illiterate. Transparency requires the MFIs to disclose all terms and conditions to the clients before the disbursement of any loan.

   The terms and conditions of the loan should be given in writing and explained to the clients orally in the language understandable by the clients. The idea is to enhance the amount of information made available to clients to enable them make informed decisions.

   Nonprofit institutions must be transparent and provide information about its mission, program activities, and finances available to its constituencies. A nonprofit must be accessible and responsive to public inquiry and must reach out to interested parties. Those who are in positions of responsibility and act on behalf of the nonprofit must be able to answer for their conduct and obligations.

   The following indicators are suggested to check the **level of transparency** of the institution. The institution can set additional indicators as it may deem necessary.

[27] *Client Protection & Social Performance of Indian MFIs - An Empirical Report*

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
2.1	Have a balanced Board: make sure they are up to date on and committed to social as well as financial "performance issues"		
2.2	Clarify and define intent more clearly – in terms of target outreach (including different types of area, and market segments), specific services and intended results		
2.3	Track client profile on entry – in relation to intended outreach and as a basis for product development; and track change over time (the Progress out of Poverty Index developed for India and other countries is a practical tool to benchmark poverty levels that can be integrated with membership or loan application details)		
2.4	Adjust the MIS to track clients – not just loans – so as to integrate social profile/market data, and to be able to track client retention and exit		
2.5	Develop routine systems for market feedback (including client satisfaction, exit surveys) and apply results for product development and adaptation		
2.6	Integrate social goals and values into HR systems (training, performance appraisal and incentives)		
2.7	Have a clear policy on client protection, which is reflected in the operational guidelines and monitored as part of internal Audit		
2.8	Disclose to clients all the terms and conditions (including changes, if any) of the financial services offered in the language understood by the client		
2.9	Provide loan sanction letter or any other document clearly indicating the rate of interest, mode of charging interest, levy of any other charges, terms of repayment to the client with his/her acknowledgment		
2.10	Provide information to clients on the rate of interest offered on the thrift services, where applicable		
2.11	Provide information to clients related to the premium and other fees being charged on insurance services		
2.12	Provide periodical statements of their accounts by means of a passbook or any other mechanism to the clients		
2.13	Other indicators the institution proposes		

3. **Standardization** is the process of developing, formulating and implementing systems, processes and procedures aimed at achieving degree of order and uniformity.

   Using standards can offer a set of powerful business and marketing tools for organizations of all sizes. You can use them to fine-tune your performance and manage the risks you face while operating in more efficient and sustainable ways. Standards will allow you to demonstrate the quality of what you do to your customers, and they help you to see how to embed best practice into your organization.

   Standards give you the knowledge you need to fine-tune your organization so it performs at its best day-in and day-out – at every level. The results are tangible growth and increased profits.

   Organizations that use standards have more satisfied customers, more efficient ways of working, better cost control and are able to implement new working practices faster and more effectively.

   Working with standards can help you to depend on every member of staff, from the boardroom to reception, to be driving the performance of the business at all times. And once you've met the demands of the standard, certification allows you to promote it, making you stand out from the crowd.

The following indicators are suggested to check the **level of standardization** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
3.1	Loan term and installment		
3.2	Diminishing balance interest		
3.3	Deposit requirements		
3.4	Prepayment charges and conditions		
3.5	The terms and conditions of the loan should be given in writing and explained to the clients orally in the language understood by the clients		
3.6	Other indicators the institution proposes		

4. **Balance** is the degree to which the organization is able to achieve both social and financial objectives.

   A good set of measures will balance input, output and outcome measures. Measures should be clear and concise, presenting relevant information on what is important to key audiences and the organization. A balance should be found between completeness and concision to focus on providing meaningful information.

   In reporting to donors and other stakeholders, the organization has to provide a balanced and reasonable representation of its sustainability performance. Topics that are relevant and material for an organization should be covered in its report.

The following indicators are suggested to check the **level of balance** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
4.1	The Smart Campaign's Client Protection Principles		
	• Appropriate product design and delivery		
	• Prevention of over-indebtedness		
	• Transparency		
	• Responsible pricing		
	• Fair and responsible treatment of clients		
	• Privacy of client data		
	• Mechanisms for complaint resolution		
4.2	Consumer Protection Regulation aims for Transparency, Fair Treatment and Effective Recourse		
	• Rules that require providers to disclose product prices, terms and conditions with reasonable lending safeguards and checks against aggressive sales or collections		
	• Offer accessible and even-handed channels for clients to resolve disputes		
	• Build needed market infrastructure such as more inclusive and accurate credit bureaus		
4.3	Consumer Awareness and Financial Capability		
4.4	Other indicators the institution proposes		

5. **Integrity** is the degree to which the organization remains true to its values and mission, both in statement and in deed.

   Without integrity at the helm of a company, a business is usually short-lived. In fact, when business integrity is present throughout the deepest layers of a company and not just at its surface, it becomes the heart and soul of the company's culture and can mean the difference between a company that succeeds and a company that falters.

The importance of integrity has always existed in the business community, but in recent times it has been shown as falling short. In the effort to build upon a foundation of integrity, the first requirement would be to establish excellent rapport with clients. However, achieving true integrity with clients often leaves many an entrepreneur bewildered, grasping for techniques and strategies that guarantee their futures.

Integrity is not something that can be grasped and then simply used. Integrity in its essence must be so ingrained within the nature of an individual, its company and the team members, that it remains steadfast no matter what. At its core, integrity begins with a company leader who understands the qualities of integrity which then filters down throughout the company into every department and every member's approach and attitude.

The following indicators are suggested to check the **level of integrity** of the institution. The institution can set additional indicators as it may deem necessary.

Review each suggested indicator, assess whether your institution meets this indicator ("Yes" or "No"), and add any comments explaining the institution's position and any plans regarding the indicator.			
	Suggested Indicators	**Indicator Met? (Y/N)**	**Comments**
5.1	Direct relation between target clients (as they are defined in the mission/vision or plan) vs. actual clients		
5.2	Assessment of financial performance — profitability and portfolio quality		
5.3	Outreach scope includes number of distinct enterprise loan products, number of other financial services, the type of savings offered, and the percentage of clients with three or more products or services		
5.4	Exit surveys highlighted problems, e.g., the need to communicate better on or eliminate the practice of charging daily interest rate		
5.5	Satisfaction surveys highlighted what clients particularly valued (such as loan officers' respectful behavior, gave feedback on product and process suitability, and feedback into training for new staff)		
5.6	The internal audit function kept a check on a client protection practices		
5.7	Other indicators the institution proposes		

PART 4.
Approaches to Social Performance Monitoring

I. Overview[28]

Monitoring social performance is an on-going process. In contrast to traditional evaluations that focus on a program's final impact, **SPM provides a framework for understanding the process by which social performance objectives are achieved.** SPM relates to the entire organization and its strategy. It thus focuses on how organizational systems (human resources, information, incentives etc.) support the social mission. It also looks at how information can be gathered to support decision-making, indicating the information to collect, how to collect it and how to use it. A range of tools and methodologies are used in SPM to monitor and understand the different steps in social mission. SPM can include market research to determine client preferences or market opportunities, analysis of the strengths and weaknesses of organizational systems, monitoring of client profile and changing status over time, and assessment of end results and impact. Finally, it is a framework that combines assessment with action to enhance ability to translate social performance objectives into practice.

Social performance is an organizational effectiveness in translating specific social objectives into practice. Tracking progress towards each distinct objective usually requires distinct tools. For example, in-take forms or poverty assessment tools will help assess outreach; market research tools can help understand how effective institution has been in meeting client needs; and finally, a rich selection of tools and processes enable the organization to identify program benefits to clients and the wider community.

Monitoring systems can be an important resource to help manage social performance. However, careful planning is needed to ensure that the system is deemed appropriate for organizational needs, capacity and resources. Monitoring information and data can be useful in the following areas:

- Early Warning System
- Tracking Performance Against Targets
- Portfolio Segmentation
- Client's Use of Services
- Continuous Generation and Utilization of Information

[28] *Adopted from SPM Guidelines, Imp-Act and Microfinance Centre.*

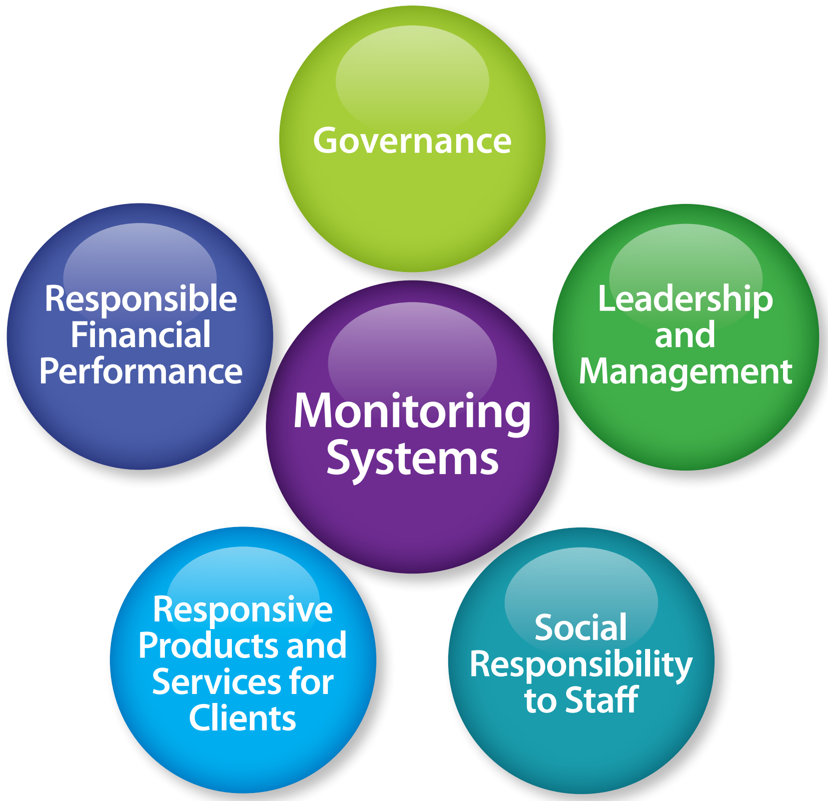


Figure 4. SPM Monitoring System

II. Planning the SPM Monitoring System

- **Outreach of Target Clients**
  - Who uses and who is prevented from using your services?
- **Use of Your Services**
  - What is the pattern of use of your services and how does this vary for different clients?
  - Are your clients satisfied with the services you provide?
  - Do your services meet the needs of your clients?
  - Why do some clients leave or become inactive?
- **Benefits to Clients**
  - Which clients benefit from using your services and how do they benefit?
  - Which clients do not benefit or are affected in ways you did not expect?

Key Questions in Designing the Monitoring System

1. What information is needed and who needs it?
2. What information will you collect?
3. How will you collect the information you need?
4. From whom will you collect the data?
5. How frequently will the information be collected?
6. Who will collect, collate, analyze and report the information?

III. Process for the Development of Monitoring Systems

1. **Clarify your objectives** – you need to be clear about why a monitoring system is needed and precisely how the information collected will be used.
2. **Understand how the indicators you will monitor relate to your clients and their needs** – this will ensure that you are able to use your monitoring information to improve practice.
3. **Review and build on your existing information systems** – It is often better to collect information on a small number of indicators from a sample of clients, but to do so regularly, reliably, sustainably and usefully. Experiences has shown that many monitoring systems try to collect too much information, with the result that they are too expensive, too complex, and too confusing to influence management decisions effectively.
4. **Ensure simple and effective collection, analysis and reporting of monitoring information**
   a. Select appropriate mechanisms for collecting and analyzing data.
   b. Decide how often data needs to be collected to be useful.
   c. Decide whether data is needed from all clients, or whether a sample is sufficient.
   d. Determine how data should be collected and by whom – it is important to integrate data collection into existing operations as much as possible.
   e. Develop procedures for aggregating, processing and analyzing the data. Remember, you may need to make compromises between what you would like to monitor, and what is practical and cost-effective to do. For example, many MFIs collect information for groups not for individuals, and therefore have problems incorporating individual data into their MIS.
   f. Assign responsibility for converting information generated into recommendations for action.
   g. Create a plan to make sure the changes are put into practice.

5. **Set up mechanisms for follow-up research** - Management and staff may have many ideas about the reasons for the patterns and trends revealed through the monitoring system, but it is important that these are explored further to understand the reasons for the data revealed by monitoring. Use of monitoring information alone, without adequate follow-up, may lead to incorrect conclusions being made and poor decisions.

Box 4. Basic Monitoring and Tools for Collecting Data[29]	
Short Questionnaire	5 to 10 questions administered as part of the loan application form
Client Exit Forms	Administered as clients withdraw from their savings, or at another convenient time
Staff Observation	During visits to client homes or businesses
Discussion at Client Meetings	During center meetings or at client workshops
Monitoring Forms	Diaries completed by clients
Focus Group Discussions	Conducted by field staff, internal audit, or external consultants on issues such as client satisfaction
Formalized Staff Discussion and Feedback	During management meetings
Simple Yes/No Questions	
Ranking Scales	These allow for information about the extent of an indicator to be collected without the need of precise information
Direct Observation	Using visual assessment tools such Housing Index
Simple Quantitative Data	e.g., business profile, etc.
Participatory Tools	

[29] *Tracking Client Performance, Imp-Act Practice Notes No. 7, 2005.*

IV. Analyzing and Using Monitoring Information

1. Storing and Recalling Information
2. Monitoring and Using Social Performance Information
3. Using Management Information System
4. Analyzing Patterns and Trends
5. Examining the Performance of Different Clients

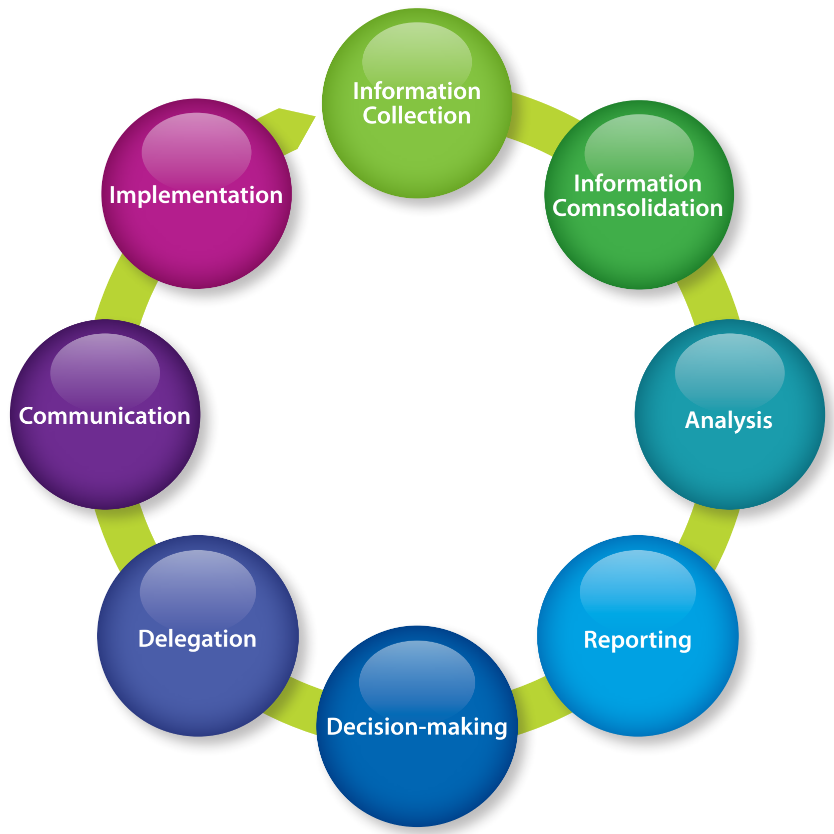


Figure 5. The 8 Phases of Feedback Loop

Box 5: Monitoring Systems: Practical Tips
1. Monitoring systems can be costly in terms of staff and client time, particularly when data is required that is not available from the loan application and the MIS.
2. Where additional data needs to be collected, field staff often resists the additional work involved and this can lead to data quality problems.
3. The monitoring needs to be seen as a core part of staff work and you need to both supervise staff's work and ensure they receive appropriate incentives. To make the most of money, time and human resources, keep your system simple and make sure it fulfills your objectives.
4. As the institution grows, the system will produce a vast amount of data. Using a sample of clients will reduce the data collection and processing burden. Remember though that it will also reduce the detailed analysis that can be done.

PART 5
Suggested Tools and Methods

A wide range of methods and tools can be used to monitor and assess social performance. Less cumbersome and less expensive methods are now available that can be mastered by MFI practitioners who can conduct the assessments themselves or be closely involved with local experts in the implementation.[30]

This part offers direction on the process of selecting appropriate tools and methods and is followed by an overview of common methods that might be used by practitioners, especially National ECLOF Committees.

In selecting tools and methods:[31]

1. **Choose tools that are tried and tested, while being ready to adapt them.** Using an established tool enables you to take advantage of the experience of others, but you need to take account of the particular context and the nature of your work. It is especially important that the tools should be accessible to those who will participate in applying them.

2. **Use a mix of tools that allow both quantitative and qualitative evidence to be gathered.** In relation to processes of social change, the evidence tends to be largely qualitative. But complementing this with some quantitative evidence greatly strengthens the assessment. This requires baseline data or some alternative basis for comparison.

3. **Select tools that will allow you to disaggregate data, as appropriate, by gender or other social differences.** This allows you to take into account the perspectives of different groups and to know if any are insufficiently included.

4. **Seek to support both accountability ("proving") and learning ("improving").** Assessing social change is partly about demonstrating intended results but it is also about the need to learn, particularly from setbacks and challenges, so that benefits can result from the process even if outcomes and impact are disappointing.

In the course of assessment and monitoring:

1. **Triangulate through evidence from different sources, including beneficiaries' views.** In quantitative evidence, official statistics or data from other agency assessments can complement the data that you gather directly. In qualitative evidence, views from different sources can qualify or reinforce each other.

2. **Use baseline data or some other references for comparison.** Assessing social change implies the question: change from what situation? If there is a lack of adequate baseline data, you need to be clear about how you are constructing a basis for comparison (e.g., beneficiary recollection or comparison with interventions elsewhere).

3. **Value anecdotal or impressionistic evidence.** Fragments of information, impressions and local perceptions may prove of little value in themselves but they can help to build up a broader assessment especially in the case of impact, which can be hard to pin down.

4. **Look for unintended changes.** An unintended change may be positive or negative. In either case, it needs to be identified and considered. In the case of harmful changes, it is necessary to reflect on how they may be avoided or mitigated in future interventions.

5. **Consider the sustainability and implications.** An evaluation or an impact assessment can provide information about the present situation and how it was reached, but it is important also to consider how firmly entrenched the changes are, whether the process is likely to continue, and what are the implications for the future.

6. **Acknowledge the contributions of communities and other stakeholders, as well as claiming credit for your organization where evidence supports this.** It is natural and right that an organization should wish to identify and communicate its contribution to social change, but ignoring or undervaluing the contributions of others is misleading and undermines credibility.

[30] *IFAD, 2006.*
[31] *Draws from ACT Development: A Guide to Assessing Our Contribution to Change.*

Appreciative Inquiry (AI)

About the Tool
AI is an approach to organizational change and development based on the premise that organizations change in the direction to which they aspire. By attempting to appreciate what is good about an organization, more positive aspects will surface. They can then be built on so that the best become the norm. The main intervention model is the 4-D cycle consisting of: Discovery, Dream, Design, and Destiny. Usually, an AI process takes place at an "Appreciative Inquiry Summit", a large group event.

Purpose
Organizational change and development through collaborative inquiry in which many people are involved. The focus is on what works well in an organization, to make that a foundation for future development.

Origin
Developed by Case Western Reserve University in Cleveland, Ohio in the 1970s.

Scope of Application
Sector: Social Projects
Context: Organizational development and change
Phase: Initiating change processes.

Key Steps
4-D Cycle:
- Discovery – appreciating what is
- Dream – imagining what could be
- Design – determining what could be
- Destiny – creating what will be

Advantages
Appreciative Inquiry builds on what is positive in an organization. A focus on positive reinforcement can have real and lasting effects.

Conditions needed for application
Openness for a different approach to organizational change.

Resource Implications
- Time – approximately four days
- Stakeholders involved – the more stakeholders involved, the better
- Staff input – act as interviewers and providers of positive stories about the organization

Sources
Websites: http://www.new-paradigm.co.uk/Appreciative.htm

Composite Logic Model (CLM)

About the Tool
The Advocacy & Policy Change Composite Logic Model facilitates a theory of change or logic model development for advocacy and policy change efforts (often the first step in evaluation planning). It offers a comprehensive menu of ingredients (inputs, activities, outcomes, policy goals and impacts) that might go into an advocacy logic model and allows users to select the components that are most relevant to their work. It addresses a common question about advocacy evaluation: what kind of outcomes can or should be measured, other than achievement of a public policy goal? Accompanying guiding questions, definitions, and examples support the application of the tool.

Purpose
To help advocates, donors and evaluators articulate an advocacy strategy, and to guide decisions about the design of an advocacy and policy change evaluation.

Origins
Harvard Family Research Project, The California Endowment, The Atlantic Philanthropies and Annie E. Casey Foundation, 2007.

Scope of application
Sector: Advocacy and policy change
Context: Articulation of an advocacy strategy or theory of change
Phase: Planning and evaluation.

Key steps involved in using it
The following eight questions guide users on how to use the model for articulating an advocacy strategy:
1. What is the advocacy or policy goal?
2. Who is the audience?
3. What will it take to convince or move the audience?
4. What contextual factors might affect the strategy's success?
5. Where doesn't the strategy need to focus?
6. What will strategy collaborators do?
7. What will the opposition or competition do?
8. Is there a contingency plan?

The following five questions are relevant in regard to guide decisions about the design of an advocacy and policy change evaluation:
1. Which components are relevant to the advocacy strategy?
2. Given the evaluation's intended users and use, which outcomes are priorities?
3. Are there outcomes the strategy should not be directly accountable for?
4. Given the evaluation timeframe, which outcomes are achievable?
5. Given the evaluation resources available, which outcomes are best pursued?

Resource implications
Stakeholders involved: Participatory approaches in all phases.

Sources of support
Website: http://www.innonet.org/index.php?section_id=101&content_id=633

Contribution Analysis

About the Tool
Contribution Analysis is an approach to monitoring and evaluation that emphasizes the question of attribution while accepting that attribution cannot be proved, only indicated. Contribution analysis consists of six key steps to provide evidence that reduces the uncertainty about the contribution made.

Purpose
To provide evidence about the contribution that a program makes to the outcomes it is trying to influence.

Origin
Office of the Auditor General of Canada (John Mayne), 1999.

Scope of application
Sector: Aid and development assistance programs
Context: Applicable in many contexts
Phase: Monitoring and evaluation (with emphasis on attribution)

Key steps involved in using it
- Develop the results chain (the program logic)
- Assess the existing evidence on results and determine the respective indicators
- Identify and assess alternative explanations for program outcome and present evidence to discount them
- Document the performance story of the program
- Seek out additional evidence in order to reduce uncertainty regarding attribution
- Revise and strengthen performance story

Advantages
Contribution analysis provides evidence to reduce the uncertainty about the contribution made. In this context, program staff have been shown to be more comfortable with targets that are to be strived for but cannot easily be met.

Limitations
So far, limitations or challenges observed can be related to the way contribution analysis has been applied rather than to the approach itself.

Conditions needed for application
In order to be effective, contribution analysis requires clear program logic (result chain).

Resource implications
Stakeholders involved: Participatory approaches applicable.

Sources of support
Websites: http://www.aes.asn.au/conferences/2006/papers/022%20Fiona%20Kotvojs.pdf
http://www.oag-bvg.gc.ca/internet/docs/99dp1_e.pdf.

Critical Stories of Change (CSoC)

About the Tool
Based on an awareness that change is not linear as in a logical framework, CSoC was developed to facilitate learning at every level. Stakeholders undertake a participatory process to explore from different perspectives how change in a project (positive and negative) occurs and how development organizations are involved. The resulting narrative is critical and journalistic, unlike that of a conventional case study.

Purpose
To explore how change happens from the perspective of different stakeholders. People learn about relationships in development and how they can be engaged, and look at how they can work better, get recognition of the story and tell it so that understanding is shared.

Origin
Developed by ActionAid in 2004.

Scope of application
Sector: Rural development, education, health, poverty reduction, conflict resolution, rights-based work
Context: Applicable in different cultural contexts; willingness of stakeholders to participate and change is vital
Phase: May be applied during any phase, especially planning, monitoring, evaluation and impact assessment

Key steps
Preparation
- A local CSoC team is built up; this team is responsible for purpose-related research
- Definition of the focus of the investigation
- Definition of Key Questions guiding the process.

Implementation
- Facilitating learning
- Writing.

Analysis
- Levering of change.

Advantages
- Process-driven
- High quality
- Context specific
- Democratic
- Promotes critical reflection.

Limitations
Aggregation is difficult.

Resource implications
Time: Depends on purpose and focus, perhaps including a 3-day introductory workshop
Stakeholders involved: Participative approach
Staff input: Facilitators implementing workshop; process team preferably of local people with a certain distance from the focused topic.

Sources of support
Website: www.actionaid.org/assets/pdf%5CLove%20of%20the%20Heart_1112006_162112.pdf

Livelihood Asset Status Tracking (LAST)

About the Tool
LAST is a rapid impact monitoring system designed with primary stakeholders and based on the Sustainable Rural Livelihoods conceptual framework. The observation of the dynamics of five capital assets essential to household livelihoods is used as a proxy for impact. The situation is assessed during participatory workshops in which "word pictures" are created to facilitate identification of a number of stages from worst to best situation known locally.

The result is a tool (assessment sheet) that is used for rapid enumeration of repeat panel households. Thus the qualitative understanding of different household situations is converted into a graded centile scale.

Purpose
To detect changes in the livelihood asset status of large numbers of households which, when aggregated, can provide an indication of the project's overall impact on livelihoods; and, to reflect on the results with a view to adjusting the project so as to improve effectiveness and impact.

Origins
Developed by IDPM, University of Manchester, UK and Development Tracks, New Delhi, India, 2002.

Scope of application
Sector: Rural development, poverty reduction, education, health, income generation
Context: Applicable in different cultural contexts with active participation of project team and beneficiaries
Phase: Primarily during the phase of implementation as a tool for impact monitoring (frequency between three months and a year) but also as an ex post evaluation tool.

Conditions needed for application
Accompaniment of the process by external consultant(s)
Care over quality of Assessment Sheet and maintenance of enumerator judgment.

Key steps
Phase of preparation:
Participatory workshops to develop assessment sheet and field testing
Phase of implementation:
Survey of sample households guided by the assessment sheet
Phase of analysis:
Statistical analysis; verification and discussion with staff and beneficiaries

Advantages
- Rapid
- Participatory
- Applicable to a large number of households
- Incorporates local perspectives
- Provides a dynamic picture of changes

Limitations
- No information on intra-household conditions
- Risk of bias in enumeration
- Attribution of impact informal unless 'with and without' or rolling baseline is incorporated
- Still evolving as a tool with many questions pending

Resource implications
Time: Approximately four days of workshops and field testing to develop the system; comparatively little time for the survey
Stakeholders involved: Participatory process involving beneficiaries and staff
Staff input: Staff as facilitators, to develop the assessment sheet, and as enumerators

Sources of support
Website: http://www.livelihoods.org/info/tools/LAST.html
Bibliography: Bond R. et al. 2007 'Monitoring the Livelihood Platform: Reflections on the Operation of LAST Method from INDIA and Malawi', Impact Assessment and Project Appraisal, 25(4) pp301-315, Beech Tree Publishing, UK.

Lot Quality Assurance Sampling (LQAS)

About the Tool
The geographical area affected by a project is divided into smaller sites (lots) to enable performance in different sites to be compared over time, so that more effort and resources can be directed to poorer-performing sites.

Purpose
To support the identification of geographical areas which are performing either significantly well or significantly poor in relation to implementation and/or outcome variables.

Origin
Joseph Valadez

Scope of application
Sector: Multiple
Context: Community-based programming/service delivery
Phase: During collection of baseline data for outcome variables, and periodically thereafter for both implementation and outcome variables.

Key steps involved in using it

Phase of preparation
The area is divided into smaller sites. Indicators on implementation adequacy and/or outcome performance are defined for variables of interest, with means of verification (e.g. questionnaires) for these indicators. Upper and lower thresholds are set for the indicators under investigation. The binominal formula (made practical with the Sample LQ calculator) is used to define the sample size (n) and the number of permissible failures (d) within the sample for the indicator in question.

Phase of implementation
Data on indicators of implementation adequacy and/or outcome performance are collected on a relatively small sample of points in each site as determined by the binomial formula.

Phase of analysis
When "d" exceeds the permissible number of failures, the performance of the site is considered inadequate. The organization can be reasonably confident that sites with true population parameters at or above the upper threshold are classified correctly, and the same for sites whose true population parameters are at or below the lower threshold.

Sites whose true population parameters are between the upper and lower performance thresholds have a greater chance of being misclassified, but this does not seriously compromise the purpose, which is to channel effort and resources to sites where performance is poor and avoid doing so where performance is very good.

Advantages
Permits the identification of specific sites where implementation and/or outcome performance is poor. Site data can be weighted and aggregated together to derive point estimates on the whole area.

Limitations
Only applies to variables that are conducive to quantitative measurement. Necessitates significant data collection and analysis, as well as the requisite capability. Does not deal with the "attribution dilemma".

Resource implications
Time: Needs sufficient time for data collection and analysis.
Stakeholders involved: Conducted by program staff
Staff input: Social science capabilities necessary for questionnaires, data collection and analysis.

Sources of support
Website: http://www.coregroup.org/working_groups/lqas_train.html

'Making a Difference' Method

About the Tool
'Making a Difference' is a study conducted by the staff of a funding/support agency using semi-structured interviews with a range of stakeholders to gather evidence of lasting and significant changes in people's lives and livelihoods, of the extent to which those changes or impact can be attributed to the work of the organization implementing a project, and of the contribution made by the support that the funding partner has provided.

Purpose
'Making a Difference' is intended to provide an insight (relevant if not systematic) into the impact of a program of funding and other support for the development activities of various partners.

Origin
The tool was developed in 2005 by Alonso Roberts for the Latin America, Caribbean and Global Division of Christian Aid (UK and Ireland), looking at diverse projects spread over a wide geographical area.

Scope of application
Sector: Applicable to development interventions in a wide range of sectors.
Context: Applicable in diverse cultural contexts, assuming only stakeholders' readiness to contribute their views.
Phase: Developed for ex post impact assessment.

Key steps involved in using it

Phase of preparation
- Identify the basis of the study – thematic, geographical, etc.
- Devise framework for selecting projects, with range of organization types, length of partnership and capacity.
- Decide which staff of the funding/support agency will be involved.
- Agree on common format for interviews and perhaps for a workshop with 'beneficiaries', and for the reports.

Phase of implementation – for each of the projects studied:
- Share methodology with the partner, stressing that the study is part of a wider learning process with the partner; identify individuals for interviews (covering wide range of stakeholders); and consider feasibility of workshop.
- Conduct the interviews and provide initial feedback to partners in the course of a single visit.
- Write up the report according to the agreed framework, and share it with other staff and with the partner.

Phase of analysis
- For the sample of projects or program, write a consolidated report bringing together shared features and contrasts between the individual reports, and share it in the agency and with key partners.
- Discuss the implications what has been learned and set a date for review of how any changes are applied.

Advantages
- Focuses on impact – perceived changes in the lives of people and communities
- Values the views of 'beneficiaries' and others
- Does not depend on indicators or baseline data
- Pays particular attention to attribution, including the role of a funding agency
- Can be used in diverse contexts and sectors
- Does not require special training or expertise

Limitations
- Sample of projects may not be representative
- Depends largely on subjective impressions
- Does little to promote systematic analysis
- Does not lend itself to formal aggregation

Conditions needed for application
Adequate freedom to interview diverse stakeholders, including organizational and community leaders.

Resource implications
Time: Each individual study requires 2 agency staff (perhaps one who is involved with the project, and the other not) for up to ten days including write-up. Further staff time is needed for consolidated report, learning and follow-up.
Stakeholders involved: Various stakeholders at all project levels provide insights on change and attribution.
Staff input: The study is planned and conducted by staff.

Compatibility with other tools
This could readily be used with most other tools, whether as a complementary survey of stakeholder views or to provide a more specific focus on impact.

Sources of support
Bibliography: 'Making a Difference' guidelines available from the Support for Accountability and Learning Team at Christian Aid via info@christian-aid.org.

Method for Impact Assessment of Programs and Projects (MAPP)

About the Tool
MAPP is a stakeholder-centered tool based on structured group discussions. It was developed to investigate outcome and impact. MAPP can be used as a whole or some of its individual instruments can be selected for use. Most of the instruments use a rating system, which makes it possible to quantify and aggregate the originally qualitative results. The tool is relatively simple and easy to use.

Purpose
MAPP was designed for projects/communities where baseline data is lacking, enabling changes to be identified and attributed to project activities.

Origin
Developed in 1999 by Susanne Neubert, German Development Institute (GDI), Bonn.

Scope of application
Sector: Developed to consider changes in livelihoods, access to resources, expansion of knowledge and participation in rights; but can be applied in any sector.
Context: Poverty alleviation projects, in particular
Phase: Developed for ex post evaluation.

Key steps involved in using it

Phase of implementation
- "Life Lines" = Identification of minimal social factors
- "Trend Analysis" = Generation of a sophisticated picture of the village's social development.
- "List of Activities" = Identification of the relevant project activities (or any intervention in the community)
- "Influence Matrices" = Attribution of the observed changes to project activities
- "Direct Observation" = Systematic field inspection (transect walk) and situation analysis.

Phase of analysis
- Compilation of development and impact profile
- Possible use of the findings in participatory development planning.

Advantages
- Adequate tool in the absence of baseline data
- Participative instrument in the style of Participatory Rural Appraisal (PRA), with active involvement of the beneficiaries.
- Identification of the most influential activities and the most influenced changes.

Limitations
- Data collected reflect the subjective estimations of the participants and do not take into account 'hard facts' that could serve as a baseline for later impact studies.

Conditions needed for application
If the team is experienced in PRA tools, 1-2 days of training are necessary. Without experience in PRA, the team will need about 5 days of preparation.

Resource implications
Time: 2 or 3 days per village or community (complete sequence); or about 1 day (short version)
Stakeholders involved: Beneficiaries are enabled to analyze relevant changes in their communities and to identify the interventions that contributed to these changes
Staff input: Two facilitators (project personnel or external experts)

Compatibility with other tools
Compatible with tools such as Focus Group Discussion and Participatory Rural Appraisal.

Sources of support
Website: http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK contentByKey)/MSIN-7JJHP8?Open&nav=expand:Forschung%20und%20Beratung\Projekte;active:Forschung%20und%20Beratung\ Projekte\MSIN-7JJHP8
Bibliography: Neubert, Susanne (2002): Social Impact Analysis of Poverty Alleviation Programmes and Projects. A Contribution to the Debate on the Methodology of Evaluation in Development Cooperation, GDI book series Vol. 14, F. Cass Publication, London, 2000.

Most Significant Change (MSC)

About the Tool
MSC is a technique for participatory Monitoring and Evaluation. Significant Change (SC) stories are collected and panels of designated stakeholders select the most significant. The value of the changes is discussed and this leads to a dialogue on outcomes and impacts between the hierarchical levels.

Purpose
The purpose relates to learning rather than accountability and may be summarized as follows: to identify significant outcomes and impacts, including unintended changes; to discern the values of an organization; to encourage analysis; to base management decisions on impact; and to direct the whole team's focus to impact.

Origin
Developed by Rick Davies in a participatory rural development program in Bangladesh (Davies 1996).

Scope of application
Sector: Applicable in several sectors (e.g. development programs, agriculture, education, health)
Context: Applicable to many cultural context; MSC has been used in a variety of countries
Phase: During implementation
Other: Complex and large programs with diverse outcomes or impacts focusing on social change.

Key steps involved in using it
Preparation:
- Introduce the tool to the target group and raise interest
- Select the domains of change to be monitored
- Define the reporting period and frequency.

Implementation:
- Collect SC stories from those involved (respondents allocate their stories to domains)
- Select the most significant (each level reviews a series of stories and selects the most significant change in each domain, sending selection and selection criteria up to next level; thus the number of stories is reduced; and, finally, a document is produced)
- Feedback the results of the selection process
- Verify stories (check accuracy and find out additional information); quantification, if possible.
- Analysis: Secondary analysis and meta-monitoring (monitoring the monitoring)
- Revise the system.

Advantages
- Promotes internal learning
- Does not use predetermined indicators
- The focus is decided upon during implementation
- Subjectivity is made transparent, opinions expressed
- Unintended changes can be identified
- No specific skills needed for implementation
- Promotes analytical thinking
- Lower hierarchical levels are included

Limitations
- Not adequate for evaluation and accountability
- Subjectivity in the selection process
- Only for societies that speak about mistakes, etc.
- People can be uncomfortable about stating subjective views
- Bias towards popular views
- Large amount of time needed
- Difficulty in eliciting good stories
- Story-telling skills may influence results

Conditions needed for application
- Organizational culture where it is acceptable to discuss things that go wrong as well as success
- Willingness to try something different
- Infrastructure to enable regular feedback of the results to stakeholders
- Commitment by senior managers.

Resource implications
Time expenditure: High; it is recommended to run several cycles; 1 to 3 days of in-house training
Stakeholders involved: Members of all hierarchical levels and of target group
Staff input: Professionals and non-professionals involved; good facilitation skills are helpful.

Compatibility with other tools
Quantitative tools, interviews, Focus Group Discussions, Direct Observation.

Sources of support
Websites: MSC mailing list: http://groups.yahoo.com/group/mostsignificantchanges
http://www.mande.co.uk/docs/MSCGuide.pdf
Bibliography: Davies, Rick / Dart, Jess (2006): The 'Most Significant Change' Technique: A Guide to Its Use.

NGO-IDEAs Toolbox

About the Tool
The NGO-IDEAs Impact Toolbox offers a combination of four tools that form a methodical whole but may also be applied individually. It is based on tools that many are familiar with and can use independently without outside consultants. The indicators may be represented quantitatively, facilitating aggregation. The tools encourage reflection and can steer decisions to focus on impact; they can also be used for reporting.

Purpose
To enable the NGO, with the grassroots organizations or the population involved, to steer projects in a manner that will enhance positive impacts and reduce negative ones.

Origin
Developed from 2004 to 2007 in a joint project with contributions from 32 Indian and 14 German NGOs.

Scope of application
Sector: Developed especially for the micro-finance sector; applicable for all sectors with group activities.
Context: Self-help promotion (community or group based projects)
Phase: Developed for monitoring during project implementation.

Key steps involved in using it (4 Tools)

Participatory Wealth Ranking (PWR): Clusters households according to affluence/poverty criteria. It serves the purpose of poverty-oriented target group selection and assignment of impacts according to wealth/affluence or poverty criteria. PWR is a familiar tool taken from the Participatory Rapid Appraisal (PRA) context.

Situational Analysis and Goal Establishment (SAGE): Looks at changes among individuals and households to see how far each has developed towards their own desired situation. (See separate summary of SAGE, below.)

Performance Appraisal of the Groups (PAG): Looks at changes in groups to assess the quality/performance of a grassroots organization according to criteria agreed between the NGO and the group.

Performance Assessment of NGOs (PANgo): An impact-analysis tool for NGOs, elaborating the results of SAGE and PAG so that the NGO can analyze causal links with reference to its selected areas of change.

Advantages
- Participatory process, promotes the individual stakeholders' autonomy
- Monitoring focuses on the beneficiaries' objectives
- Indicators are developed deductively out of the beneficiaries' context
- Permits gender and poverty disaggregation
- Combination of analysis, reflection and dialogue of all stakeholders
- Supports decision-making and reporting in both group and NGO.

Limitations
- Groups need basic capacities for self-monitoring
- Not referred to formal planning

Conditions needed for application
- Communities / groups need a good internal organization (which is typical in micro finance programs)
- Instruction and training of NGO staff and beneficiaries is necessary
- Computer skills will be helpful for aggregation and disaggregation.
- Analysis and interpretation have to be learnt.

Resource implications
Time: For NGO staff experienced in PRA tools, 1-2 days of training are necessary; otherwise, the team will need about 5 days of preparation. Implementation integrated to regular work. For community, 3-4 hours for establishment of goals; 2 hours for one monitoring application; 2 hours learned after 3 applications.
Stakeholders involved: Beneficiaries and NGO staff are enabled to analyze relevant changes in the communities and to draw their conclusions, separately and jointly.
Staff input: CEO should guide process; field worker active in the community should integrate the logic into regular work; NGO staff should participate in analysis of monitoring results.

Sources of support
Website: www.ngo-ideas.net
Bibliography: The Impact Toolbox, Version 1.1, 2007. Edition: NGO-IDEAs; Cochin, India.

Outcome Mapping (OM)

About the Tool
OM is a management tool for development projects and consultancies that emphasizes learning processes and changes of attitude. Outcomes are defined as changes in the behavior, relationships, activities or actions of the people, groups and organizations with which a project works directly.

Purpose
OM focuses on outcomes (changes in behavior, relationships, activities, actions) rather than impact (changes in state) while recognizing that impact is the ultimate goal toward which projects work.

Origin
Developed in 2001 by IDRC, Ottawa, with research colleagues in Asia, Africa, and Latin America.

Scope of application
Sector: Applicable in any sector, especially where capacity building is an important aspect
Context: Especially suitable for structurally and thematically complex projects/programs
Phase: Evaluation, planning, strategy

Key steps involved in using it
Phase of preparation: Introduction of OM by an internal or external facilitator
Phase of implementation: Successive identification / definition of:
- Vision
- Mission
- Project partners
- Challenges for the project partners
- Indicators for progress
- Strategic concepts
- Management tasks to ensure success.

Advantages
- Focus on learning processes and attitude changes
- Helpful for clarification of roles of project partners
- Management instrument, especially during the planning phase
- Possibility of combining OM with other tools.

Limitations
Not suitable for --
- Technical and organizational purposes
- The review of quantitative objectives
- Standardized project work

Conditions needed for application
- Application should start in the planning phase
- All partners must be willing to learn.

Resource implications
Time: Workshop duration — 3 days
Stakeholders involved: Beneficiaries, project staff
Staff input: Facilitation, documentation, introduction

Compatibility with other tools
Focus Group Discussion, Situation Analysis

Sources of support
Website: Outcome Mapping online community: http://www.outcomemapping.ca/index.php, moderated by ODI.
And see Sarah Earl et al, IDRC – http://www.idrc.ca/en/ev-9330-201-1DO_TOPIC.html

Participatory Impact Monitoring (PIM)

About the Tool
PIM consists of two interlinked monitoring systems: group-based monitoring and NGO-based monitoring. In the group-based monitoring, community or group members identify changes they expect from a project, and changes they want to avoid. A group of observers collects information and reports. In periodical "joint reflection meetings," observations and interpretations are shared, and conclusions for further action are drawn.

Purpose
In projects where formal plans may not be useful for controlling implementation, beneficiaries are encouraged to spell out their own objectives. Beneficiaries' observations and assessments are compared regularly with those of NGO (and funding agency) staff. The tool can consider any change that is relevant to the community, paying particular attention to expected changes (outcomes and impacts) and to changes to be avoided.

Origin
Developed in 1993 to 1995 by Eberhard Gohl and Dorsi Germann, FAKT.

Scope of application
Sector: Developed for all sectors
Context: Self-help promotion (community or group based projects)
Phase: Developed for monitoring during project implementation

Key steps involved in using it

Phase of preparation:
"What should be watched?"
"How can it be watched?"
"Who should watch?"
"How can results be documented?"

Phase of implementation (with internal analysis):
"What was observed?"
"Why these results?"
"What action should be taken?"

Phase of analysis (group and NGO together):
Reflection workshops with questions for reflection and action.

Advantages
- Process promotes individual stakeholders' autonomy
- Combination of analysis, reflection, and dialogue of all stakeholders
- Monitoring system not dependent on plans; can be adapted continuously

Limitations
Neither includes nor refers to formal planning (can also be seen as an advantage)

Conditions needed for application
- Previous instruction and training of the grassroots organizations is necessary
- Willingness of the NGO to question itself is crucial
- If NGO staff experienced in PRA tools, 1 or 2 days of training are necessary. Without experience in PRA, the team will need about 5 days of preparation.

Resource implications
Time:
- Community: 1 day for preparation; 2-3 hours for 2-3 persons for monthly observation; 15 minutes in every meeting for monthly assessment.
- NGO staff: 1 day for preparation; implementation during regular work.
- Joint reflection: half a day, once or twice a year.

Stakeholders involved: Beneficiaries and NGO staff enabled to analyze relevant changes in the communities and to draw conclusions, separately and jointly.
Staff input: Field worker active in community; whole NGO team once or twice a year, up to one day.
Compatibility with other tools
PRA; NGO-IDEAs; MAPP; MSC; PaLSA

Sources of support
Website: www.fakt-consult.de
Bibliography: Four booklets on PIM by Dorsi Germann and Eberhard Gohl published by FAKT in 1996.

Participatory Impact Pathways Assessment (PIPA)

About the Tool
PIPA is a model for illustrating changes influenced or caused by a project or political decision. The model helps visualize the expected but also unintended outcomes and impacts of development cooperation at different levels.

External factors influencing the intervention or the target group, and suggestions as to why and how changes have come about, should be included in the accompanying monitoring system.

Purpose
To visualize outcomes and impacts at different intervention levels, verified by triangulation of the subjective views of different stakeholders; and to identify an impact pathway in the planning phase and thus keep focused on impact.

Origin
At least two different sources for "Impact Pathways" can be made out in the literature: Rogers et. al (2000).

Scope of application
Sector: All sectors and modes of intervention of international development cooperation
Phase: Applicable during all phases: planning, beginning, the course of and end of the project cycle.

Key steps
Preparation:
Assessment of baseline data and situation analysis.
Implementation:
- Key stakeholders discuss processes of change.
- Illustration of a pathway of change in a diagram: the x-axis displays the different intervention levels (e.g. grassroots, institutional, political) and the perceived outcomes and impacts at each level are illustrated along the y-axis. Arrows illustrate the pathway of impacts.
- IP graph (reviewed and adjusted regularly) can be used during monitoring meetings or in evaluations.

Analysis:
- Qualitative results of the regular monitoring can be included into reports as graphs or texts. Different opinions can easily be illustrated in the impact pathway graphs.
- Verification by triangulation or spot checks.

Advantages
- User-friendly
- Applicable for new partners who are not familiar with standard procedures of accountability
- Graphs can be analyzed and interpreted easily
- Compatible with models for planning and impact assessment (e.g. log frame).

Limitations
- Difficulty of quantification
- Qualitative data cannot be aggregated

Resource implications
Time expenditure: Low
Stakeholders involved: Participative or at least consultative tool; key persons involved
Staff input: M&E expert at the start, project leaders later.

Compatibility with other tools
- Qualitative data may be complemented by quantitative data.
- The various levels of a logframe or other impact model may be transferred into the impact pathway.

Sources of support
Websites: www.ciat.cgiar.org/src/pdf/iita_bdouthwaite.pdf
More information on all aspects of PIPA at http://impactpathways.pbwiki.com

Participatory Livelihood Monitoring (PaLSA)

About the Tool
PaLSA is a qualitative and participative approach designed to uncover cross-linked outcome and impact structures. The approach combines PRA tools with elements of MAPP and of the DFID Livelihood Approach.

Purpose
To study outcomes and impacts – intended and unexpected, direct and indirect, easily attributable and hard to attribute – and to throw light on complex relationships of factors and influences.

Origin
PaLSA is based on Systems Analysis and on the MAPP approach of Susanne Neubert.

Scope of application
Sector: Rural development, livelihood projects (poverty reduction); also suitable in relation to conflict resolution.
Phase: At any point in the project cycle – project identification, planning, monitoring and evaluation.

Key steps involved in using it
Phase of implementation
- Sequence of four participative instruments implemented with the target group at community level to assess the factors that most deeply determine the situation of the target groups and the connection between these factors. The factors are classified into the five dimensions of the Livelihood Approach and crucial ones are

classified into the five dimensions of the Livelihood Approach and crucial ones are
identified (those easily influenced by the project and those expected to induce a positive change on the total system).
- Combination of participative tools at community level and first analysis: assessment of the outcome and impact of selected activities on the crucial livelihood factors and a simple crosscheck of the results. Analysis and documentation of the results according to a predetermined pattern.

Phase of analysis
- Aggregation of the results (if the project was implemented at several locations) and production of a portfolio on effectiveness (average change in crucial livelihood factors after beginning of specific activity) and efficiency (average influence of activity on crucial livelihood factors) for the various activities. The data is analyzed with the help of predetermined Excel sheets
- Examination of the performance of different activities and assessment of causes; and implications for learning.

Advantages
- Attributes impacts to project activities
- Transparent and simple to implement and document
- Participative
- Promotes capacity building
- Appropriate for complex situations
- Manipulation of results is difficult.

Limitations
- Facilitation and moderation skills needed
- Group composition is critical (gender, age, etc.)
- Implementation is difficult for illiterate groups
- Memories of target groups may be distorted
- Failure, initially, to consider negative impacts; though these can easily be included

Resource implications
Time expenditure: Half a day of initial workshop for each location plus 4 hours of evaluation when used for planning or monitoring; monitoring component should be repeated once or twice a year.
Stakeholders involved: Participative approach.
Staff input: Moderation is necessary – two persons for groups over 15 participants. Facilitators should be trained in advance (c. 2-3 days); they should have language skills or use translation.

Compatibility with other tools
May be complemented by objective indicators.

Sources of support
Website: ftp://ftp.fao.org/docrep/fao/009/ah455e/ah455e00.pdf
Bibliography: Strele et al. (2006): Linking Programmes and Poor People's Interests to Politics Experiences from Cambodia, FAO Livelihood Support Programme.

Poverty Impact Assessment (PIA)

About the Tool
PIA, a light version of PSIA, is an internationally accepted approach usually used for *ex ante* assessment. The future poverty impacts as well as their causes are assessed. PIA is based on subjective views, existing monitoring data, relevant studies and literature. When analyzing (expected or possible) outcomes and impacts, the information source is documented, with an indication of its quality or of the reliability of the information.

Purpose
To assess the impact of an intervention on the poverty levels of different social groups and to identify the relevant poverty impact chains. PIA considers outcomes and impacts – whether direct or indirect, whether intended or unintended, whether positive or negative – with both qualitative and quantitative assessment.

Origin
Developed in 2006/7 by different donors of the OECD / DAC as a means of harmonization.

Scope of application
Sector: Developed for all sectors
Context: PIA was developed for projects whereas PSIA was developed for policy reforms
Phase: Developed for *ex ante* assessments, but also applicable for *ex post* evaluation.

Key steps involved in using it
Phase of implementation
- Assessment of the poverty situation in the country/region/ sector and of potential support for the strategies of the implementing organization
- Analysis of stakeholders and institutions
- Assessment of transmission channels
- Assessment of impacts on the poverty reduction capabilities of the participants, especially of the target groups, taking into account the five dimensions of poverty
- Assessment of impacts on the MDGs and other national or international goals.

Phase of analysis
Results are documented in tables and highlighted optically (colors, symbols etc.) which are complemented by more detailed descriptions.

Advantages
- Offers relatively simple but effective and flexible methodology
- Is attractive for partners as it was developed by several donor agencies
- Uncovers implicit intervention design, and can expose reasons for donor actions
- Can be the basis for a harmonized reporting system
- Can identify interventions with high impact on poverty and on pro-poor growth
- Documents the causal pathways between outputs/outcomes and impacts
- Takes into account multi-dimensionality of poverty, MDGs, and strategic goals
- Can identify significant gaps in knowledge or information.

Limitations
Is only appropriate for application at macro level, not with communities.

Resource implications
Time: About 2 weeks
Stakeholders involved: Applicable in field studies, desk studies, PIA can be used in participative dialogues
Staff input: Can be carried out by staff or external experts.

Compatibility with other tools
PSIA, MAPP, logframe / causal chain analysis, ADB, Sustainable Livelihoods Approach, OECD DAC capabilities framework, cost-benefit / cost effectiveness analysis, environmental assessments.

Sources of support
Website: http://www.oecd.org/document/12/0,3343,en_2649_34621_36573452_1_1_1_1,00.html
Bibliography: OECD 2006: Promoting Pro-Poor Growth. Harmonizing Ex Ante Poverty Impact Assessment.

'Project-Out / Context-In' Approach

About the Tool
In this approach, impact measurement/assessment is made from two perspectives: Project-out – starting with the aim of a project, seeks ways of assessing achievements against this from a variety of perspectives (e.g. for an empowerment project, looks at the intervention and at the changes that occurred in domestic or local power relations as a consequence). Context-in – starting with changes happening in people's lives, asks what is significant about these, and then assesses the effects of an intervention in relation to them.

Purpose
The purpose of this approach is to assess what organizations were trying to achieve compared to changes experienced by people, and to understand why the two might be different.

Origin
Used in 2000-01 by Community Aid Abroad, Australia.

Scope of application
Sector: Suitable for community-based interventions
Phase: Developed for *ex post* impact assessment.

Key steps involved in using it

Phase of preparation

- Study of national and regional factors influencing development so as to understand change at different levels
- Consideration of what the project has achieved in relation to its aim ('Project-out').

Phase of implementation ('Context-in')

Meetings with stakeholders – community groups, staff, partner NGO committees, other NGO, government officials, experts etc – asking two key questions:

- What changes have been experienced by people – have lives improved?
- How the project has or has not contributed to those changes – did our work make a difference?

Phase of analysis

- Statistical test to identify significant factors for development / empowerment; comparing this with the perspectives of beneficiaries.
- Analysis of reasons why the two perspectives may be different.

Advantages

- Focus beyond the outcomes of projects
- Holistic view by comparing project's and beneficiaries' perspectives.

Resource implications

Stakeholders involved: Community groups, staff, partner NGO, other NGOs, government officials, experts

Sources of support

Website: http://www.ingentaconnect.com/content/routledg/cdip/2004/00000014/00000005/art00010

Bibliography: Kelly et al, Impact measurement for NGOs: experiences from India and Sri Lanka, Development in Practice, Volume 14, No 5, August 2004.

Rigorous Impact Analysis (RIA)

About the Tool

Rigorous Impact Analysis is a statistical tool of impact assessment, using comparison with a control group to test predetermined hypotheses. It seeks to identify causal relationships between the intervention and detected changes, and the extent to which the intervention contributes to the changes. The quality of RIA depends on the quality of the control group, generated by randomized or quasi-experimental tools.

Purpose

To test cause-effect hypotheses, distinguishing between the outcomes/impacts of the intervention and changes caused by other external factors.

Scope of application

Sector: Scope of application generally not limited – main restriction is the generation of an adequate control group.

Phase: It is necessary to specify in advance two times at which measurements will be taken.

Key steps involved in using it

Phase of preparation

- Define the hypotheses to be tested
- Identify the control group

Phase of implementation

Collect the relevant data (usually with standardized interview or questionnaire)

Phase of analysis

- Analyze the data statistically
- Interpret the results
- Identify possible causes as independent variables and analyze their influence on the measured outcome/impacts (significance)
- Use triangulation to cross check.

Advantages

Results are transparent (for experts).

Limitations

- The procedure can only be carried out by statisticians
- It is difficult to identify an adequate control group
- If the hypotheses are not valid, findings may be distorted.

Conditions needed for application

Existence of a control group is prerequisite.

Resource implications

Time: Up to two years

Stakeholders involved: Target groups as interviewees, staff (perhaps) as interviewers

Staff input: Staff may have role in implementation, but outside statistics experts are probably needed

Compatibility with other tools

Triangulation with qualitative tools is possible.

Sources of support

Website: http://www.iadb.org/ove/Documents/uploads/cache/599401.pdf

SCAMPER TOOL: Improving Products and Services

About the Tool

It can often be difficult to come up with new ideas when you're trying to develop or improve a product or service.

This is where creative brainstorming techniques like SCAMPER can help. This tool helps you generate ideas for new products and services by encouraging you to think about how you could improve existing ones.

SCAMPER is a mnemonic that stands for:

- **S**ubstitute
- **C**ombine
- **A**dapt
- **M**odify
- **P**ut to another use
- **E**liminate
- **R**everse

Purpose

You use the tool by asking questions about existing products, using each of the seven prompts above. These questions help you come up with creative ideas for developing new products, and for improving current ones.

Origin

Alex Osborn, credited by many as the originator of brainstorming, originally came up with many of the questions used in the **SCAMPER technique**. However, it was Bob Eberle, an education administrator and author, who organized these questions into the SCAMPER mnemonic.

How to Use the Tool

SCAMPER is really easy to use.

First, take an existing product or service. This could be one that you want to improve, one that you're currently having problems with, or one that you think could be a good starting point for future development.

Then, ask questions about the product you identified, using the SCAMPER mnemonic to guide you. **Brainstorm** as many questions and answers as you can. (We've included some example questions, below.)

Finally, look at the answers that you came up with. Do any stand out as viable solutions? Could you use any of them to create a new product, or develop an existing one? If any of your ideas seem viable, then you can explore them further.

Example Questions

Let's look at some of the questions you could ask for each letter of the **SCAMPER mnemonic:**

Substitute

- What materials or resources can you substitute or swap to improve the product?
- What other product or process could you use?
- What rules could you substitute?
- Can you use this product somewhere else, or as a substitute for something else?
- What will happen if you change your feelings or attitude toward this product?

Combine

- What would happen if you combined this product with another, to create something new?
- What if you combined purposes or objectives?
- What could you combine to maximize the uses of this product?
- How could you combine talent and resources to create a new approach to this product?

Adapt

- How could you adapt or readjust this product to serve another purpose or use?
- What else is the product like?
- Who or what could you emulate to adapt this product?
- What else is like your product?
- What other context could you put your product into?
- What other products or ideas could you use for inspiration?

Modify

- How could you change the shape, look, or feel of your product?
- What could you add to modify this product?
- What could you emphasize or highlight to create more value?
- What element of this product could you strengthen to create something new?

Put to Another Use

- Can you use this product somewhere else, perhaps in another area/location?
- Who else could use this product?
- How would this product behave differently in another setting?
- Could you recycle the waste from this product to make something new?

Eliminate

- How could you streamline or simplify this product?
- What features, parts, or rules could you eliminate?
- What could you understate or tone down?
- How could you make it smaller, faster, lighter, or more fun?
- What would happen if you took away part of this product? What would you have in its place?

Reverse

- What would happen if you reversed this process or sequenced things differently?
- What if you try to do the exact opposite of what you're trying to do now?
- What components could you substitute to change the order of this product?
- What roles could you reverse or swap?
- How could you reorganize this product?

Tips

- Some ideas that you generate using the tool may be impractical or may not suit your circumstances. Don't worry about this – the aim is to generate as many ideas as you can.
- To get the greatest benefit, use SCAMPER alongside other creative brainstorming and lateral thinking techniques such as **Random Input, Provocation, Reversal and Metaphorical Thinking.**

Key Points
To use SCAMPER, you simply go down the list and ask questions regarding each element.
Remember, not every idea you generate using SCAMPER will be viable; however, you can take good ideas and explore them further.
Remember also that the word "products" doesn't only refer to physical good. Products can also include process, services, and even people. You can therefore adapt this technique to a wide range of situations.

Situational Analysis and Goal Establishment (SAGE)

About the Tool
SAGE is a tool for use by a community-based group with some initial facilitation. It assumes that local people, knowing their situation and aspirations, are best placed to set goals. Periodic self-assessments explore how far the targets are being met for each member or household and so track the changes. With options for rating the answers, the indicators may be represented quantitatively, facilitating aggregation and disaggregation of data.

Purpose
To identify the group's goals for improvement of its members' lives and to understand outcomes and impacts in terms of changes in the lives of individuals and families.

Origin
SAGE was developed from 2004 to 2007 as part of the NGO-IDEAs Toolbox (see above).

Scope of application
Sector: Developed for micro-finance sector but applicable for all sectors with group activities.
Context: Self-help promotion (community or group based projects)
Phase: Developed for monitoring during project implementation.

Key steps involved in using it

Phase of preparation
- NGO facilitator introduces SAGE at a group meeting, alerting members to the time that the exercise will take.

Phase of implementation
- Discussion in the group about members' situations before joining, their present situation, and their aspirations.
- NGO facilitator helps develop group vision through individual/family goals, with timeframe, and to convert the goals into indicators; later raises questions about changes (positive and negative) and how/why they happened.
- Group members assess where each stands in regard to each of the goals; this is documented, and each member gets a card stating her/his present position in terms of the indicators; application repeated once a year.
- The NGO can also carry out the exercise for a control group not involved in or affected by the project activities.
- Specific data for gender (and other disaggregation) is obtained from some of the groups (decided earlier).

Phase of analysis:
NGO analyses the results and the information about cause-effect relationships.

Advantages
- Participatory, promotes individual stakeholders' autonomy
- Monitoring focuses on the beneficiaries' objectives
- Indicators are developed out of the beneficiaries' context
- The tool supports gender and poverty disaggregation
- Supports reflection and decision making in the group.

Limitations
- SAGE does not refer to formal (logframe based) planning or monitoring (can also be seen as an advantage)
- Minimum literacy is recommended for effective recording of the results.

Conditions needed for application
- Communities/ groups need a good internal organization (such as is common in micro finance programs)
- Instruction and training of NGO staff (basic knowledge, participatory models) and beneficiaries.
- In NGO, analysis and interpretation must be learnt; computer skills are helpful for aggregation and disaggregation.

Resource implications
Time: For NGO staff, 2 days training (1 if experienced in PRA); 1/2 day field applications. For group, 3-4 hours to set goals; 1/2 day each for applications – learned in 3 applications.
Stakeholders involved: Beneficiaries are enabled to analyze relevant changes and to draw conclusions.
Staff input: Field workers active in the community should integrate the logic into their regular work. NGO staff participates in analysis and interpretation of the results.

Compatibility with other tools
Part of NGO-IDEAs Impact Toolbox, it is compatible with PWR etc; and with PRA approaches in general.

Sources of support
Website: www.ngo-ideas.net
Bibliography: The Impact Toolbox, Version 1.1, 2007. Ed.: NGO-IDEAs; Cochin, India.

Social Framework

About the Tool
Social Framework describes an intended process of change as a series of events taking place across a sequence of rows and columns, starting at the bottom and going upwards. The Social Framework differs from the Logical Framework in emphasizing the development actors and their relationships with each other as the main elements. The framework can be used to show one or more pathways through a network, recognizing the complex contexts in which most development projects take place. Each row provides a textual description of project intentions as they apply to a specific actor in the pathway. A Social Framework can provide a simplified linear perspective on the more complex descriptions of reality in network models (in diagram or matrix form).

Purpose
To summarize the theory of change in a development project and describe an expected pathway of influence through a wider network of people, groups or organizations and their relationships.

Origin
Rick Davies, 2008.

Scope of application
Sector: All sectors
Context: Applicable in different cultural contexts
Phase: Recommended for monitoring and evaluation.

Advantages
There are change objectives for all actors in the pathway. All actors have to take responsibility in order to make the framework function as intended.

Limitations
Generally, the vertical axis in logical models represents time. That makes it difficult to think about a logical model in which time is not the primary vertical dimension, but instead it is social distance (in degrees).

Resource implications
Stakeholders involved: Participatory process recommended.

Compatibility with other tools
Outcome Mapping. Social Frameworks are related to Network Models and Frameworks. A Modular Matrix Approach is useful to represent and evaluate complex programs.

Sources of support
Website: http://mande.co.uk/2008/topic bibliographies/networksanalysisandevaluation/the-social-framework-as-an-alternative-to-the-logical-framework/

Sustainability Impact Assessment (SIA)

About the Tool
The SIA process includes a wide range of tools to account for different aspects of sustainable development – economic, environmental and social. Grades of sustainability allow direct comparisons between projects.

Purpose
To assess and to promote economic, environmental and social sustainability.

Origin
Many actors have contributed to the construction of an SIA framework. Reports about SIAs have been published by OECD, UNEP, WWF, FFLA, EU and others.

Scope of application
Sector: Economic, ecologic and social sectors
Context: Applicable especially in large-scale projects, applied in various countries
Phase: SIA should be introduced as early as possible (always *ex ante*).

Key steps involved in using it
- Screening (determination of the measures requiring SIA)
- Scoping (establishment of the appropriate coverage of each SIA)
- Preliminary Sustainability Assessment (identification of potentially significant effects, positive and negative, on sustainable development)
- Mitigation and enhancement analysis (suggestion of types of improvements which may enhance the overall impact on sustainable development).

Advantages
Makes sustainability measurable and comparable.

Limitations
- Time-consuming
- Designed for large-scale projects

Resource implications
Time expenditure: Very high. SIAs can last months or years, so SIA should be understood as an ongoing and large-scale process of assessment.
Stakeholders involved: Target groups are not necessarily involved.
Staff input: Many 'SIA experts' need to be involved during the whole process; knowledge about SIA is to be transmitted in complex workshops.

Compatibility with other tools
Different tools can be integrated in SIA, such as descriptive tools and consultative and participative tools.

Sources of support
Websites: http://europa.eu.int/comm/trade/pdf/repwto.pdf
http://www.ecologic.de/download/projekte/1800-1849/1800/6_1800_cate_sia.pdf

Theory of Change (ToC)

About the Tool
The tool views projects as interrelated sequences of hypotheses or "theories of change" (e.g. if right knowledge then right attitude and if right attitude then right practice). Evaluation involves asking to what extent the project's theory has unfolded or is unfolding (e.g. did participants who developed good knowledge also have positive changes in attitudes and did such attitudinal changes actually translate into better practice?) In this way, the hypotheses underlying the project are tested, and this may suggest adjustments to the overall theory of change leading to increased prospects for the project bringing about, or contributing to, desired change.

Purpose
To help project stakeholders to manage for desired change.

Origin
Aspen Institute.

Scope of application
Sector: Multiple
Context: Multiple
Phase: Heavy investment of effort at planning stage; revisited periodically during implementation.

Key steps involved in using it

- **Phase of preparation.** Stakeholders define the ultimate change they want to result from the project. Through a process of "backwards mapping" they then identify changes (intermediate outcomes) that are necessary for (or, at least, will significantly aid in) bringing about that ultimate change. Indicators are defined for the outcomes, so that progress towards them can be tracked over time. Finally, interventions are devised to trigger the intermediate outcomes, and critical assumptions underlying all the linkages in the project's theory of change are articulated.
- **Phase of implementation.** Data are collected on the outcome indicators – at the start and periodically thereafter.
- **Phase of analysis.** Data on the outcome indicators make possible periodic examination of the extent to which the project's theory has unfolded. Where changes have not occurred as expected, the reasons for this can be explored. This could result in modifying the theory of change and/or in strengthening implementation.

Advantages

- Helps to focus interventions strategically, on "leverage points" for change
- Facilitates ownership of project by stakeholders
- Supports and promotes managing for change

Limitations

- Demands much data collection and analysis, and the requisite capability
- Comprehensive stakeholder involvement may be difficult to ensure
- It does not escape the "attribution dilemma"

Resource implications
Time: Need sufficient time for developing and revising the project's theory of change and capturing and analyzing data on its indicators.
Stakeholders involved: Best done with involvement of key stakeholders.
Staff input: Facilitation, questionnaire development, data collection and analysis.

Sources of support
Website: http://www.aspeninstitute.org/site/c.huLWJeMRKpH/b.612045/

Sources

Bibliography

Organization	Chemonics International – United States Agency for International Development (USAID)
Author	Gary Woller
Title	Social Audit Tool Handbook
Place, Year	USA/February 2006
Website	http://pdf.usaid.gov/pdf_docs/PDACG793.pdf

Organization	The SEEP Network Social Performance Working Group
Author	Gary Woller
Title	Social Performance Map
Place, Year	USA/April 2008
Website	http://seepnetwork.com

Organization	Consultative Group to Assist the Poor (CGAP)
Author	Syed M. Hashemi
Title	Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions
Place, Year	Washington, DC, USA/May 2007
Website	www.microfinancegateway.org

Organization	ECLOF International
Author	Punla sa Tao Foundation, Inc.
Title	Governing Social Performance: A Module
Place, Year	Manila, Philippines/December 2012
Website	www.eclof.org

Organization	Maxwell Motivation, Inc.
Author	John C. Maxwell
Title	The 17 Essential Qualities of a Team Player: Becoming the Kind of Person Every Team Wants
Place, Year	USA/2002
Website	www.johnmaxwell.com

Organization	Maxwell Motivation, Inc.
Author	John C. Maxwell and Jim Dornan
Title	Becoming a Person of Influence
Place, Year	California, USA/1997
Website	www.johnmaxwell.com

Organization	The John Maxwell Co.
Author	John C. Maxwell
Title	How Successful People Think
Place, Year	USA/2011
Website	www.johnmaxwell.com

Organization	Fireside of Simon and Schuster, Inc.
Author	Stephen R. Covey
Title	The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change
Place, Year	1989
Website	https://www.stephencovey.com/

Organization	Free Press – A Division of Simon & Schuster, Inc.
Author	Stephen M.R. Covey with Rebecca R. Merrill
Title	The Speed of Trust: The One Thing That Changes Everything
Place, Year	2006

Organization	Imp-Act Consortium and Published by the Institute of Development Studies
Author	Anita Campion, Chris Linder & Katherine Knotts
Title	Putting the "Social" Into Performance Management: A Practice-based Guide
Place, Year	2008

Organization	Social Enterprise Initiative, Harvard Business School
Author	Alnoor Ebrahim, V. Kasturi Rangan
Title	The Limits of Non-profit Impact: A Contingency Framework for Measuring Social Performance
Place, Year	Working Paper 10-099, 2010

Organization	Institute of Development Studies
Author	Imp-Act Secretariat
Title	Tracking Client Performance: Monitoring Systems for Social Performance Management
Place, Year	Practice Notes No. 7, 2005
Website	www.imp-act.org/www.microfinancegateway.org

Web Links

http://www.businessdictionary.com

BusinessDictionary is the leading online business resource, featuring over 25,000 definitions spanning across critical business-related topics including management, small business, economics, human resources, entrepreneurship, recruiting, and corporate strategy. Each definition provides a clear and concise description of the term to help our users gain a comprehensive understanding of the concept. Other educational resources are offered by BusinessDictionary as well, including articles, tips, and Q&A and our popular BusinessDictionary Term of the Day newsletter.

http://www.accion.org/default.asp

ACCION International is a US-based international nongovernmental organization (NGO) with a mission to give people the tools they need to work their way out of poverty. ACCION International firmly believes that microfinance institutions have the potential to access the billions of dollars in the international financial markets to help the very poor people whom the formal financial system has traditionally left behind. ACCION's goal is to make this potential a reality and thereby bring microfinance facilities to millions of poor people. ACCION operates in the Latin American, Caribbean, and African regions, and assists its partner organization to become sustainable and expand their outreach. It also operates in the United States. Despite being an NGO, it works on the basic principle that there is not enough charitable money in the world and there never will be. Hence, ACCION's programs are designed to cover their own costs. The ACCION website is a gateway to a wealth of high-quality technical and operational information on various aspects of microfinance. It provides access to information on its partner organizations, speeches made by management and top-notch staff of ACCION, its various publications including the ACCION InSight series, onetopic bulletin that highlights ACCION's policy view points and ongoing research in the microfinance field.

http://www.appreciativeinquiry.case.edu/

"AI Commons" is a worldwide portal devoted to the fullest sharing of academic resources and practical tools on Appreciative Inquiry and the rapidly growing discipline of positive change.

http://www.ausaid.gov.au/

The Australian government's overseas aid program is a federally funded program that aims at reducing poverty in developing countries. The Australian Agency for International Development (AusAID) manages the program. The aim of the program is to assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interests.

http://www.continuousprogress.org

This website contains different tools related to the planning, evaluation and communication of advocacy. Continuous Progress Strategic Services is a consulting practice based at the Aspen Institute's Global Interdependence Initiative (GII) and can help to achieve advocacy goals through planning, messaging and evaluation. Several tools are available, among others the Advocacy Progress Planner, an online logic model for planning advocacy efforts (http://planning.continuousprogress.org/).

http://ww.gtz.de

GTZ is an international cooperation enterprise for sustainable development with worldwide operations. It promotes complex reforms and change processes, often working under difficult conditions. Its corporate objective is to improve people's living conditions on a sustainable basis.

http://www.iaia.org/modx/

The International Association for Impact Assessment (IAIA) is a forum for advancing innovation, development and communication of best practices in impact assessment. Its international membership promotes the development of local and global capacities for the application of environmental assessments in which sound science and full public participation provide a foundation for equitable and sustainable development.

http://www.ids.ac.uk/

The Institute of Development Studies is a leading global organization for research, teaching and communications on international development. IDS aims to challenge convention and to generate fresh ideas that foster new approaches to development policy and practice. Such problem-focused thinking requires a commitment to multidisciplinarity, not just within the social sciences, but across research, teaching and communications.

http://www.ifad.org/evaluation/guide/index.htm

Guide to help project managers and M&E staff to improve the quality of M&E in IFAD supported projects. The focus of the guide is on how M&E can support project management and engage project stakeholders in understanding project progress, learning from achievements and problems, and agreeing on how to improve both strategy and operations. The main functions of M&E are: ensuring improvement-oriented critical reflection, learning to maximize the impact of rural development projects, and showing this impact to be accountable.

http://www.iied.org

The International Institute for Environment and Development is an international policy research institute and non-governmental body working for more sustainable and equitable global development.

http://www.imp-act.org/

Imp-Act is a three-year action-research program from the Ford Foundation implemented by three British universities and designed to improve the quality of microfinance services and their impact on poverty through strengthening the development of impact assessment systems. Interesting site. Do not miss the sections on State of the Art and Publications.

http://www.impactalliance.org/ev_en.php

The Impact Alliance is a global action network committed to strengthening the capacity of individuals and organizations to generate deep impact within the communities they serve. We do this through assisting our members to improve the quality, scale and social impact of their services and programs. The concept of the Alliance is simple:

- Link organizations looking for high quality capacity building services with organizations or individuals capable of delivering those services, and
- Stimulate new standards of innovation, excellence and effectiveness in the capacity building field.

http://www.intrac.org

INTRAC is a non-profit organization working in the international development and relief sector. By helping to explore policy issues, and by strengthening management and organizational effectiveness, non-governmental organizations (NGOs) and civil society organizations (CSOs) around the world are supported.

http://www.mande.co.uk/2008/topic-bibliographies/advocacy-andcampaigning/a handbook-of-data-collection-tools-companion-to-%e2%80%9ca-guide-tomeasuring-advocacy-and-policy%e2%80%9d/

This handbook of tools is a companion to ORS' "A Guide To Measuring Advocacy And Policy". The data collection tools included in the handbook has actually been used to evaluate advocacy or related efforts. The data collection instruments apply to six outcomes areas:

- Shifts in Social Norms;
- Strengthened Organizational Capacity;
- Strengthened Alliances;
- Strengthened Base of Support;
- Improved Policies; and
- Changes in Impact.

http://www.microfinancegateway.org/section/resourcecenters/impactassessment

The Impact Assessment Centre, a joint initiative of CGAP and Imp-Act, has a twofold mission:

- To promote greater understanding of the impacts of microfinance on the lives of the poor
- To encourage the use of impact assessments by microfinance providers

Contents of the Impact Assessment Centre:

- The Impacts of Microfinance
- The What, Why, and How of Impact Assessment
- Developing an Impact Assessment
- Resource Documents
- Practitioner Pages

http://www.odi.org.uk/about.html

The ODI is Britain's leading independent think tank on international development and humanitarian issues. The mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.

http://ww.outcomemapping.ca

The website of an Outcome Mapping Learning Community, including a discussion forum and resources such as examples of application. Upcoming events related to Outcome Mapping can be found on this website.

http://www.portals.wi.wur.nl/ppme/

A website focused on Participatory Planning Monitoring and Evaluation (PPM&E).

Its objectives are:

- Help build the capacity of individuals and organisations to effectively implement PPM&E systems (courses, advisory services, evaluation).
- Contribute to innovation in the field of PPM&E / managing and learning for impact.
- Provide practical web-based resource materials, experience sharing and learning with this PPM&E resource portal.

The main goals of the web site are (1) to provide introductions to key areas of participatory planning, monitoring and evaluation, as well as (2) to provide a quick selection of key resources in relation to specific areas of M&E work.

Different tools and methods related to (1) Managing and Learning for Impact in a Project, (2) PPM&E in projects and programs, (3) Creating a Learning Environment, (4) Conflict Management, (5) Process Model, (6) Gender and PPM&E are available.

http://www.seepnetwork.org

The SEEP Network is a global network of 130 international practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP represents the largest and most diverse network of its kind, comprised of international development organizations and global, regional, and country-level practitioner networks that promote market development and financial inclusion. Members are active in 170 countries and support nearly 90 million entrepreneurs and their families.

http://www.sptf.org

In March 2005, CGAP, the Argidius Foundation, and the Ford Foundation brought together leaders from various social performance initiatives in the microfinance industry to come to agreement on a common social performance framework and to develop an action plan to move social performance forward. Two working groups were formed as a result of this meeting: a Social Performance Task Force and a CGAP Donor Working Group on Social Performance. Today, the Social Performance Task Force (SPTF) consists of over 1,300 members from all over the world and every microfinance stakeholder group: practitioners, donors and investors (multilateral, bilateral, and private), global, regional, and national associations, technical assistance providers, rating agencies, academics and researchers, regulators, and others. The day-to-day operations of the Task Force are run by the SPTF Secretariat, while a 16-member Board of Directors with representatives from all major stakeholder groups provides strategic leadership and oversight.

http://www.thedenverfoundation.org

The mission of The Denver Foundation is to inspire people and mobilize resources to strengthen the community. Since 1925, The Denver Foundation has helped generous people to be catalysts for good by building charitable legacies. As Colorado's oldest and largest community foundation, they give back to Metro Denver in ways that are meaningful -- to them and to the community.

http://www.wikipedia.com

Wikipedia is a collaboratively edited, multilingual, free Internet encyclopedia supported by the non-profit Wikimedia Foundation. Its 25 million articles, over 4.1 million in the English Wikipedia alone, are written collaboratively by volunteers around the world. Almost all of its articles can be edited by anyone with access to the site, and it has about 100,000 active contributors. As of March 2013, there are editions of Wikipedia in 285 languages. It has become the largest and most popular general reference work on the Internet, ranking sixth globally among all websites on Alexa and having an estimated 365 million readers worldwide.

Wikipedia was launched on January 15, 2001, by Jimmy Wales and Larry Sanger. Sanger coined the name Wikipedia, which is a portmanteau of wiki (a type of collaborative website, from the Hawaiian word wiki, meaning "quick") and encyclopedia. Wikipedia's departure from the expert-driven style of encyclopedia building and the presence of a large body of unacademic content have received extensive attention in print media.

http://www.worldbank.org/mdf/mdf1/poor.htm

Sustainable Banking for the Poor (SBP) is a project that aims at improving the ability of donors, governments, and practitioners to design and implement policies and programs to build sustainable financing institutions that are effective in reaching the poor. It is carrying out a series of case studies of microfinance institutions in Asia, Africa, and Latin America that have pioneered innovative approaches for reducing the costs and risks of providing financial services to a large number of low-income clients. The case studies cover a wide range of types of institutions and programs, including commercial banks, specialized banks, credit unions, non-governmental organizations and non-bank financial institutions.

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