

**SOCIAL PERFORMANCE  
REPORT**  
ECLOF INDIA



**ECLOF INTERNATIONAL DEFINES SOCIAL PERFORMANCE AS THE EFFECTIVE TRANSLATION OF THE ECLOF MISSION INTO PRACTICE, IN LINE WITH ACCEPTED SOCIAL VALUES THAT RELATE TO:**

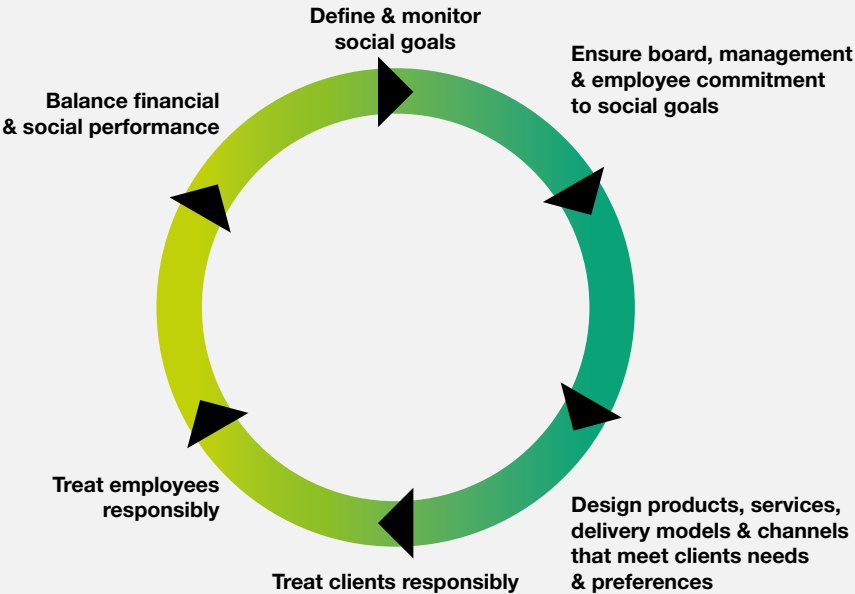
- Reaching our target market
- Delivering high-quality and appropriate services
- Responding to the needs of clients, their families and communities
- Protecting clients from negative effects of accessing financial services
- Ensuring responsibility towards our employees, clients, the communities we serve and the environment



ECLOF International seeks to actively manage the social performance that its network delivers. ECLOF therefore has adopted the Universal Standards for Social Performance Management (Universal Standards for SPM): a set of core management practices that constitute “strong” SPM. In applying the standards, ECLOF members hold themselves accountable to their social mission, facilitate greater social impact and can even boost their operational and financial performance over time.

As part of its strategy to be accountable and transparent in meeting its financial and social goals, ECLOF International conducts social audits of its network members, supports capacity building in the members and monitors the social performance of members through a social performance reporting framework. The framework applies 30 quantitative and qualitative metrics to measure the degree of success of network members in reaching ECLOF’s social mission.

# UNIVERSAL STANDARDS FOR SOCIAL PERFORMANCE MANAGEMENT





# SOCIAL PERFORMANCE MANAGEMENT AS A MEANS OF ATTAINING SOCIAL IMPACT

---

ECLOF attains social impact by targeting those in need and giving them access to financial and non-financial services that empower them and effect positive changes in their lives. Impact evaluations attempt to demonstrate the outcomes of microfinance. They tend to be onerous and costly. Because rigorous research methods like randomized control trials usually track a rather short time-frame of 12-18 months, their findings are often questioned. For obvious reasons it is difficult to clearly attribute improvements in clients' lives to a single (microfinance) intervention. Undertaken by researchers rather than practitioners, their results often are not used effectively to improve institutional performance. SPM on the other hand focuses on those recognized management practices that can be expected to lead an institution toward positive social changes in the lives of their clients, whether these can be "proven" or not.

It is ECLOF's goal to accompany its clients as they graduate, i.e. they rise on the economic ladder from ultra-poor over poor to vulnerable and beyond. Therefore, ECLOF has started to monitor the poverty level of its clients using the Poverty Probability Index (PPI). With the collected data it will be possible to document how clients graduate over time. It will also help ECLOF to consistently target poor clients.

# FACTS & FIGURES

ECLOF India is a small MFI registered as a not-for-profit company. With headquarters in Chennai and eight branches across the South Indian state of Tamil Nadu, ECLOF India's 19 staff serve over 6000 clients. ECLOF India caters exclusively to women, nearly all of them organized in self-help groups. Most of these women reside in rural areas. They use the loans to found or grow a micro business or small-scale agriculture. Besides loans, ECLOF India provides non-financial services such as training in financial literacy, book-keeping and savings culture.

**Year of foundation: 1964**

**Legal form:**  
**Company with charitable objectives**

Section 8 of Indian Companies Act 2013

**Number of clients: 6304**

**Loan portfolio USD: 1 million**

**Number of branches: 8**

**Number of staff: 19**

**Operational self-sufficiency: 106 %**

All information as per December 2017



# VISION, MISSION & VALUES OF ECLOF INDIA

---

## VISION

Promoting human dignity of disadvantaged and marginalized people, especially the poor women, regardless of caste, race, political beliefs or creed

## MISSION

To positively impact the lives of neglected and deprived women across India, to share our resources with these categories of clientele in the form of financial assistance for their livelihood activities and small business in a fair and transparent manner, thereby helping them meet their needs of food, clothing and shelter.

Microfinance, or providing small loans to people to whom small loans matter and which make all the difference between despair and hope, is found to be the most effective means to meet our vision.

## VALUES

### TRANSPARENCY AND ACCOUNTABILITY

ECLOF India provide our clients and other stakeholders with complete and accurate information about products and processes

### CUSTOMER CENTRICITY

Clients/beneficiaries are considered important stakeholders

### DIGNITY AND INTEGRITY

Mutual respect for all and honesty/truthfulness

### SIMPLICITY

Keep our activities and processes simple/straight forward

### TEAM WORK AND EMPLOYEE FRIENDLY

Employees are encouraged to learn and innovate in their day to day work and nurture every employee

# WHO DO WE REACH & EXCLUDE

INDICATOR	DATA POINT	COMMENT
<b>Number of clients reached</b>	<b>6304</b>	ECLOF India targets women predominantly in rural communities.
thereof women	6304	
thereof men	0	
thereof rural	5548	
thereof urban	756	
<b>Number of people reached</b>	<b>31,520</b>	ECLOF's work can have an exponential effect on the families and communities served.
thereof rural	27,738	ECLOF builds local capacity in its clients and its staff, and it nurtures community ties through the solidarity group lending model.
thereof urban	3782	The average family size in India is 5.
<b>% of vulnerable clients</b>	<b>100 %</b> of clients are women	Because of limited access to education and assets, women are generally more vulnerable than men.
	<b>36%</b> of clients are smallholder farmers	Because of precarious living conditions in rural areas and often unstable income, smallholder farmers are more vulnerable to external shocks.
	<b>29%</b> of clients are of the lowest castes	Some clients of ECLOF India belong to the lowest castes (Dalit or scheduled castes) that continue facing exclusion and discrimination.
<b>% of informal businesses</b>	<b>100 %</b>	Loans finance smallholder agriculture, fishery or informal businesses without a registration or license.
<b>Average outstanding loan / Gross national income (GNI) per capita</b>	<b>10 %</b>	This proxy indicator applied across the whole portfolio indicates that a financial institution reaches poorer clients. MIX Market defines that loans up to 20 % of GNI per capita are loans to the lowest income clients.

At a national level, India's poverty rate stands at 30%. A person with an income of less than 1.90 dollar per day is defined as extremely poor. Most of the Indian poor reside outside of the cities. ECLOF India focuses on reaching those rural and semi-urban communities.

The South Indian state of Tamil Nadu where ECLOF India provides its services has 80 million inhabitants. 65% of them depend on agriculture for their income. More than one third of ECLOF's clients in India are women who engage in farming, fisheries or animal husbandry.

In India, ECLOF serves exclusively women. Most of them engage in tailoring and embroidery, farming and livestock keeping or petty trade. Loans and training from ECLOF help these women generate income for their families, which in turn raises their self-confidence, their social and economic inclusion. ECLOF serves women of all creeds. 90% of clients are Hindu, the remainder mainly Muslims and Christians.





# ECLOF INDIA

## TARGETS EXCLUSIVELY WOMEN

---

Women are particularly vulnerable because they have access to fewer resources than men. They are often excluded from decision-making in the family and they routinely suffer gender-based oppression. Particularly in rural India, women's economic opportunities remain restricted by social, cultural and religious barriers. Rural women, particularly of lower caste and class, have the lowest literacy rates, and therefore do not have the capacity to negotiate pay or contracts. They most often engage in the informal sector, through self-employment or in small-scale industry.

ECLOF serves just these women who are excluded from commercial financial services. A loan and combined capacity building provide poor women with opportunities to take an active role in their economies through entrepreneurship and by building income. It is often

observed in the field that once women have been ECLOF clients for a few years, they contribute just as much to the family income as their husbands. The women tend to gain in decision-making power around household finances. This can lead to improved social status and self-esteem. Even to an extent that many of ECLOF's clients have taken on civic roles in their communities, e.g. by expressing their needs to the Panchayat (village administration office).

In microfinance, it is a known fact that women tend to invest more of their business earnings into the family. The clients of ECLOF India often invest their earnings in the education of their children. Some even manage to afford sending their children to an English medium school to allow them better job opportunities in the future.

# CUSTOMER EXPERIENCE

INDICATOR	DATA POINT	COMMENT
Client retention rate	82 %	Clients are very loyal to ECLOF India.

By actively managing its social performance, ECLOF India puts clients at the center of all strategic and operational decisions. It designs products that help clients cope with basic needs, invest in economic opportunities, build assets and manage their daily and life cycle financial needs. Clients are served with a range of consecutive loan products that fit their income streams. Good repayment is rewarded with larger loans in the next loan cycle. For India’s traditional festivals like Pongal and Diwali, ECLOF India offers special short-term loans for businesses that enjoy high turnover during that season, for example saree traders.

By applying the group lending model, ECLOF offers access to loans to clients who have little or no tangible collateral and are therefore largely excluded from commercial sources of finance.

Client retention is a proxy indicator for the quality and relevance of ECLOF’s service to its clients. There is evidence that a stable long-term relationship with a finance provider can facilitate the graduation of poor clients to higher income levels. Clients of ECLOF India show a high degree of loyalty to the institution.



# CLIENT PROTECTION

INDICATOR	DATA POINT	COMMENT
<b>Adherence to the client protection principles</b>	<b>2</b>	This indicator shows for which of the 7 CPPs (Client protection principles) explicit policies and procedures are in place.

Client protection—doing no harm to clients—is the foundation of and an integral part of social performance. There are 7 accepted client protection principles. They range from offering suitable products over preventing client over-indebtedness to protecting client data. As a socially focused institution, ECLOF India actively practices client protection. However, formal policies are in place only for protecting clients from over-indebtedness and for ensuring transparency towards clients. There is no formal mechanism for complaint resolution but the high-touch lending model of ECLOF ensures that staff and clients interact on a regular basis. During the group meetings, clients are encouraged to raise any issue to ECLOF staff.

In the Indian context, the risk of clients taking on too much debt is high, particularly in urban areas where many microfinance providers compete for clients. ECLOF India makes a notable exception here by applying rigid loan underwriting criteria. Credit bureau information on all clients in the group is used in every loan analysis. ECLOF India actively incentivizes good loan repay-

ment: when clients repay their loans on time, clients can receive higher loan amounts in the next loan cycle.

The high loan repayment rates are also a result of close interaction between ECLOF’s field officers and clients throughout the loan cycle. ECLOF’s field staff live in or near the communities they serve and are aware of women self-help groups that have been formed there. Sometimes they will trigger the formation of new self-help groups where it is beneficial for clients. The field officer will accompany a new group for 6 months before making a loan. This serves to gauge the social stability among the group members and their financial capacity. In group meetings during that monitoring phase, the field officer provides training on financial literacy, saving, budgeting and book-keeping to the group members. At the same time, the members are required to start saving in their group. The groups are also encouraged to make loans internally to group members from those savings; ECLOF staff train the clients in managing those group-internal loans themselves.







# RESPONSIBILITY TO STAFF

INDICATOR	DATA POINT	COMMENT
Staff turnover rate	0 %	Staff has been stable for 2 years.
Staff satisfaction survey process established	Yes	Annually.
Staff exit interview process established	No	No formal process.
Share of women in staff/management/board	73% in staff 20% in management 27% in board	Women take responsibility in positions across the institution. The Managing Director is a woman.
% of staff benefiting from training	100 %	All staff benefit from regular professional training.

In microfinance, employees are an organization's main asset. They have rights, and if treated responsibly they are more likely to treat clients responsibly in return. Treating staff well also improves service quality and sustainability because more satisfied staff treats clients better; and well-treated clients are loyal to the institution.

To build staff skills and increase the attractiveness of working for ECLOF India, training is essential: All staff benefited from some form of professional training during the past year. Staff satisfaction is measured annually as a part of the staff evaluation process.

In ECLOF India as a women-centric organization, women are represented at all levels of the institution. Most staff are women, so is the Managing Director. One board member is even a female client: she is the leader of a self-help group of 10 women and runs a Saree trade business.

# BENEFITS TO CLIENTS

INDICATOR	DATA POINT	COMMENT
Number of clients trained	1910	All clients that were newly recruited in 2017 benefited from training on financial literacy and savings.
% of clients trained	30 %	At least 30 % of clients received training from ECLOF India in 2017.
Number of services addressing basic client needs	2	Home improvement loan, education loan.
% of loan portfolio in those products	< 1 %	Both new loan products were piloted in 2017 so the number of benefiting clients is still small.

For a socially motivated provider of financial services like ECLOF, it is not enough to protect clients from harm. We actively seek positive impact on the lives of our clients: their economic wellbeing, their community integration, their resilience to shocks, and their ability to cover basic human needs. This is achieved through financial and non-financial services.

Traditional microfinance loans to self-help groups for business, agriculture and fishery are the mainstay products of ECLOF India. Recently, a series of new loan products was piloted for trusted clients who prefer to borrow outside of the traditional self-help groups. They can obtain an individual loan to use for their business, children's school fees or home upgrading.

With own staff or through partnership with local organizations, ECLOF India builds the capacity of its clients: to start income-generating activities, women are trained in technical skills for poultry, goat rearing or dairy production; to better manage their micro business, women are trained on entrepreneurship and financial literacy. Knowledge is shared both through formal training sessions and in the regular group meetings. Those group meetings are also used to emphasize the importance of education, regular school attendance for children and raise awareness of health issues.

# ENTERPRISE TRAINING FOR HIV-INFECTED WOMEN

---

In India like in most places, people infected with HIV suffer from stigmatization and isolation. As a microfinance institution that serves exclusively women, ECLOF India is particularly concerned with women affected by the disease. Marriage is the most frequent route of transmission of HIV for them, 90 % have got the infection inadvertently from their husbands. Most of these women are now widows, and most have children, some of whom have themselves tested HIV positive. These families are in the most precarious situations. Excluded from the normal labor market, they find it nearly impossible to make a living. Successfully building a micro business of their own can transform their lives.

In partnership with the NGO Positive Women Network, ECLOF India conducted two workshops on entrepreneurship and business management for HIV-affected women. The 55 participants were aged between 22 and 40, thus in the prime of their working lives. 20 % of them already had a business while the rest inspired to start one. The training conveyed practical skills and knowledge as well as a sense of community and self-confidence. Some of the participants have since started or grown their own businesses. This has helped them find a place in their community and support themselves and their families. Increasing income also allowed them to improve their health by accessing treatment and better nutrition.

**ECLOF INTERNATIONAL**

Route de Ferney 150,  
1218 Le Grand-Saconnex, Switzerland  
+41 22 791 63 12  
office@eclof.org  
www.eclof.org

**ECLOF INDIA**

No. 9, Lotus Ramasamy Street  
Chennai 600 013, India  
+91 44 2561 1656  
+91 44 2561 0996  
eclof@eclofindia.com

MAY 2018

