

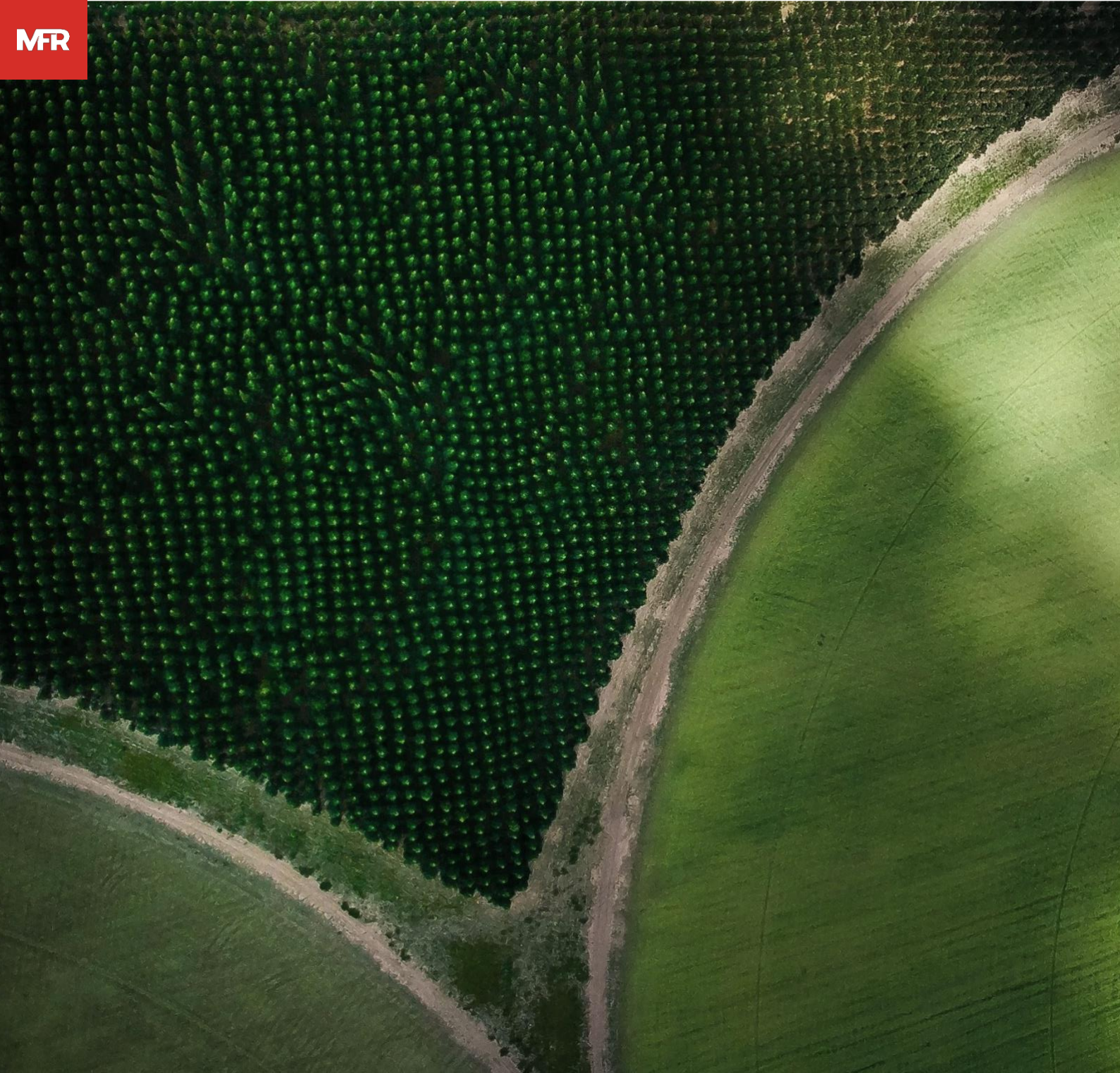
An aerial photograph of a rugged coastline. The water is a vibrant turquoise color, contrasting with the dark, jagged rocks of the shore. The rocks are in various shades of grey, black, and brown, with some patches of reddish-brown. The water's surface is textured with small waves and ripples.

# **Technical Proposal**

IMPACT ASSESSMENT

# Table of Contents

<b>Company Profile</b> .....	<b>4</b>
Experience in Latin America & The Caribbean.....	7
Experience in South and South-East Asia.....	9
Experience in MENA Region.....	10
Experience in Sub-Saharan Africa.....	11
Experience in Central Asia & the Caucasus.....	12
Experience in Europe.....	13
<b>Technical Proposal</b> .....	<b>15</b>
Impact Assessment (IA).....	15
Timeline and Work Plan.....	21



# Company Profile

We are the leading global rating agency  
specialized in inclusive and sustainable finance

# Company Profile

**MFR** is a global rating agency with over 20 years of experience, providing **evaluations, information,** and **technical expertise** to promote best practices and drive responsible investments in the sustainable finance industry.

Our vision is to help **build a more transparent future** in which capital is combined with a **social and environmental purpose**, fostering the growth of a more inclusive and sustainable industry worldwide.

Headquartered in **Italy**, with offices in **Kyrgyzstan, Kenya, Ecuador, and Bolivia**, and a presence in **India, the United Kingdom, France, and Mexico**, MFR operates across **4 continents**, solidifying its position as a global strategic partner.

MFR's credibility is supported by our international accreditations, which enable us to promote trust and good practices in the industry.



**MFR has been accredited by:**

Cerise+SPTF

**To carry out:**

Client Protection Certification

Alinus Audits SPI5



**MFR has been accredited by:**

European Commission

**To carry out:**

Code of Good Conduct



**MFR has been accredited by:**

EIB-InvestEU

**To carry out:**

Evaluation Products under the

SIFTA program



**MFR has been accredited by:**

ICMA

**To carry out:**

Second Party Opinion of a Green, Social and Sustainability Bond Framework



**MFR has been accredited by:**

MFX/DFC

**To carry out:**

Rating of MSME funds, clean energy (PAYGO) funds, agricultural funds and housing funds



**MFR has been accredited by:**

GOGLA

**To carry out:**

Consumer Protection Assessment of off-grid solar energy companies.



**MFR has been accredited by:**

Truelift

**To carry out:**

Truelift Assessment



**MFR has been accredited by:**

Philippines local central bank

**To carry out:**

Risk Ratings of Microfinance Institutions.

Throughout our trajectory, we have forged strategic alliances with leading **private social investors, fund managers, development financial institutions, specialized hedge funds, and international organizations**, thereby strengthening our global impact.



**French Development Agency (AFD)**



**German Investment and Development Company (DEG)**



**Dutch Entrepreneurial Development Bank (FMO)**



**European Investment Bank**



**European Bank for Reconstruction and Development**



**Inter-American Development Bank**



**European Commission**



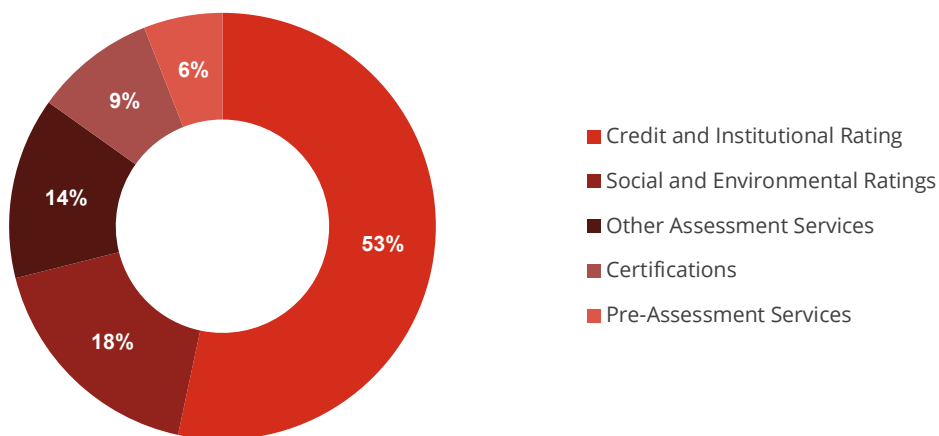
**Council for the development of Cambodia**



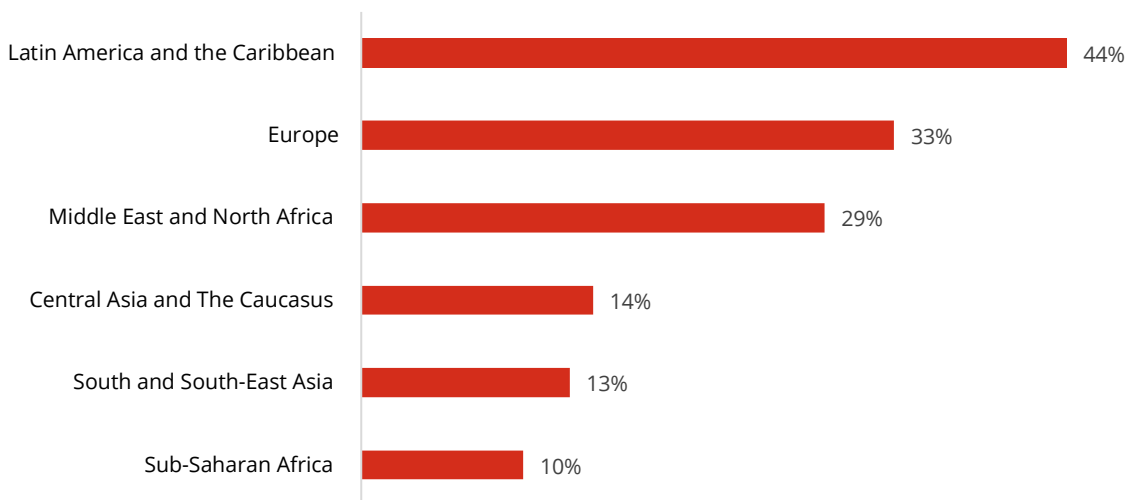
**Proparco**

To date, we have conducted over **4,300 evaluations** across **120 countries globally** and leads the **global market in Client Protection Certification**, covering over **70% of certified institutions** worldwide:

### Global service diversification



### Global outreach



\*Of the total global outreach, 44% is attributed to Latin America and the Caribbean, while 56% corresponds to other regions, based on the number of assignments completed.

The data presented in the graphs reflects the period from 2001 to 2024.

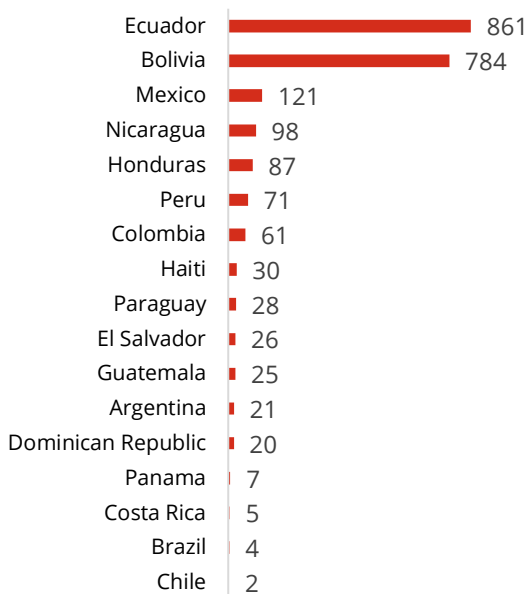
## Experience in Latin America & The Caribbean

At MFR, our mission is to generate independent opinions and data, while providing technical expertise that not only promotes international best practices but also serves as key tool for responsible investment decisions in the inclusive and sustainable finance industry across Latin America and the Caribbean.

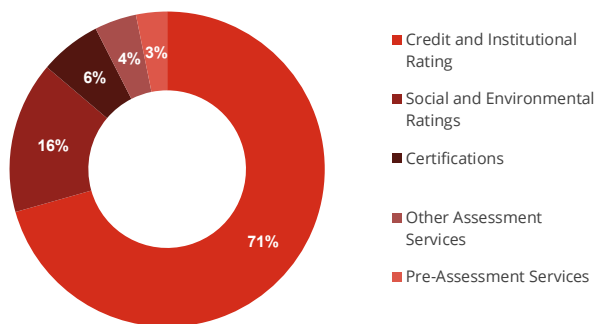
With over **2,000 evaluations conducted in 17 countries**, MFR has established itself as the leading rating agency specializing in inclusive and sustainable finance in Latin America and The Caribbean.

Our experienced teams, based in **Quito, La Paz, and Mexico City**, leveraging deep local insights to deliver tailored solutions that meet the diverse needs of financial institutions, regardless of size, legal structure, or stage of development.

LAC outreach



LAC service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

In Ecuador and Bolivia, MFR stands out as **the first specialized rating agency authorized by regulatory bodies**, ensuring quality and rigor in our services:

- The **Superintendency of Banks (SB)**, the **Superintendency of Popular and Solidarity Economy (SEPS)**, and the **Superintendency of Companies, Securities, and Insurance** have authorized us to provide Credit Rating services.
- In Bolivia, the **Financial System Supervisory Authority (ASFI)** has authorized us to provide Credit Rating and Corporate Social Responsibility Performance services.

Our services are designed to **enhance the performance, reputation, and impact** of financial institutions in the region:

#### Latin America and The Caribbean

- [Institutional Rating](#)
- [Social and Environmental](#)
- [Client Protection Certification](#)
- [Impact Assessment](#)

#### Ecuador

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Instruments for the Stock Market](#)

#### Bolivia

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Securitization Processes](#)
- [Corporate Social Responsibility Performance Rating](#)



## Experience in South and South-East Asia

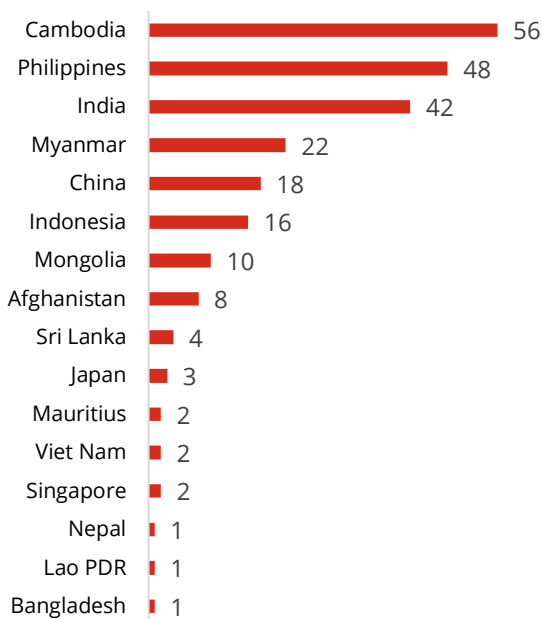
**MFR** is one of the leading microfinance rating agencies in the region. We are accredited by the **Bangko Sentral ng Philippines (BSP)** as a Microfinance Institutions Rating Agency (MIRA) and have a permanent staff based in India with extensive experience in the region.

We have worked with institutions with varying legal statuses, sizes, and stages of development tailoring our services to meet their specific needs.

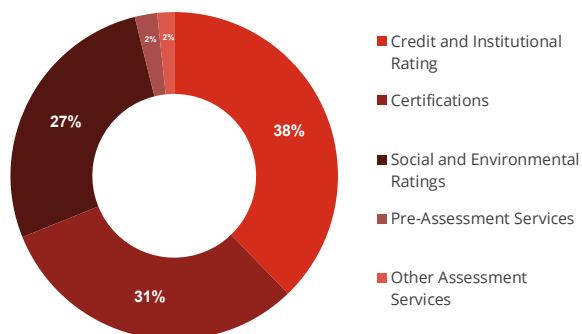
In the SSEA region, our most in-demand services are Client Protection Certification and Social and Environmental Ratings. **With over 200 completed assignments**, we have supported financial institutions in enhancing transparency, responsible practices, and long-term sustainability.



**SSEA outreach**



**SSEA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

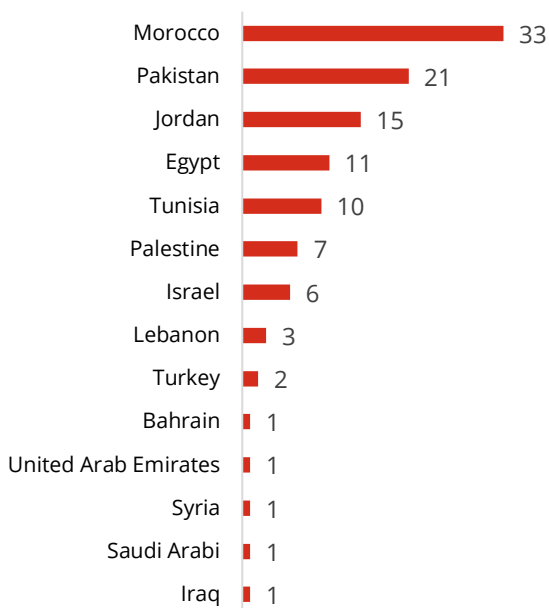
## Experience in MENA Region

**MFR** is the leading microfinance rating agency in the MENA region, with a presence dating back to 2005. Our team, based in Milan, Italy, brings extensive experience working with diverse financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to their specific needs.

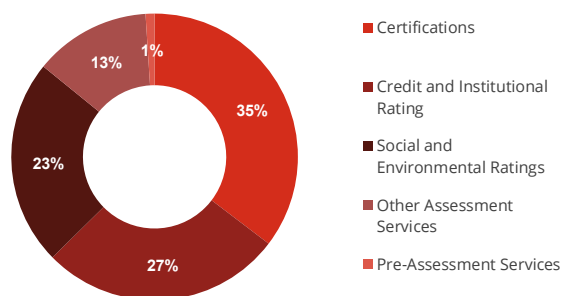
To date, **we have completed over 100 assignments in MENA**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices. Our most in-demand service in the region is Client Protection Certification and Social and Environmental Ratings.



**MENA outreach**



**MENA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Sub-Saharan Africa

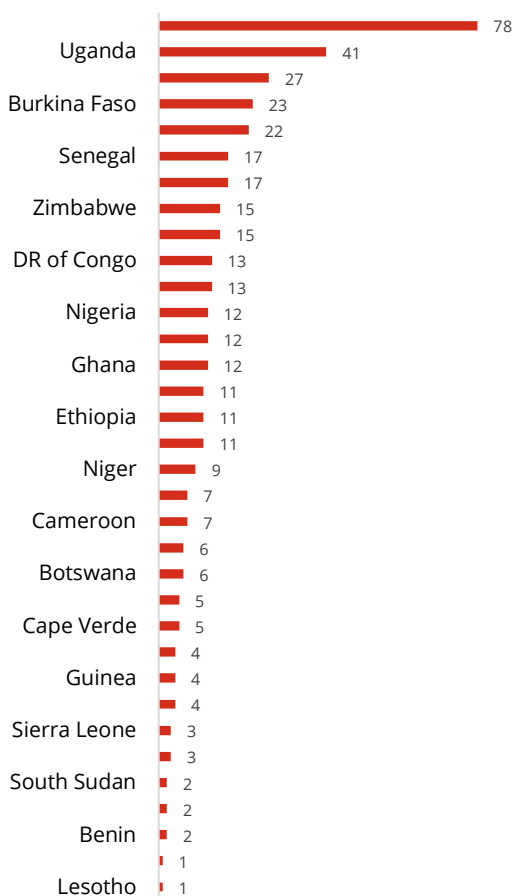
MFR is the leading microfinance rating agency in Sub-Saharan Africa. We have been operating in the region since 2005, with our regional office in Kenya coordinating operations across the continent since 2007.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

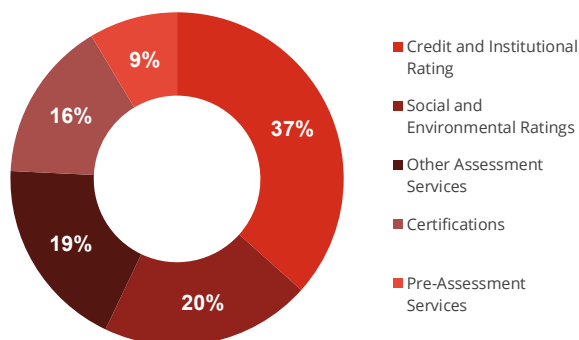
**MFR has completed over 400 assignments in Africa,** supporting institutions in enhancing transparency, long-term sustainability, and responsible finance practices. Our most in-demand services in the region are Social and Environmental Ratings and Client Protection Certification.



**SSA outreach**



**SSA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Central Asia & the Caucasus

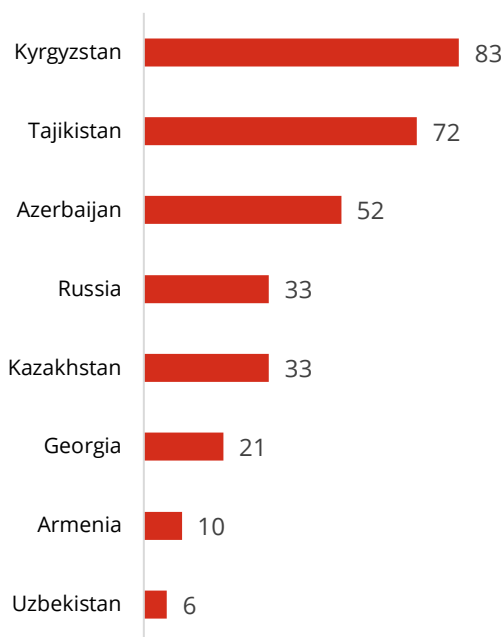
MFR is one of the leading microfinance rating agencies in the region. We have a permanent team based in Bishkek, Kyrgyz Republic, with extensive experience working across the region.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

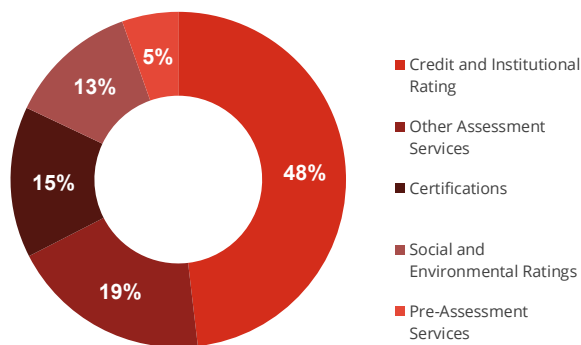


MFR has conducted over 300 assignments in the region, supporting institutions in strengthening transparency, long-term sustainability, and responsible practices. Our most in-demand services include Due Diligence, Social and Environmental Ratings incorporating Client Surveys and Focus Group Discussions, and Client Protection Certification.

CA outreach



CA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Europe

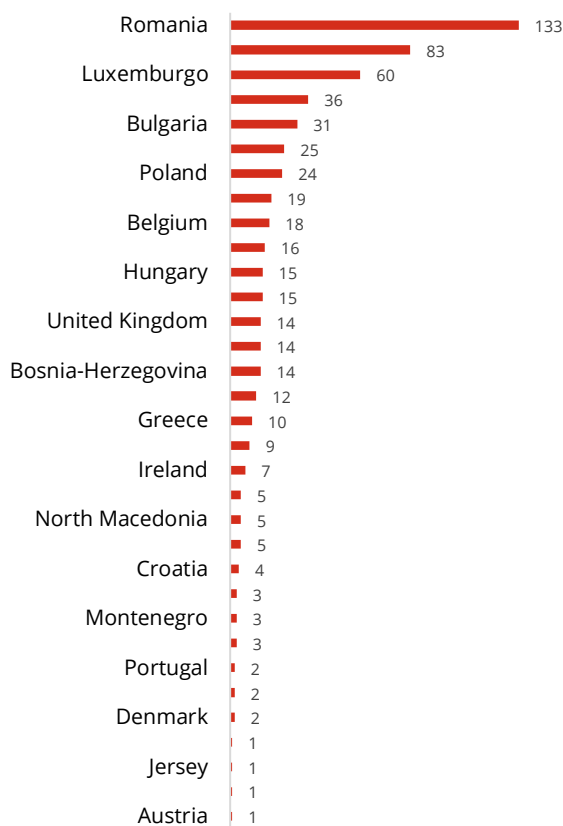
In the sustainable and inclusive finance industry, **MFR** is the leading rating agency in the region. Our headquarters is in Milan, Italy, where the majority of our permanent staff is based.

MFR's strength lies not only in its 20+ years of experience across Europe and neighbouring countries, but also in its expertise and agility in working with a diverse range of financial institutions and services catered for social enterprises, such as incubators and local enterprise agencies that focus on generating employment opportunities, etc.

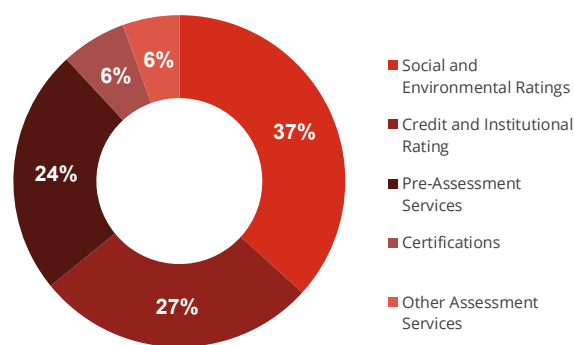


MFR has conducted **over 500 assessments in 33 countries**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices.

**EU outreach**



**EU service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.



# Technical Proposal

We tailor our services to each context, ensuring they meet the specific needs of every client

# Technical Proposal

## Impact Assessment (IA)

The Impact Assessment measures the capacity of an institution to generate impact in the lives of its clients, evaluating its impact management systems and impact results.

### Why an Impact Assessment

The Impact Assessment can be used by the institution to strengthen its ability to monitor and report impact indicators, as well as the fulfillment of its social objectives and the theory of change, in order to maximize its impact. More specifically, it allows the institution to have:

- An **assessment of its impact management systems**, which serves as inputs for the institution to identify the gaps in its impact management and improve its impact.
- An analysis of the **clients reached, and the change generated in their lives** that are plausibly associated to the services provided by the institution, to demonstrate the impact generated in its clients in line with the theory of change and the Sustainable Development Goals (SDG), ensuring accountability for its investors and other stakeholders.

### Advantages of MFR's methodology

- The Impact Assessment is based on the **5 impact dimensions** of the *Impact Management Project* (IMP), considered a common logical framework in the industry to understand impact.
- The **indicators** used are aligned with the [Universal Outcome Indicators](#) defined by the *Social Performance Task Force* (SPTF) and the [United Nations Sustainable Development Goals \(UN SDGs\)](#), also considering the institution's mission or theory of change.
- The measurement of impact indicators is based on the results of an **ad-hoc client survey**. As an additional service, we also offer the possibility of conducting a longitudinal analysis of the **database** (i.e., observing the same clients at different points in time).
- The results are compared with national and international statistics, and with MFR's internal **benchmark** through the [ATLAS](#)<sup>1</sup> platform.
- MFR uses its **own Impact Assessment tool** to produce a comprehensive report that includes graphs, tables, and statistical analysis (impact at micro level, regressions, correlations, confidence levels, amongst others) for each impact category.
- The result of the Impact Assessment includes an **Impact Score** based on a scale from 1 (low impact) to 5 (high impact), representing the probability of generating a positive impact in the clients' lives, allowing for a comparison between the different institutions.
- Furthermore, the impact results in terms of outreach and change are compared with an internal benchmark.

---

<sup>1</sup> ATLAS is a platform that encompasses validated financial and social performance data from more than 3,500 financial institutions in 138 countries

## Definition of impact

According to the Impact Management Project (IMP), “Impact is a change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.” In line with the *Social Performance Task Force (SPTF)* and the *Consultative Group to Assist the Poor (CGAP)*, MFR has adopted a definition of impact centered on the concept of “well-being” as the main objective sought by vulnerable populations. In this sense, the Impact Assessment is based on the following **definition of impact**: “the change generated by an institution in the lives of its clients, whether positive or negative, voluntary or involuntary, with regards to their business, household, resilience level and access to health, while also considering the application of client protection practices.”

## Impact management diagnostic






The methodology used for the institution’s impact management diagnostic is based on the **5 impact dimensions** of the *Impact Management Project (IMP)*, considering they represent a common logic to understand impact. In this section of the report, impact management systems will be analyzed based on the “what”, “who”, “how much”, “contribution” and “risk” to identify gaps and provide the institution with inputs to improve its impact measurement and results.

Dimension	Relevant Questions
□ <b>What</b>	<ul style="list-style-type: none"> <li>What results or effects are expected from an intervention, whether positive or negative, and how important are they to the targeted groups.</li> </ul>
○ <b>Who</b>	<ul style="list-style-type: none"> <li>Who are the targeted groups affected and how underserved are they with respect to the expected effect?</li> </ul>
≡ <b>How much</b>	<ul style="list-style-type: none"> <li>How large is the effect in the targeted groups (scale, depth and duration of the effect)?</li> </ul>
+ <b>Contribution</b>	<ul style="list-style-type: none"> <li>How does the effect in the targeted groups compare with what would have occurred anyway, without the intervention of the entity?</li> </ul>
△ <b>Risk</b>	<ul style="list-style-type: none"> <li>What are the risks that the effect on the targeted group is different than the one expected?</li> </ul>


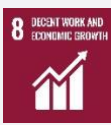




## Impact results

The analysis of the impact results focuses on the institution’s borrowers. The first section analyzes the institution’s **breadth of outreach** and the **depth of outreach** in terms of the socioeconomic profile of the clients reached; this analysis is necessary to define how many people the institution is impacting, as well as the vulnerability of the targeted population.

The second section assesses the **change generated in the lives of the institution’s clients**, as well as the possible contribution of the institution in generating this change. When available, the results are compared with the national and international statistics, and with MFR’s internal benchmark through the [ATLAS](#) platform.

Dimension	Weight	Component
Impact Management	30%	 Mission and theory of change
		 Impact management
Impact results	70%	 Clients reached
		 Change in client's lives
		 Client Protection

The following table presents the main indicators by impact category; the selection of indicators may vary in consideration of the specificities of the institution and its clients.

Category	Indicator
<p><b>Category 1</b></p> <p>Business impacts</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div>	<ul style="list-style-type: none"> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in their ability to succeed in their business</li> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in business income in the last 3 years</li> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> # of paid workers in the financed business in the last 3 years</li> <li>▪ % of women who report a <math>\uparrow\downarrow\rightarrow</math> in their level of participation in decision-making regarding the use of household or business resources</li> </ul>
<p><b>Category 2</b></p> <p>Household impacts</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div> </div>	<ul style="list-style-type: none"> <li>▪ % who report having made major improvements or purchases to their home</li> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in their ability to pay for their children's education-related expenses</li> </ul>
<p><b>Category 3</b></p> <p>Resilience impacts</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>2 ZERO HUNGER</p> </div> </div>	<ul style="list-style-type: none"> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in their level of savings</li> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in their ability to manage shocks</li> <li>▪ % who report an improvement in managing unexpected financial shocks due to additional services provided by the financial institution</li> <li>▪ % who report a <math>\uparrow\downarrow\rightarrow</math> in their perception of the future</li> </ul>

## Category 4

### Health impacts



- % who perceive a  $\uparrow\downarrow\rightarrow$  in their quality of life
- % who report a  $\uparrow\downarrow\rightarrow$  ability to pay for health-related expenses changed
- % who report a  $\uparrow\downarrow\rightarrow$  in the quantity and quality of their food intake
- % of clients who made hygiene and sanitation improvements or purchases to their household
- % who report an improvement in their household's access to safe drinking water\*

## Category 5

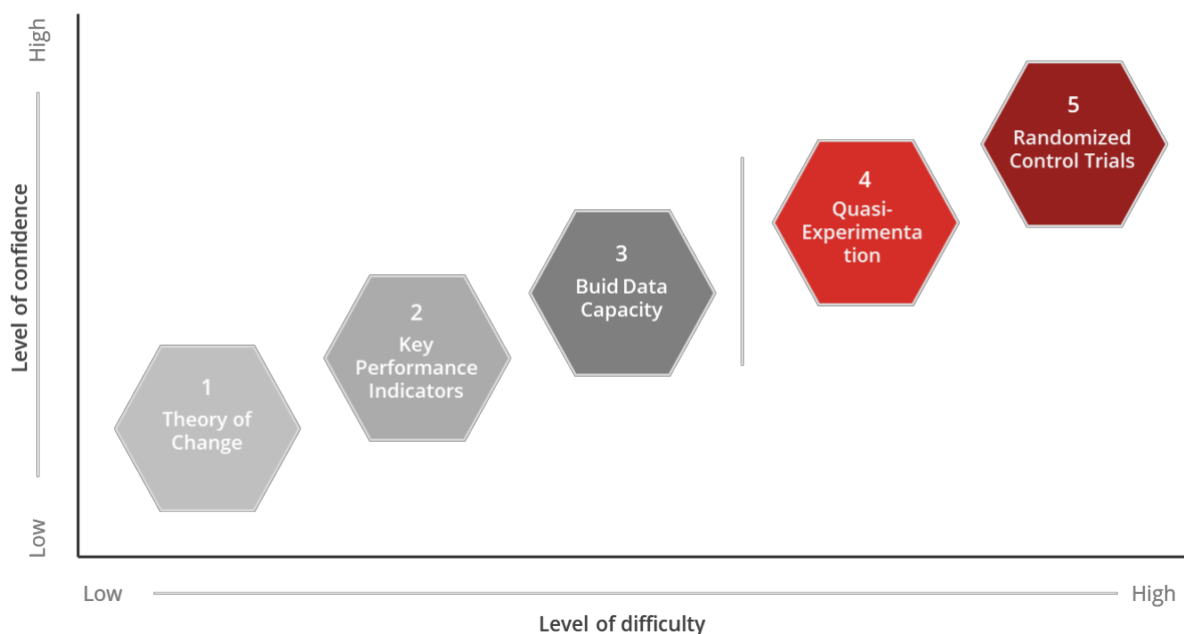
### Client protection impacts



- % who fully understand their loan fees and repayment terms
- % who report their loans as a heavy burden, somewhat of a burden, or not a burden
- % who made a sacrifice in to make loan repayments

\* Applied to emerging economies only.

It is important to mention that MFR's measurement methodology focuses on the **first three steps of the Spectrum of Impact Measurement** of the *Sorensen Impact Center*.



Based on the four impact categories mentioned previously and the institution's theory of change, MFR **defines indicators of change and generates data for their analysis**, in line with SPTF's [Harmonized Social Outcome Indicators](#).

The generation of data is based on **primary data** (surveys carried out to a representative sample of the institution's clients) and, as part of the additional service, on **secondary data**. On the other hand, due to the complexity and costs involved in the last two steps of the Spectrum of Impact Measurement, quasi-experimental evaluations or randomized control trials are carried out as part of the Impact Assessment.

### Sampling and survey implementation methodology

The survey is carried out to a representative sample of 180 active borrowers that have been clients of the institution for at least 3 years.

### Definition of the sample size

MFR uses the Cochran formula, based on the binomial theorem, to calculate the sample size:

$$n_0 = \frac{z^2 p(1-p)}{e^2}$$

Where the sample ( $n_0$ ) is determined using a 95% confidence level ( $z=1.96$ ),  $\pm 7.3\%$  margin of error ( $e=0.05$ ), and a conservative estimate for the population variability ( $p=0.5$ ), yielding a sample of 180 clients. **n**= sample size; **z**= the desired level of confidence; **p**= expected degree of variability; **e**= margin of error.

## Selection of the sample

MFR adopts two sampling strategies to obtain a representative sample: simple random sampling and two-stage cluster sampling. Primarily, MFR utilizes simple random sampling as it provides a sample that is representative of the entire client population whilst minimizing sampling bias. In doing so, clients are randomly sampled with equal probability of being selected until the sample size is reached. MFR adopts this technique when it is feasible for the entire population to be surveyed, such as via telephone interviews. The final sample undergoes validation checks to ensure the characteristics of the sample represent the population.

However, there are instances where sampling the entire population base is impractical or impossible, such as when adopting in person interviews. In such cases, two-stage cluster sampling is employed. This method involves dividing the population into representative clusters, and then randomly selecting a cluster. Within the selected cluster, a random sample of clients is chosen via a random stratified approach to ensure the final sample is representative of the overall client population. This approach allows for more efficient data collection by reducing logistical challenges while still providing a representative sample.

In both cases, where a client is unavailable for the survey, proportional replacement is used to ensure the characteristics of the original sample are maintained.

## Implementation of the survey

The survey can be implemented by the institution's staff or by an external survey services provider through telephone or face-to-face interviews. In order to reduce the risk of bias, the institution's staff in charge of implementing the survey cannot have had a direct relationship with the selected clients prior to this process. To guarantee the quality of the process, MFR trains the interviewers with respect to the process and the survey to be implemented and monitors the implementation of the survey daily, including a review of each completed survey.

## Impact Assessment scale

The impact grade resulting from the Impact Assessment is based on the following scale:

Score Category	Description	Score
<b>Excellent</b> 5/5	Very high probability of making a positive impact on the lives of the clients. Excellent alignment of impact results with the mission and theory of change.	80-100
<b>Good</b> 4/5	High probability of making a positive impact on the lives of the clients. Good alignment of impact results with the mission and theory of change	60-80
<b>Moderate</b> 3/5	Moderate probability to generate a positive impact on the lives of the clients. Moderate alignment of impact results with the mission and theory of change.	40-60
<b>Limited</b> 2/5	Limited probability of making a positive impact on the lives of the clients. Limited alignment of impact results with the mission and theory of change.	20-40
<b>Weak</b> 1/5	Low probability of making a positive impact on the lives of the clients. Impact results not aligned with the mission and theory of change.	0-40

# Timeline and Work Plan

The following work plan applies for the services presented in the current proposal.



\*\* MFR's Rating Committee Unit (RCU), constituted by three senior members, reviews the final report, defines the final grade, and is generally in charge of ensuring the quality standards of the deliverables.

# Explore, connect and collaborate with MFR

## Connect with us on LinkedIn

At MFR, we take pride in being part of a global community that drives sustainability and financial inclusion. Through our LinkedIn page, we share key insights, emerging trends, and reflections on our experience collaborating with investors and industry leaders. Join our network and stay up to date on how we contribute to a future where capital combines with social and environmental purpose.

[🌐 Visit our LinkedIn Page](#)

---

## Discover more on our website

Our website is the go-to resource for those seeking in-depth information about our services. Explore reports and discover our impact across more than 120 countries.

[🌐 Visit us here](#)

---

## Contact information

If you need more information or assistance, reach out to our team. We are committed to supporting financial institutions in enhancing their performance, reputation, and impact.

### Italy- HQ

Via Rinaldo Rigola 7 - 20159  
Milan, Italy

+39 02 3656 5019

### Kyrgyz Republic

79 Isanova Str, Office #604 - 720001  
Bishkek, Kyrgyz Republic

+996 707 080660

### Kenya

Royal Offices, Mogotio Road, Westlands  
Nairobi, Kenya

+254 715 540 130

### India

Whitefield Road, Karnataka - 560087  
Bangalore, India

+91 9886 759806