



JULY 2009

Vol 3

Greetings from GBF!

Welcome to the third edition of the Grassroots Business Fund newsletter.

In this issue we spotlight GBF's Spring 2009 ["Metrics from the Ground Up"](#) workshop, co-sponsored with the [Aspen Network Development Entrepreneurs \(ANDE\)](#).

GBF and ANDE, with several other partners, teamed up from May 19-20 to host over 130 attendees from a wide spectrum of organizations, and discuss the practical applications of tools and approaches to effectively measure success in the field of social enterprise.

The workshop was a step in promoting cohesion and collaboration in the area of metrics, to further the work that is currently being conducted in the field, and to endorse more workshops and group initiatives around the topic.

In this newsletter, you can read about [client feedback surveying](#) and [GBF's iPAL approach](#); plus get details on [GBF's new metrics working group](#) and on how the group will work in conjunction with ongoing initiatives to "operationalize" metrics.

If you missed the workshop, join the "Metrics from the Ground Up" groupsite, <http://metricsworkshop09.groupsites.com>, to learn more and get involved.

For the latest information about GBF's progress, projects, and team, check out our website www.gbffund.org.

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GBF continues metrics discussion via monthly working group sessions

As a result of the feedback received from participants of the "Metrics from the Ground Up" workshop, GBF and the ANDE have organized a working group on metrics.

The group will meet monthly via teleconference and will focus on different topics regarding the practicality of implementing metrics.

The meetings will revolve around the ideas of comparative client feedback surveys, the [Social Return on Investment \(SROI\) tool](#), as well as how to reach and impact the base of the economic pyramid.

This group is intended to complement and work in conjunction with ongoing initiatives. The aim of this working group is to develop dialogue that could potentially lead to a second, or maybe even annual, metrics workshop.

For more information, please contact Rafi Menachem (rmenachem@gbfund.org) [click here](#) to visit the groupsite.

Customer Satisfaction Surveys: A way to move the metrics field forward

The "Metrics from the Ground Up" workshop brought together over 130 active players--donors, investors, practitioners, academics, and entrepreneurs--in the field of social enterprise and resulted in a call to action for the development of a universal customer satisfaction survey to benchmark how organizations in the field are doing against each other.

At the workshop, a survey was distributed asking participants to voice their opinion of the event. Among the respondents, there was a general agreement that the most popular sessions of the workshop were those related to the customer satisfaction surveys. All respondents said they were likely to use these feedback mechanisms and most (76%) said the feedback tools could be easier to use than the conventional M&E tools.

The workshop sessions focused on two feedback loops within the customer satisfaction sphere.



David Bonbright (pictured above) of [Keystone Accountability](#), an international non-profit organization committed to enhancing the effectiveness of social-minded organizations, touched upon the first loop during the "Client Feedback & Progress out of Poverty Surveys" session. He explained that surveys serve as a means to drive improved partnerships between investment funds,



View from the Field: Pierre Berard on Micro- leasing

As the Investment Officer for GBF's Africa region, I focus on working with GBF clients in East and Southern Africa, notably in agriculture and access to finance.

In East Africa, GBF has been very active in supporting organizations which provide financing at the bottom of the pyramid. Specifically, organizations such as [Juhudi Kilimo](#), a GBF client that provides microasset financing along the agri-business value chains in Kenya, and [SELFINA \(Sero Lease and Finance Limited\)](#), a for-profit micro-leasing company in Tanzania that provides women with affordable leases that in turn allow them to purchase and own productive assets--one of GBF's first clients.

In the two years I have been with GBF, I have watched the company grow from 3,500 clients in 2007 to its present 11,000 clients and have seen the impact of this kind of financing on the borrowers. In a 2009 survey, 98% of these clients reported an increase in business revenues within one year of receiving an asset-backed loan from SELFINA.

By allowing borrowers to lease productive assets like cows and machinery to generate income, micro-leasing has

including GBF, and their portfolio companies.

GBF, in consultation with Keystone Accountability, implemented the first loop survey with its clients. Through the survey, GBF learned that two thirds of its clients felt that monitoring, reporting and evaluation is underfunded; that two thirds felt investment officers did a reasonably good job of communicating due diligence requirements; and that most clients felt there is a need for a shorter time-frame to disbursement. A less surprising finding was the clients' requests for more funds.

The second loop surveys are implemented between portfolio companies and their clients. GBF helped [SELFINA](#), a GBF investee and a micro-leasing company based in Tanzania, to implement this survey.

SELFINA was able to survey 159 of its clients to monitor how well the company has helped its them progress out of poverty ([click here to read about one of SELFINA's clients](#)). The data revealed that loan size and time is positively correlated to business profitability, indicating that SELFINA's business plan, framed by GBF, should focus on providing larger loans with longer maturities.

The survey also allowed SELFINA to monitor its clients' satisfaction. One interesting finding was that 98% of SELFINA's clients expressed the need for more business assistance training.

The post-workshop survey shows that there is a shared sense of commitment to improve how the field measures social impact. A universal customer satisfaction survey can be part of the solution. These surveys would allow for multiple investment funds to take the results from the first loop surveys and compare them against the industry standards.

ANDE and Keystone Accountability are now working together to develop a sustainable ongoing feedback metrics initiative for ANDE members.

Depending on the outcomes of this pilot project, the "Metrics from the Ground Up" workshop has potential to become an annual event for interested parties to reconvene and share new ideas while maintaining certain standards and practices in measuring social impact cohesively.

We would like to encourage participation on our workshop website <http://metricsworkshop09.collectivex.com>. It includes detailed summaries and lively discussion forums on the two most popular sessions "Double Loop Surveys" and the "Client Feedback & Progress out of Poverty Surveys". If you attended the conference

proved to be a practical and effective way to empower those at the bottom of the pyramid.

Many international organizations agree and there is now a push for the adoption of micro-leasing within Microfinance Institutions (MFIs). Last April, World Bank's International Finance Corporation (IFC) invited me to a "Micro-Leasing Awareness Workshop" in Kigali, Rwanda, to share my experiences working with GBF clients. Organized by IFC, the [Association of Micro Finance Institutions \(AMIR\)](#), and the [Rwanda Leasing Development Programme](#), the conference explored the role of micro-leasing in Africa to reduce the current barriers affecting those that have little or no access to finance, especially in rural areas.

IFC has been supporting micro-leasing for several years and used the workshop to actively call upon financial institutions to embrace the product for the development of Small and Medium Enterprises (SMEs). Small businesses account for the majority of employment in Africa but rarely have access to the loans and credit provided by formal financial institutions. Micro-leasing is more affordable for these businesses and a more effective way to give finance. MFIs are better placed to offer this product because of their presence in rural areas.

18 MFI's attended the conference and many seemed interested in micro-leasing, but said they lack the funds or the management to make it effective and sustainable.

A positive outcome from the workshop was the presence of Rwandan government officials. This offers hope that there

and did not have the chance to fill out the post-workshop survey, it is also available on the workshop website.



Elizabeth Kabaka, SELFINA borrower

Elizabeth Kabaka, 43, is a grocery store owner from Mwanza, Tanzania.

She has been running her store since 2004, and currently sells maize flour, rice, beans, cooking oil, and sugar.

Elizabeth is widowed with four children between the ages of 13 and 20. In order to support her family, Elizabeth works at her store 12 hours per day, 6 days per week, and currently earns about \$250 per month.

Through SELFINA, Elizabeth is able to buy more inventory to increase the quantity and range of her goods, therefore attracting more customers and increasing her earnings.

GBF's iPAL Framework

GBF has developed a unique Impact Planning, Assessment and Learning (iPAL) framework that captures and tracks the social and financial impact of an investment.

With iPAL, GBF attempts to help clients set and manage objectives, strengthen management systems, in turn boosting their impact and helping them communicate their results to investors and donors. GBF also sets clear standards tied to measurable results for its own performance. These results include helping clients achieve increased scale, improved sustainability, and significant social impact.

The iPAL framework evolves alongside the investment and focuses on four key dimensions:

could soon be a push from the government to pursue micro-leasing.

IFC, for one, is now considering sending staff to SELFINA and Juhudi to gain micro-leasing experience, and once they are capable of implementing and running a leasing program, moving them to other MFI's.

In a couple of years, with the help of the government, AMIR, IFC, GBF and others, we will see the positive outcomes of this workshop and more local institutions involved in micro-leasing.

SELFINA awarded for work in microfinance industry

SELFINA will be presenting at the Fourth Africa Microfinance Conference in Ouagadougou, Burkina Faso, July 7-10, hosted by the [Microfinance Information eXchange, Inc. \(MIX\)](#).

SELFINA will also receive a Transparency Certificate, awarded to MFIs who received 4 or 5 diamonds for the 2007 data collection, and honoring their excellence in promoting the transparency of the microfinance industry. To learn more about this conference, which aims to reach an inclusive Microfinance that will allow wealth creation in Africa, please visit its website; http://www.finance-afrique.com/en_conf.html.

GBF expands its portfolio



* **Basic Metrics on Activities, Outputs:** The first dimension consists of choosing and collecting readily available data that can be useful to the organizations' managers in decision making, but can also help GBF provide regular performance reports to its stakeholders. These metrics can be used by GBF for ongoing supervision; by the clients for setting and managing objectives; and as a basis for GBF dialogue with its clients about their performance and recommended adjustments.

* **Social return on Investment (SROI):** In the second dimension of iPAL, GBF uses a social return on investment model that estimates the incremental economic impact on key beneficiary groups attributed to GBF's investment and technical assistance.

***Survey-based reviews of beneficiary impacts:** The third dimension focuses on the end beneficiaries of GBF's work-- the people living at the bottom of the pyramid. The survey based tool tracks the extent to which beneficiaries: 1) fit certain characteristics (how many live in poverty) and 2) their progress over time along certain dimensions (the degree to which the beneficiary population moves out of poverty over time).

***Client Feedback Surveys:** In the fourth dimension, GBF employs a "customer satisfaction" survey with its GBOs to ensure that they are deploying the necessary products and services for their clients. Customer satisfaction surveys help GBF track the quality of client relationships while generating data that contribute to basic reporting and help measure GBF's downstream impact on poverty.

[Click here to learn more about GBF's iPAL framework!](#)



GRASSROOTS
BUSINESS FUND

GBF closed its first fiscal year this June with twelve investments in its portfolio.

To date, GBF has supported institutions in **India**, **Bolivia** and **East Africa** and intends to develop activities in **Southeast Asia** and **Central America** next year.

Some of these deals include: [CAPCEM](#), a for-profit program in Bolivia, which aims to contribute to job creation and income generation; MTZL, an early-stage company that specializes in low-cost payment and financial transaction services in Zambia; BFP, a social for-profit company that assists the poor in developing countries in Asia and Africa to access affordable renewable energy and efficient lighting; and Novica, a global crafts company that connects artisans in developing nations with global consumer markets. ([Click here to read more on Novica](#) and [see right for a profile of a Novica artisan.](#))

We are always looking to increase areas for collaboration. If you would like to partner with GBF, have questions, or need additional information, please contact us at communications@gbf.org.



Wayan Sarjana, artisan jeweler from Bali

Wayan Sarjana, a 39-year-old artisan jeweler from Bali, mainly works with silver to craft his designs. He returns to his roots for inspiration, using ancient Indonesian designs and the beauty of nature when crafting his pieces.

Prior to joining Novica seven years ago, Wayan was selling his jewelry door-to-door. With Novica's help, he was slowly able to gain funds to open and operate his own workshop out of his home. He currently employs five workmen.

GBF's investment in Novica will assist in its three-year expansion effort, in attempt to introduce new regions to its global network in the upcoming years, and increase the number of artisan communities.

Wayan's consistent income has greatly improved his lifestyle. In the future, he hopes to continue selling his jewelry internationally.

CONTACT US!

The GBF website is up and running! We hope that it will serve as a useful resource for those seeking to learn more about GBF's work or keep informed of our current activities.

On the website you can get to know our team members; learn about our objectives, approach, and current projects; catch up on the latest news and events; and much more.

We welcome your input as the website continues to evolve, so if you have issues to discuss, experiences or ideas to share, or suggestions for activity areas where GBF can add value, please take a moment to email us at communications@gbfund.org.

Visit us @ www.GBFund.org

