

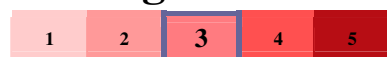
Community Economic Ventures, Inc., Philippines

In operation since 1998 initially within the Philippines office of World Vision (WV), Community Economic Ventures, Inc. (CEVI) operates in regions surrounding WV's Area Development Program (ADP) to serve microfinance clients. CEVI promotes a **vision** of Filipino people experiencing better quality of life. By providing credit, training, and consultancy services to the economically active poor, CEVI has a **mission** to help small businesses grow. As of June 2009, CEVI maintained a gross loan portfolio of 2,302 K USD from 24,156 active borrowers through a network of 20 branches spread throughout Luzon, Mindanao, and its base in the Visayas.

Social Performance Rating

Rating

In Progress



Detailed scales provided on the last page.

Date of the Rating

August, 2009

Indicator	PH	EA
Demography		
Urban population	48%	--
Life expectancy at birth	72	72
Health		
Access to safe water	93%	87%
Mortality rate (<5) per 1,000 births	28	28
Education		
Adult literacy rate	93%	93%
Primary school enrolment ratio (%)	92%	94%
Gender		
% of parliament seats held by women	22%	18%
Poverty lines		
Below National	33%	--
Gini index		
	0.46	--
HDI		
Rank out of 177 countries	102	--

Planet Rating Contact

James Soukamneuth
jsoukam@planetrating.com
+ 632 897 7992

MFI Contact

Jonar Dorado
Espuelas St., Tagbilaran City
+63 38 235 5463
Jonar_Dorado@wvi.org

REF: JS/301009

Rating highlights

- Main decision makings and partners strongly support CEVI's social mission.
- Although the organization continues to revise and extend its social performance indicators since 2007, improvements are still needed in terms of setting meaningful targets and ensuring sufficiently reliable information.
- CEVI has a limited breadth of outreach, covering (as of June 2009) only 0.2% and 0.8% of households in the provinces and municipalities where it operates.
- Although CEVI conducts its own market research to avoid entering in overly saturated areas, no strict criteria have been defined yet. Its product offering, coupled with its branch locations, increases the likelihood that CEVI reaches entrepreneurial active poor people.
- The financial cost of services (EIR of about 53.6%) is relatively high in relation to international benchmarks but compares well with competition.
- CEVI ensures basic client protection in terms of loan conditions, grievance mechanisms, and bank privacy, although systematic improvements are still needed. CEVI charges flat interest rates in addition to up-front fees and does not yet communicate on EIR. The absence of a national credit bureau impedes efficient mitigation of cross-indebtedness for the sector as a whole.
- The professionalization of the HR Department enables a fair treatment of staff, who benefit from a comprehensive recruitment process, staff contracts, internal promotions, and trainings.
- In line with WV's holistic approach to poverty alleviation, CEVI strives to integrate its financial services with WV programs in the Philippines.

Social Performance Indicators

	Sep. 2004	Sep. 2005	Sep. 2006	Sep. 2007	Sep. 2008	Jun. 2009
Social Performance Indicators (see also annexes)						
% of women borrowers	88.7%	87.1%	93.3%	87.2%	86.5%	86.7%
Retention rate (Schreiner formula)	45.4%	88.1%	75.8%	77.9%	62.9%	84.1%
PAR 31-365	5.1%	8.6%	15.8%	4.6%	3.9%	4.7%
Portfolio Yield	52.7%	49.2%	50.0%	51.8%	49.6%	46.2%
% of women among staff	58.0%	52.8%	61.2%	59.1%	47.5%	47.8%

Institutional Performance Indicators

Loan portfolio	1,009,287	1,179,565	1,139,159	1,702,163	1,954,011	2,302,341
Outstanding compulsory deposits	190,329	202,433	237,275	456,195	537,931	658,528
Active borrowers	15,235	16,989	16,376	18,661	20,436	24,156
Active savers	15,245	16,989	17,528	19,016	20,899	25,592

Note: in the absence of indicators on social performance, institutional performance indicators are provided for informative purposes.

Socio-economic Environment

Despite domestic political tensions and the global financial crisis, the Philippines economy has shown strong resilience in the most recent past. Largely on account of domestic demand and remittances, the economy continues to expand (GDP growth by 7.4% in 2007 and 4.4% in 2008). With limited exposure to sub-primed-linked securities, the domestic financial system has also exhibited resilience in the face of international market turbulence.

Yet, despite the economy's strong performance, incidence of poverty continues to worsen in the country. In 2003-2006, poverty incidence increased from 30.0% to 32.9% (out of a population of 90 million) despite average GDP growth of 5.4%.¹ The annual per capital poverty threshold (as of 2006) stands at 15,057 PHP (306 USD),² and the Gini index (where 1.0 equates with perfect inequality) runs to 0.4580.³

Poverty in the Philippines remains highly rural, where almost three-fourths of the total number of poor reside. Close to half of rural residents are poor, as compared to one out of five urban residents.⁴ While poverty to varying degrees exists in all regions of the country, the Autonomous Region in Muslim Mindanao (ARMM) and the Bicol Region (in southern Luzon) post the highest levels of both poverty and subsistence incidences. In responding to the basic needs of the poor more generally, the government's Medium-Term Philippine Development Plan 2004-2010 has given a high priority to rural and agricultural development.

By the government's own assessment, the quality of basic education continues to deteriorate, a result of rapid population growth (estimated at 2.3% annually) amid under-investment in basic education.⁵ Still, adult literacy compares favourably to the rest of East Asia and the Pacific, at 93%.

In terms of gender issues, women in the Philippines enjoy equal rights as men, although the culture has strong patriarchal roots in Catholicism. This social inequality translates into areas where women remain underprivileged

¹ World Bank – Philippines Country Brief.

² National Statistic Coordination Board of the Philippines.

³ 2006 Family Income and Expenditure Survey, National Statistics Office. The figure for 2006 is slightly lower than in 2003, when the Gini coefficient was 0.4605. In 2003-2006, six regions showed widening income disparity among families, with Central Luzon registering the largest jump, from 0.3515 to 0.3994. Starting from a low economic base, ARMM exhibited the least income disparity, with a Gini coefficient of 0.3113 in 2006 (down from 0.3578 in 2003).

⁴ 2000 Family Income and Expenditure Survey, Philippines National Statistics Office.

⁵ Medium-Term Philippines Development Plan 2004-2010, Chapter 18.

in comparison to the men and are hence more exposed to poverty. The unequal distribution of power between women and men is reflected in their continued under-representation in parliamentary seats (22%), even with the current female president. However, figures for the labor force show strong gender equality overall, where employment among women (93.5%) actually exceed that for men (93.0%).⁶

As of April 2009, the unemployment rate stood at 7.5%, down from 8.0% a year earlier. Among the regions, only the National Capital Region (NCR) of Manila registered double-digit unemployment, at 13.5%.⁷ While poverty remains predominantly a rural phenomenon, unemployment belies an urban problem (two-thirds of all unemployed), particularly for young people aged 15-24 (who account for almost half of the total figure, at 48.7%). Cutting across all age barriers, underemployment poses a more serious challenge, with a magnitude of almost twice the unemployment rate. Here, the seasonal nature of farm labor compounds the issues, and rural areas account for 61.2% of all underemployed.⁸

On the environmental front, the Philippines boasts a megadiverse country, although its biodiversity is considered among the most threatened in the world. Its upland/forest ecosystem covers an estimated 45% of the land area and directly supports about one-third of the population. Yet, the underutilization and mismanagement of the country's abundant natural resources are major causes of poverty, particularly in the rural areas.⁹

Indicator	Philippines	East Asia
Demography		
Urban population (% pop.)	48%	--
Life expectancy at birth	72	72
Health		
Access to safe water (% pop.)	93%	87%
Mortality rate (<5) per 1,000 births	28	28
Education		
Adult literacy rate (% of people ages 15 and above)	93%	93%
Primary school enrolment ratio (%)	92%	94%
Gender		
% of parliament seats held by women	22%	18%
Population below Poverty lines		
National Poverty Line	33%	--
Gini index	0.4580	--
HDI		
Rank out of 177 countries	102	--

Source: Philippines National Statistics Office, WDI (2007)

⁶ Gender Factsheet, Philippines National Statistics Office – Gender and Development Committee, March 2009 No. 09-01

⁷ Philippines National Statistics Office.

⁸ Medium-Term Philippines Development Plan 2004-2010, Chapter 9.

⁹ Medium-Term Philippines Development Plan 2004-2010, Chapter 3.

Microfinance sector

The Philippines contains a strong mix of emerging and commercializing MFIs, with historically strong support from the government. From the 1960s to the 1980s, the government played an active role in the provision of financial services to the lower income segment of the population. More recently, the government shifted its focus from the actual provision of credit to creating an enabling environment for the private sector to broaden and deepen their financial services to the poor. Regulatory reforms have focused on developing a market-oriented financial and credit policy environment.

Currently about 500 NGOs, 230 thrift/rural/cooperative banks, and over 4,500 cooperatives engage in some form of microfinance services in the Philippines. From 2001 to 2007, gross loan portfolios for MFIs (reporting to the MixMarket) grew from \$27 million USD to \$345.6 million USD, the equivalent of a 43.9% compounded annual growth rate. With the growth of the microfinance industry in the Philippines, competition continues to rise, although the sector has ample room to expand and mature.

Even with strong growth in the sector, demand continues to outstrip supply for microfinance services. An estimated one-third of the population falls below the national poverty line; and microfinance services reach only one-third of poor households. As the sector becomes more competitive and saturated, portfolio yields will invariably decrease. Yet, in the recent past, portfolio yields for the major MFIs have not reduced to a measurable degree. On the whole, revenue gained on each unit of loan portfolio outstanding (i.e. portfolio yield in nominal terms) averaged between 38-43% for the median Filipino MFI in 2004-2007.¹⁰ Nor has competition in the Philippine microfinance sector become cutthroat. With increased competition, MFIs have various levels of differentiation by offering more services to poor clients, such as micro-loans, higher loan amounts, and more flexible repayment options, among others.

The changing competitive landscape of the microfinance sector has produced greater choice for clients, as well. Attempting to differentiate themselves from increased competition, MFIs have begun to broaden the range of their services to include savings, micro-insurance, and micro-agricultural loan products. In addition, several MFIs also offer non-financial services to clients, in the form of credit trainings, livelihood skills development, product development, and marketing, among others.

On the flip side, increasing competition in the microfinance industry has led to a rising incidence of credit ‘pollution’ among MFI clients. Anecdotal evidence suggests that borrowers with loan collection problems use loans from one MFI to repay debt from other MFIs. The nature and extent of this cross-indebtedness remains unclear, however. Because unregulated MFIs such as NGO and cooperatives account for the vast majority of microfinance activities, are not required to report to national banking regulators, systematic information on their status and performance appears lacking.

Both private and public initiatives have begun to address the concerns of cross-indebtedness. The Rural Bankers Association of the Philippines, the Microfinance Council of the Philippines, and ACCION International have recently agreed to partner and protect the rights of MFI clients, through a project to collect information on consumer protection guidelines. Advocating the implementation of rules and regulations to monitor credit pollution and multiple borrowings, the government recently passed the Credit Information System Act, which marks an important step in efforts to increase financial transparency and promote a more efficient microfinance sector. Its implementation, however, remains years away. In the absence of a credit bureau to track client information, the risk of credit pollution looms large over the entire microfinance industry, particularly in the competitive urban areas of Manila, Cebu, and Mindanao. As such, greater prudential regulation and supervision would greatly enhance efforts to establish a credit information system.

MFIs are slowly moving towards more focus given to product development skills. Traditionally, MFIs tended to consider their clients as recipients of credit programs rather than customers to be satisfied. With client preferences evolving, MFIs more and more understand the importance to respond to these changes by adapting their loan products accordingly, in order to increase market share. Large MFIs such as NWF, TSPI, and CARD have set up separate research units to study changing client preferences. Continuous product innovation will ensure that a greater portion of microfinance clients receive financial services that best suit their evolving needs.

While the Central Bank (Bangko Sentral ng Pilipinas) provides strong oversight of the commercial banking sector, regulation of non-bank MFIs appears comparatively passive at best, and lax at worst. The arms-length approach in regulating cooperatives (by the Cooperative Development Authority) and the passive oversight of NGO MFIs (by the Securities and Exchange Commission) run counter to the development of a transparent and sustainable microfinance market. Regulatory oversight for the sector needs to be strengthened, particularly in efforts to control credit

¹⁰ Planet Rating calculation from MixMarket data.

pollution, monitor asset quality, increase investor confidence, protect the public interest, and support an effective financial system that reaches a greater number of the poor.

The microfinance industry in the Philippines has enjoyed strong growth in the past, and national microfinance practitioners have understood that its continued expansion will require prudential regulation and supervision, broader savings mobilization, greater involvement by the private sector, and more dynamic product offerings. This insight is reflected in a recent survey conducted by the Economist Intelligence Unit,¹¹ which ranked the Philippines third (out of 55 countries around the world) in terms of promoting the development of the microfinance industry.¹²

Institutional Presentation

Social Mission

Anchored in WV's holistic approach to fight poverty, CEVI has the **vision** of Filipino people experiencing better quality of life. Its **mission** is to help the economically active poor grow their businesses by providing credit, savings,¹³ training, and consultancy services. Both the vision and mission statements are currently being updated.¹⁴ **Core** values consist in (i) valuing people and (ii) being Christian, committed to the poor, stewards, partners, and responsive.

Characteristics of Outreach

No nationally or internationally benchmarked data is available on the poverty status of CEVI's clients. A combination of general statistical data on poverty in the Philippines and the general characteristics of CEVI's clientele can be used to make rough assumptions on the institution's status in terms of reaching out to active poor households.

- More than 50% of CEVI's clients reside in the Visayas, 26% in Mindanao and less than 20% in Luzon. In the Visayas and Mindanao, more than 35% of the population live below the poverty line¹⁵. In Luzon, five

¹¹ The EIU is the business information arm of the Economist Group, publisher of the Economist. This survey was also financed by the Multilateral Investment Fund, which is part of the Inter-American Development Bank, the Corporation Andina de Fomento and the International Finance Corporation.

¹² The 55 countries were ranked on three broad categories: regulatory framework, investment climate, and institutional development.

¹³ NGO MFIs cannot technically mobilize voluntary savings, although compulsory savings less than the value of the loans are permissible.

¹⁴ The proposed vision is "people experiencing fullness of life" and the proposed mission is: "a sustainable institution that provides appropriate financial services with values formation, training and consultancy to help business grow."

¹⁵ The annual per capita poverty threshold for 2006 is 15,057 PHP.

out of eight regions have poverty levels lower than the national poverty incidence. The inequality of income distribution across the Philippines remains high with the Gini index following a steady trend around 0.45 over the past decade.

- CEVI operates mostly in urban (14%) and semi-urban areas (78%).¹⁶ On average, the poverty incidence in municipalities where CEVI operates is 36.0%,¹⁷ which is above the national poverty incidence of 32.9%.

The table below provides a more detailed view of poverty, education and employment status in the 10 regions where CEVI operates.

Region	Clients	Poverty Incidence	Literacy rate	Unemployment
NCR	158	10.4%	94.6%	12.5%
CALABARZON	1,201	20.9%	90.4%	9.4%
MIMAROPA	3,247	52.7%	82.3%	4.7%
Luzon	4,606	-	-	-
Western Visayas	2,353	38.6%	81.5%	6.5%
Central Visayas	9,193	35.4%	81.7%	6.8%
Eastern Visayas	1,717	48.5%	76.7%	5.1%
Visayas	13,263	-	-	-
Zamboanga Pen.	703	45.3%	74.8%	4.2%
Davao Region	1,131	36.6%	77.8%	6.2%
SOCCSKARGEN	2,645	40.8%	77.1%	4.6%
CARAGA	1,808	52.6%	81.0%	4.6%
Mindanao	6,287	-	-	-
Philippines	24,156	32.9%	84.1%	7.4%

Source: 2008 Labor Force Survey; 2003 Functional Literacy, Education and Mass Media Survey; 2006 Official Poverty Statistics.

CEVI has been implementing the Progress out of Poverty Index (PPI) since 2006 but the results obtained cannot yet be compared to international benchmarks for the purpose of this rating.¹⁸ In July 2009, CEVI started to implement the updated version of the PPI but results are not yet available.¹⁹

Penetration of the Services

With its head office in Bohol province, CEVI operates through 20 branches in 10 out of the 17 administrative regions of the Philippines. Originally serving Bohol and the neighboring provinces of Cebu in Central Visayas, CEVI

¹⁶ In the Philippines, a *barangay* or village is classified as urban if it has a population over 5,000 or had five or more establishments located near the village center. Otherwise it is considered rural.

¹⁷ Calculated from the weighted average of poverty incidence in municipalities where CEVI operates.

¹⁸ The PPI was developed by Grameen foundation with the most recent version used in the Philippines finalized in 2009. Data was based on the 2004 Annual Poverty Income Survey.

¹⁹ The tool is expected to measure the likelihood that each client has income below several poverty lines, including the National Poverty line, the Food Poverty line, \$1.25/Day/2005 PPP, and \$2.50/Day/2005 PPP.

expanded its operations to cover the remaining regions of the Visayas, along with several regions in Mindanao and Luzon.

CEVI has a market penetration of 0.1% with respect to the total number of households in the Philippines. At the regional level, the organization covers 0.2% of households in its service area. Further down at the municipal level, CEVI has a market penetration of 0.76% with respect to the number of households in its area of operations. The following table shows the regional and municipal penetration rate per region covered by CEVI using household data from the 2000 National Census of Population.

Region	#	Regional Penetration	Municipal Penetration	Clients	N. of HH ('000)
NCR	1	0.0%	0.05%	158	2,362
CALABARZON	2	0.1%	0.65%	1,201	2,251
MIMAROPA	3	0.6%	5.61%	3,247	545
Luzon	6	0.1%	0.78%	4,606	5,158
Western Visayas	2	0.2%	1.34%	2,353	1,370
Central Visayas	9	0.7%	2.14%	9,193	1,293
Eastern Visayas	1	0.2%	2.54%	1,717	814
Visayas	12	0.4%	1.97%	13,263	3,477
Zamboanga Pen.	2	0.1%	0.60%	703	623
Davao Region	2	0.1%	0.42%	1,131	841
SOCCKARGEN	4	0.4%	1.51%	2,645	749
CARAGA	2	0.4%	2.09%	1,808	444
Mindanao	10	0.2%	0.97%	6,287	2,657
Total	28	0.2%	0.76%	24,156	11,292

Note: # is number of CEVI branches per region. Regional penetration = members/ total number of households per region. Municipal penetration = members / total number of households in municipalities covered by CEVI per region. No. of HH is total number of households per region in thousands.

Products and Services

Catering to the enterprising poor,²⁰ CEVI offers four loan products, including one individual loan. The main group loan product (Yaman) targets micro-entrepreneurs involved in trade while the Crop and Babe Loans target individuals involved in animal raising and farming. Group loans carry a service charge of 4% (2.5% for ASENSO) and a monthly (flat) interest rate of 2%, yielding an average Effective Interest Rate (EIR) of 53.6%. In case of late repayment, CEVI charges a 5% monthly penalty fee.

- The Yaman Loan covered the majority of the portfolio as of June 2009. Designed for micro-entrepreneurs, this commercial product has loan amounts ranging 2 K – 25 K PHP (41.4 – 517.5 USD), with a maximum term of five months (or 20 weeks) subject to weekly repayments.

²⁰ Target clients are entrepreneurial poor below the poverty threshold, aged 18 to 65 years old, and have economic activities.



Disbursed under the Group Expanded Methodology (GEM) in 2009,²¹ the Yaman loan now relies on individual liabilities. Two guarantors are required, instead of the previous group liability. The upfront fee, usually deducted from the initial loan amount (Yaman A) is offered to the clients if required by the competition (Yaman B).²² Yaman A clients benefit from a seven days grace period. The average EIR is roughly 61.5% for Yaman A and 46.4% for Yaman B.

- Crop Loans (CL) are geared towards farmers. Offered to a small share of the clientele (South Cotabato and Trento Branches only), these agricultural loans have a maximum term of five months (or 20 weeks), with a one month grace period and loan amounts of 2 K – 15 K PHP (41 – 311 USD) subject to a balloon repayment for the principal and monthly repayments for the interests. The average EIR comes to about 43.0%.
- BABE (Baboy Alay sa Bukas at Edukasyon) Loans finance various activities of hog production. Also offered to a small share of the clientele (Estancia and Bais Branches only), these products extend credit lines of 20 K – 30 K PHP (414 – 621 USD) with terms ranging from 4 to 10 months. Interests are repaid monthly while the principal may be repaid at the end of

²¹ CEVI's GEM was tested from 2006 to 2007, finalized in 2008 and is being rolled out since the beginning of 2009.

²² The client receives the desired loan amount, with the up-front fee added in the loan outstanding amount, and pays flat interests on the loan amount received.

the loan (Hog Fattening), upon sale (Sow Raising) or start on the 8th month after loan release (Boar Maintenance). The average EIR is estimated at 41.8%.

- ASENSO (Sama Tayo Sa Pag-Asenso) Loans cater to existing clients (at the Bohol Branches only) with a record of strong repayment and higher capital needs. ASENSO 1 range from 26 K to 50 K PHP (538 – 1.0 K USD), is extended up to one year, repaid every two weeks, and require two co-makers. ASENSO 2 can reach 150 K PHP (3.1 K USD), extends over two years with monthly repayments, and requires (as collateral) two guarantors, chattel mortgage, and real property. The average EIR is about 50.1%.

To benefit from these loans, clients must sign an Affidavit of Voluntary Surrender (AVS)²³ and contribute to a mandatory savings feature, called the Capital Build Up (CBU), which collects a 3% interest per annum (based upon minimum monthly balance of 500 PHP). For first time borrowers, a CBU of 200 PHP is required; and weekly contributions range from 20 to 30 PHP, depending on the loan cycle. Savings withdrawals are allowed up to the excess of the weekly CBU (in the first three cycles) and so long as 20% (15% for ASENSO) of the existing loan amount remains (from the 4th cycle onwards). With the cost of savings (i.e. CBU), the EIR increases to 78.0% for Yaman A, 59.5% for Yaman B, 46.5% for Crop, 43.5% for BABE, and 51.1% for ASENSO.

Prior to receiving a new loan, clients must also undergo a three-day training, called Pre-Credit Training, where LOs educate clients on CEVI's policies and attempt to instill Christian values, credit discipline, a culture of loan repayment, savings habits, and basic skills in business management. Additional trainings (e.g. Credit Plus Education) are provided during each cluster meeting to integrate informal education, values formation, and spiritual development in the microfinance process.

To its clients, CEVI offers micro-insurance products (through a partnership with third party provider, Mercantile Insurance), called TASAKA or Tulong Alay sa Kapwa, to provide coverage against death and disablement. Subject to a one-time payment of 250 PHP for five months, or requires a monthly payment of 50 PHP.

World Vision Area Development Programs

CEVI works in conjunction with WV's ADPs, which implement a variety of development projects aimed at

²³ Although the AVS has no legal value, clients commit to sell on a voluntary basis some assets to other members of the group in order to repay the loan. AVS is mostly used as a pressure mechanism. Refer to the Social Performance Rating for details.

reducing the poverty rate in specific regions.²⁴ Over a 10-15 year lifespan, ADPs develop activities in efforts to address the needs of these communities.²⁵ Consolidating the growth of ADPs, CEVI increases the range of services available to these targeted areas in cooperation with WV Economic Development Department. Currently, CEVI provides microfinance services to 23 of the 48 ADPs throughout the Philippines.

Social Performance Rating

▪ Institutionalization of the Mission

Social Mission and Strategy

CEVI shows a clear intent to have a social impact. The vision and mission were defined at inception based on WV's knowledge of the social challenges to implementing its ADPs. With input from staff at different levels of the organization, the mission is currently under revision to reflect CEVI's specific approach to microfinance. The BOD has yet to approve any strategic changes, however.

Main decision makings (particularly at the BOD level) and partners (all funding is secured through WV or VFI) have strongly supported CEVI's social mission. Notable decisions include the following:

- In order to foster its integration with WV programs, CEVI has developed its branch network to serve a maximum of WV ADPs. This expansion strategy resulted in a geographically dispersed network, hampering CEVI's profitability.²⁶
- Taking into account clients' feedback, CEVI has developed demand-driven products, offered at prices below market rates.
- CEVI recently took the decision to enhance its targeting to the poor through the stricter use of its poverty assessment tool. This decision has yet to have an impact on operations, however.

The balance between social performance and sustainability remains nevertheless sufficiently ensured as BOD members possess skills in community development and banking,

²⁴ ADPs start their initial activities by conducting a survey for the first two years to examine the causes of poverty. Its projects include health, education, child sponsorship program, child advocacy, vegetable production, water sanitation, infrastructure, emergency relief, food security, and increasing household income, among others.

²⁵ The 1st and 2nd development phases extend for five years. Lasting three years, the final phase involves the community taking ownership of the development activities and ADP facilities.

²⁶ Refer to the GIRAFE rating for a detailed profitability analysis. Refer to the Social Responsibility to the community section for analysis of CEVI's integration with World Vision Philippines.

among others. For example, future expansion is expected to accommodate efficiency and integration objectives; and discussions have been held to provide staff with sufficient benefits without threatening CEVI's FY09/10 profitability. Although social objectives have been clearly included into the planning documents, their articulation with financial objectives requires further strengthening.

Initiated in 2006, Social Performance Management (SPM) has been institutionalized with, since December 2008, one specialized staff in charge of building systems to put the social mission into practice and allow a well-informed decision making.

Social Performance Monitoring

CEVI has defined and articulated meaningful social performance indicators in line with its social mission and objectives. Although the organization continues to revise and extend its social performance indicators since 2007, improvements are still needed in terms of setting meaningful targets and ensuring sufficiently reliable information.

Poverty indicators have been tracked quarterly since 2007 at the HO level and are presented through SPM narrative reports. However, CEVI began setting specific poverty rate targets for new clients only recently (July 2009), with the implementation of the new version of the PPI. Branch managers are expected to track results as this poverty measure is progressively rolled out. Prior to the implementation of the new PPI, information on the poverty status of clients was collected only for informative and learning purposes.

Client exit indicators have been similarly tracked in SPM reports since 2007 and have proved useful for decision making. However, these indicators (e.g. number of client drop-outs and reasons for exit) cannot be clearly analyzed along with the retention rate. CEVI's objective to reach a retention rate of 90% therefore needs to be refined – either by better understanding its limitations or by developing the capacity to track the appropriate data for the calculation of more accurate ratios.²⁷

CEVI designed in May 2009 a wider social performance scorecard presenting other indicators related to gender, job creation, children, categories of client businesses, and cross-indebtedness. Aside from gender (87% of CEVI's clients are women), these indicators still need to be refined as they are (i) only informative and not compared to

²⁷ The retention rate reported for the MixMarket Social Performance Standards stood at 79.5% as of June 2009. Data available at CEVI does not allow the institution to calculate accurate retention or exit rates, however. Refer to the appendixes for the different formulas.

specific targets,²⁸ (ii) not quantified (e.g. “avoidance of client cross-indebtedness”), or (iii) not sensitive to change (“100% of the clients are adult”). Indicators related to integration with WV programs remain useful but only measure the efforts done by CEVI, not the result of this integration (e.g. in terms of client satisfaction).

Overall, stronger checks need to be introduced to guarantee data reliability, especially for poverty, exit, and gender indicators – all of which are used in the new staff incentive scheme. Improvements have already been made by training staff (e.g. to the new PPI²⁹) and requiring detailed data from the branches (instead of computed data subject to mistakes and manipulation) but need to be complemented by effective internal controls and audit checks. For example, exit interviews are often conducted by LOs, instead of the chair of the cluster association as per the policy. BMs have not actively been controlling client exit and PPI forms. Moreover, some indicators such as number of jobs created might prove particularly difficult to check in the absence of clearer definition.³⁰

Additional studies such as focus group discussions (FGDs) were conducted in the past (2006) and allowed CEVI to monitor client satisfaction; and more current evaluations are needed. CEVI has recently benefited from the social performance assessment of Vision Fund International, which provided meaningful recommendations to improve social performance (e.g. fine tuning mission statement, objectives, targets, and indicators; clarity of integration and commitments between ADPs and CEVI; and regular monitoring).

Staff Mobilization

Current Human Resources processes are in place to ensure that CEVI's staff are committed to social goals, such as:

- Intensive indoctrination to the core values of CEVI during the recruitment phase;
- Presentation of SPM during the last annual staff meeting to raise awareness but no direct participation of the staff in the definition of the social mission;
- Communication/training of social performance objectives by the Research and Social Performance Office (RSPO) during the last staff retreat (for three hours); and

²⁸ These indicators include: (i) number of job created or sustained and (ii) number of clients who have diversified product line or business after the 4th loan cycle.

²⁹ Poverty rates computed based on the previous version on the PPI are not sufficiently reliable due to limitations in data collection, processing and control. Refer to the institutional presentation.

³⁰ Jobs created by micro-enterprises (if any) may range from seasonal to year-long job, be part-time or full-time, and for salaried workers or family members, etc.

- Recently revised staff incentive scheme that stipulates an additional 1-10% increase in bonus based upon basic social performance indicators (monthly exit rate < 2%; number of women clients > 80%). Updated only in July 2009, its effectiveness as a tool to mobilize staff towards the social objectives remains largely untested.

To reinforce staff buy-in, the social mission and values could ideally be more prominently displayed at the branches, although CEVI communicates them sufficiently through other organizational channels. Staff input has been taken into account in the update of the vision and mission definitions. However, staff could be further informed about the evolution of the social performance results of CEVI.

▪ Targeting and Service Offering

Breadth of Outreach

CEVI still has a very limited breadth of outreach. As of June 2009, the organization served 24,156 clients, covering only 0.2% and 0.8% of the households in the provinces and municipalities where it operates, respectively. Nevertheless, CEVI ranks as one of the historic MFIs in its base in central Visayas, where its regional and municipal penetration of households reaches 0.7% and 2.1%, respectively. CEVI has the capacity to further grow thanks to satisfactory funding and expansion strategies, although direct competitors such as CARD and Life Bank Foundation will test its overall market position.

Client Targeting

CEVI targets economically active poor clients, who fall below the national poverty line but have economic activity. Based on a decent knowledge of the socio-economic situation and of the characteristics of rural poverty of the region, its geographic targeting works indirectly through WV and exhibits the following broad outlines:

- Working in communities surrounding WV's ADPs: branches serve clients mostly located within a 30 km radius; and
- ADP selection of regions by WVDF: targeting studies identify depressed areas with high malnutrition, health concerns (e.g. tuberculosis), and poverty.

Although CEVI conducts its own market research to avoid entering in overly saturated areas, no strict criteria (e.g. number of clients served by competitors, economic activities of areas, number of households) have been defined yet.³¹ CEVI has begun using the PPI to determine depth of outreach but has yet to use the tool in a purposeful

way to deepen outreach with individual targeting of poor entrepreneurs.³² Nonetheless, CEVI successfully targets women (86.7%). Its outreach to women is tracked/monitored through the organization and incorporated into the new staff incentive scheme.

Its product offering (mostly small loans and group meetings), in addition to its branch locations, increases the likelihood that CEVI reaches entrepreneurial active poor people. In order to refine targeting, CEVI plans to offer a specific loan product geared towards the communities of the ADPs.

Service Design and Client Satisfaction

In order to meet the needs of its clients, the organization continues to adapt its range of financial offerings (loan services and micro-insurance). CEVI conducted (in cooperation with CARD back in 2006) client satisfaction surveys (FGDs) to assess the financial needs of its clients. Subsequently, the loan offering was improved, resulting in a broader range of financial services adapted to the needs of clients. These changes include the general overhaul of the credit methodology (from group solidarity to individual liability), flexible repayment schedules (weekly, monthly, or bullet), variations of the Yaman loan, and ASENSO loans for established clients.³³ In particular, the Crop and BABE loans show that sufficient efforts have been made to satisfy client needs.

The Research, Planning, and Product Development Department plans to conduct additional studies; however the team would benefit from stronger skills in market research and client surveys. CEVI has a social performance objective of introducing a new product every two years, after conducting market feasibility studies to gauge client demand. Overall, pilot phases are adequately assessed for new products (e.g. BABE, Crop, SME, and specific products geared to ADPs).

Its micro-insurance scheme has improved after feedback from clients. Currently, CEVI reviews claims promptly and makes advance disbursements to settle valid insurance claims. Subsequently, the third-party insurance provider reimburses CEVI afterwards.

Reasons for client's exit are analyzed (by the RSPO), contributing to improvements of the loan products. However, exit surveys conducted by LOs could ideally be done by a more objective and independent third party (e.g. BMs, cluster chairperson). On the whole, more professional client research is needed.

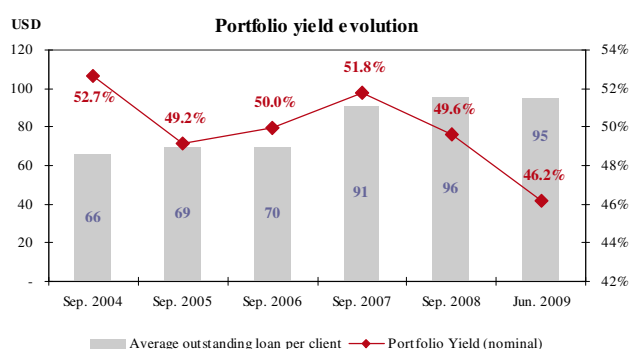
³¹ Data on competitor outreach may not be reliable, however.

³² The previous version of the PPI was used for segmentation purposes only.

³³ However, very few clients have had access to the ASENSO loan.

Cost of the Services

The financial cost of CEVI's services is relatively high in relation to international benchmarks but compares well with the competition. Pricing is estimated to be comparable to competitors for its main loan product (EIR of 61.5% for Yaman A), and slightly below for the other loan products (EIR of 46.4% for Yaman B, 43.0% for Crop Loan, and 41.8% for Babe Loan). The average EIR comes to about 53.6%, which is in line with the portfolio yields (used as proxy for EIR) of competitors offering loans of similar sizes.³⁴ Including the cost of savings (i.e., CBU), the average EIR is estimated at 61.8%. CBU from members currently collect 3% (vs. 5% before), which is within market prices but below inflation.



Note: Portfolio Yield, sometimes used as a proxy for EIR, is indicated here for information purposes only given the significant yield gap between EIR and PY (cf. GIRAFE rating for details). The decrease of the portfolio yield since September 2007 can be attributed to the reported increasing share of Crop Loans over the last two years and the slight increase in delinquent loans in FY 2008-09.

Adequate efforts are made to charge clients only for valuable services. Although expansion to ADPs contributes to integration with WV Programs, the cost of this expansion result in high operating expenses, invariably supported in the end by clients. CEVI has yet to conduct cost-benefit analysis regarding the trainings provided to the client.

Transaction costs supported by clients are reasonably low. With limited client travel, only the disbursement step require the client to travel to the branch while collections are held in cluster houses that are within walking distance from members' homes. As for speed of disbursement, loan application processing lasts from one to two weeks. No hard collateral is required for group loans, although clients submit an AVS. Finally, improvements could be made on the duration of cluster meetings. CEVI has a policy to limit such meetings to one hour, although its strict application will require sufficient training of staff on the new GEM methodology.

³⁴ Due to the gap between CEVI's portfolio yield and EIR, the portfolio yield of CEVI cannot be directly used to benchmark its pricing with that of competitors.

Social Responsibility

Client Protection

CEVI ensures basic client protection in terms of loan conditions, grievance mechanisms, and bank privacy, although systematic improvements are still needed. Loans conditions communicated to clients include:

- contracts written only in English but could also include the local vernacular;
- client orientation prior to application for first loans;
- amortization schedules specifying principal and interest
- fees and interests stated on the acknowledgement of loan release; and
- only flat interest rates mentioned, with no reference to EIR.³⁵

Attempts to cover financial risks could be strengthened with a stronger emphasis to monitor over-indebtedness of clients. Additional financial analysis skills of LOs would greatly improve the proper assessment of financial needs and debt capacity of clients as well. Cases of clients applying for a loan while already enrolled in another financial institution are reportedly increasing. In the medium term, the tide of client over-indebtedness may prove difficult to contain, particularly in the absence of a reliable national identification system and credit bureau.

To ensure that clients receive equal and respectful treatment, complaint mechanisms have recently been put in place, but their effectiveness as a tool for client grievances remains untested. Although relatively new, suggestion boxes are in place at the branches, even though clients rarely have occasion to visit. Anyhow, this assessment tool lacks systematic follow-up or review by management. Other formal complaint systems, such as hot lines or more frequent satisfaction surveys are missing. Aside from their LO interactions, members receive visits from BMs/AMs (as part of management evaluations of BMs), which provide an opportunity for clients to voice potential concerns.

As for bank privacy, a variety of tools adequately ensure client protection, particularly in branches with full roll-out of the GEM methodology. On the whole, client files are properly stored, preventing the inadvertent disclosure of private information. Clients must also sign waivers to share information on Kiva's website.

Other systems are in place to mitigate risks inherent to the use of credit services. Repayment collection mechanisms are respectful of clients; and the AVS takes affect more or

³⁵ Here, CEVI follows the microfinance industry trends in the Philippines, where only flat interest rates are the norm. Initiatives at the sector-wide level may be needed to move to more transparent pricing.

less voluntarily. A recently formalized Client Code of Conduct has been issued, but its full effect remains too new to gauge properly. CEVI offers micro-insurance products, called TASAKA, to provide coverage against death and disablement. Cash risk for the client is limited to collections and repayments occurring at cluster meetings.

Human Resources Policy

The professionalization of the HR Department enables a fair treatment of staff, who benefit from:

- lengthy and comprehensive recruitment process;
- staff contracts, job descriptions, and salary grid;
- prioritization of internal promotions; and
- HR budgets, updated HR manuals, and yearly training plans.

FGD papers, staff exit surveys, and staff development plans re-evaluate HR needs, although staffing concerns could be more systematically taken into account to mitigate high turnover (at 22.8% for all staff and 16.7% after excluding LOs through their probationary periods). The salary scale is being re-evaluated for the next fiscal year.

With women making up 48% of all staff, CEVI has a balanced gender distribution throughout the organization, as well as in managerial positions (50%).

Staff remuneration is transparent and equitably applied on the whole. Based on supervisory and self-evaluations (with overall approval by management), performance appraisals are conducted at the end of each fiscal year and result in a maximum salary increase of 10%. However, in FY 2008, no salary increases occurred across the board, although CEVI compensated by allowing emergency loans, at 0% interest. CEVI indexes the salary grid to the national minimum wage level. There is no formal policy on salary increase according to industry standards and cost of living, although cost of living adjustments have been made in higher cost areas, e.g. Cavite. Nor have salary surveys been conducted, although salaries are generally perceived by management to be above industry norms. Individual and group (per branch) incentive systems are in place. Finally, CEVI complies with Philippines basic labor legislations on social benefits.³⁶

As for work conditions, CEVI adequately ensures a safe working environment. A specific policy on cash

³⁶ These social benefits include: SSS – Social Security System: pension for 60 years old and sickness benefit equal to 120 days/year; Pag-ibib: Home development mutual- benefits of housing, salary loan, and death benefits); PHIC: Philhealth Insurance Company: Philippines-mandated health insurance, aside from CEVI's health insurance; and 13-month pay (After a full-year of work, employees must receive one-month salary, paid half in June and half December).

management requires daily deposit of collections in banks, or the following day. However, instances of robbery are dealt with on a case by case basis, and staff generally do not have to pay for lost funds. No health and security conditions manual is in place, even though employees benefit from two in-house employee allowances (medical and accidental assistance). In addition, staff benefit from insurance coverage provided by two different insurance companies.³⁷ Communicated in management e-mails and staff memos, its code of conduct directs staff to comply with basic safety rules or practices (e.g. helmet requirements while on motobikes during business hours, buddy/buddy system for delinquency management as needed, and encouragement of annual physical exams). However, these policies have yet to be incorporated into HR Manuals or systematically enforced/monitored according to set guidelines.

Finally, staff representation and participation in decisions remain insufficient, lacking a formal independent elected body for employees. Nonetheless, FGDs (via staff satisfaction surveys) provide a venue for staff to voice their concerns. On the whole, staff are adequately consulted in decisions affecting them.

Social Responsibility towards the Community

CEVI is well integrated into and interacts responsibly with the community. The organization notably strives to maintain sound relationships with local authorities, by (i) seeking approval of government officials before providing loans in targeted municipalities, and (ii) requiring receipts from officials for financial transactions to maintain transparency. As field staff movements between branches are relatively important (e.g. in cases of promotions), CEVI attempts to ensure that employees speak the local language.³⁸ In good faith, CEVI does not consciously finance illegal activities but, nonetheless, has not disseminated a list of prohibited activity to staff. Finally, CEVI participates financially to community projects.

In line with WV's holistic approach to poverty alleviation, CEVI strives to integrate its financial services with WV programs. In the Philippines, 48% of WV ADPs (23 out of 48) have access to CEVI's financial services while 42.6% of CEVI's clients are within ADPs. In spite of this geographic integration, CEVI's service offering has not yet been adapted to specifically address the needs of WV's beneficiaries. As of June 2009, only 10% of CEVI's active clients were WV sponsored families. CEVI plans to

³⁷ Medicaid Insurance for Health and Mercantile Insurance for Life and accident insurance.

³⁸ Although most field employees stem from rural communities and speak a local language, they may not speak the language of other communities in the Philippines.

develop a specific loan product to address this issue. In addition, CEVI provides micro-insurance and training services to 737 other WV members (who are not borrowers at CEVI) under the Social Mobilization for Tuberculosis program.

CEVI's Credit Plus Education service could be better implemented to meet the needs of its clients. The 2006 CARD assessment identified some areas for improvement that have yet to be addressed. In spite of the evaluations performed by BMs, LO skills in providing training (linked to their capacity to manage a cluster meeting) remain uneven across the branch network. CEVI has therefore established a training fund to improve the quality of trainings and to target staff requiring more technical, non-microfinance related skills.

Generally speaking, CEVI has made efforts to act as a responsible stakeholder in the microfinance market. Of note, the organization has participated in local initiatives to prevent the over-indebtedness of clients. However, the recent multiplication of MFI loan offerings in its area of operation has made the coordination of such initiatives difficult.

Social Responsibility towards the Environment

CEVI has taken several initiatives to promote socially responsible practices towards the environment. The organization encourages the use of environmentally friendly fertilizers for clients benefiting from BABE Loans (12% of the clientele) and, in principle, does not grant loans to finance activities harmful to the environment (e.g. deforestation). CEVI is also part (member) of the Bohol Initiative for Sustainable Agriculture and Development, which advocates and promotes organic farming and sustainable agriculture. CEVI has also participated in various tree plantings and contemplates developing additional environmentally friendly products. Despite these numerous initiatives, CEVI does not monitor the implementation of these environmentally friendly practices (e.g. by tracking electricity, paper, and fuel consumption, among many others).

The opinions expressed within this report are valid for one year after the rating mission. Beyond one year, or in case of a major change during this period affecting the institution's performance, that change due to the institution itself or its operating environment, Planet Rating does not guarantee the validity of the opinions contained herein, and recommends that a new rating evaluation be undertaken. Planet Rating cannot be held responsible for investments/financings that are made based on this report.

■ Performance Indicators

Note: Some of these indicators are currently being tested by the social performance taskforce (SPTF) and MixMarket for social performance reporting. The answers to the qualitative indicators being tested by the MiX are stated in the rating.

Social Performance Indicators	Sep. 2004	Sep. 2005	Sep. 2006	Sep. 2007	Sep. 2008	Jun. 2009
Outreach						
% of women active borrowers	88.7%	87.1%	93.3%	87.2%	86.5%	86.7%
% of women active savers	88.6%	87.1%	87.1%	85.6%	84.6%	81.9%
% of rural active clients	n/a	n/a	n/a	n/a	n/a	n/a
Service Offering						
PAR 31-365	5.1%	8.6%	15.8%	4.6%	3.9%	4.7%
PAR > 365	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Write-off ratio	0.0%	0.0%	6.5%	15.1%	4.6%	1.3%
Retention rate (Waterfield/CGAP 1) ³⁹	n/a	n/a	n/a	n/a	n/a	n/a
Retention rate (Schreiner)	45.4%	88.1%	75.8%	77.9%	62.9%	84.1%
Retention rate (Waterfield/CGAP 2)	n/a	n/a	n/a	n/a	n/a	n/a
Retention rate (MixMarket)	n/a	85.8%	68.6%	69.8%	38.3%	79.5%
Average amount disbursed per loan	455	565	536	770	350	169
% of GDP per capita	43.9%	49.6%	38.9%	46.2%	19.6%	9.0%
Portfolio Yield (nominal)	52.7%	49.2%	50.0%	51.8%	49.6%	46.2%
Client Protection						
% cross-over clients (with a loan of another MFI)	n/a	n/a	n/a	n/a	n/a	n/a
% of branch offices in unserved areas (no other MFI or bank branches)	0%	0%	0%	0%	0%	0%
% of clients in these unserved areas	0%	0%	0%	0%	0%	0%
Human Resources Policy						
% of women among your professional staff	58.0%	52.8%	61.2%	59.1%	47.5%	47.8%
% of women among management	0.0%	0.0%	0.0%	133.3%	50.0%	50.0%
% of employees who received at least two days of training	95.1%	70.4%	37.2%	79.5%	19.7%	100.0%
Number of training days per staff	n/a	n/a	n/a	n/a	n/a	n/a
Min/Max LOs salary ratio	n/a	0.6	0.7	0.7	0.7	0.6
Min/Max professional staff salary ratio	2.6	3.2	3.4	2.9	3.6	3.6
Yearly salary increase reported to inflation	n/a	1.2	-0.5	1.7	2.6	0.0
Life&health insurance expense / personal expense	4.5%	5.6%	5.3%	5.1%	5.3%	6.5%
Traffic accidents per loan officers	0.1	0.1	0.0	0.1	0.1	0.1
Instances of assault per loan officer	0.02	0.06	0.01	0.03	0.03	0.02
Working hours ratio	n/a	n/a	n/a	n/a	n/a	n/a
Vacation days ratio	n/a	n/a	n/a	n/a	n/a	n/a
% of women among your professional staff	58.0%	52.8%	61.2%	59.1%	47.5%	47.8%
Turnover	n/a	n/a	17.1%	22.2%	20.0%	7.8%
Client Composition (new and active)						
% Below the national poverty line ⁴⁰	n/a	n/a	n/a	n/a	n/a	n/a
% Bottom 50% below the national poverty line	n/a	n/a	n/a	n/a	n/a	n/a
% Earning less than 1 USD a day per household member	n/a	n/a	n/a	n/a	n/a	n/a
% Poor or low income	n/a	n/a	n/a	n/a	n/a	n/a
Change in Active Clients (3 years or 5 years old)						
% clients who had a change in their social status	n/a	n/a	n/a	n/a	n/a	n/a
% old clients above the poverty line /	n/a	n/a	n/a	n/a	n/a	n/a
% old clients who crossed the poverty line	n/a	n/a	n/a	n/a	n/a	n/a
% old clients still under the poverty line	n/a	n/a	n/a	n/a	n/a	n/a
School Enrollment						
% School enrollment of clients children	n/a	n/a	n/a	n/a	n/a	n/a
% girls / boys attending regularly primary / secondary school	n/a	n/a	n/a	n/a	n/a	n/a
Job Creation and Consolidation						
# of full-time hired workers in enterprises supported during the year	n/a	n/a	n/a	n/a	n/a	n/a
# of part-time hired workers in enterprises supported during the year	n/a	n/a	n/a	n/a	n/a	n/a
Non-financial Services						
% of clients who received enterprise training services ⁴¹	23.8%	28.2%	40.6%	67.8%	34.3%	23.8%
% of clients who received education / health training services ⁴²	n/a	n/a	n/a	n/a	n/a	n/a
% of clients who received training services related to women empowerment	n/a	87.1%	93.3%	87.2%	86.2%	86.7%

³⁹ The retention rate formula has been subject to numerous industry reviews since; the Waterfield/CGAP formulas are the most accurate, but the underlying data is not always available. CEVI can only report on the Schreiner and MixMarket formulas and uses the latter. Refer to the section on formulas for details.

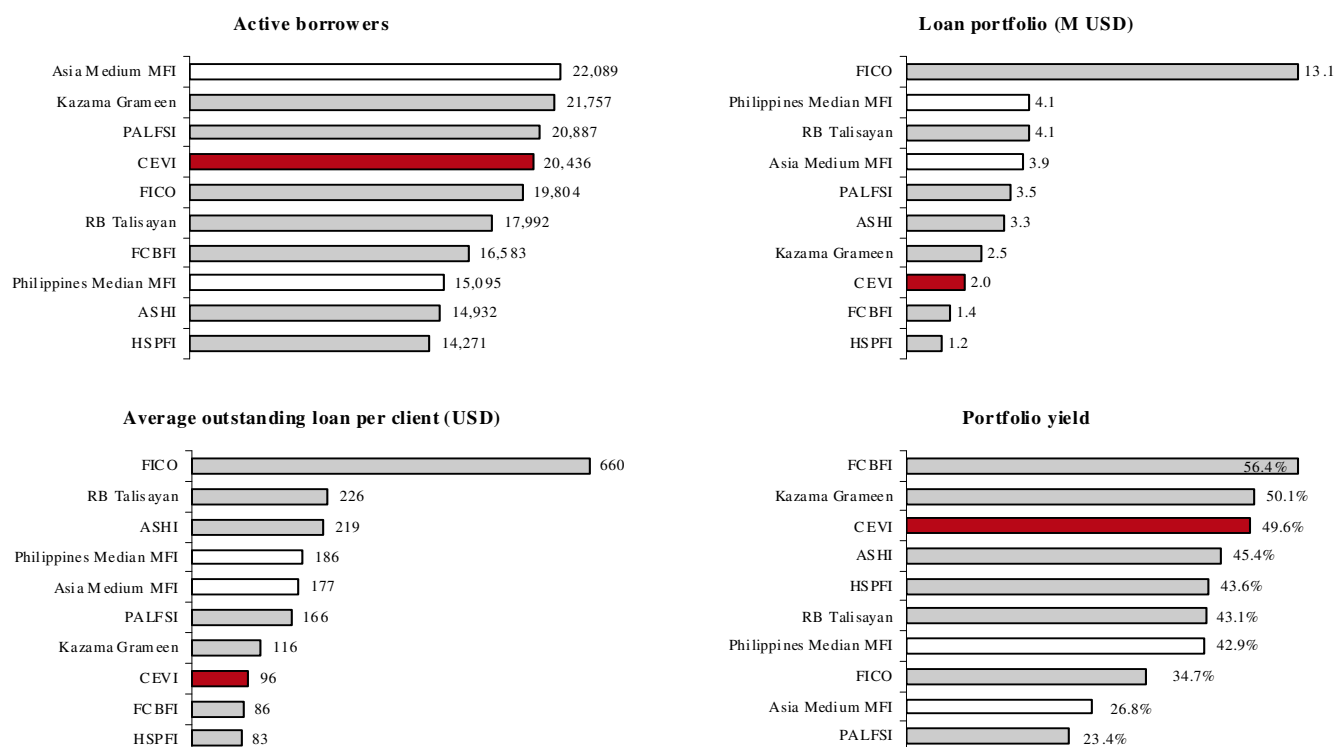
⁴⁰ From December 2008 to June 2009, CEVI calculated that 37% of new clients were below the national poverty line, using the previous version of the PPI. The reliability of this data cannot be ensured (cf. section on social performance monitoring).

⁴¹ All new clients receive a pre-credit training (cf. institutional presentation).

⁴² EDOs provide health, education and financial literacy training at each cluster meeting. The number of each kind of these trainings is not tracked.

Benchmarking

Note: in the absence of benchmarks on social performance indicators, institutional performance indicators are provided for informative purposes.



Source: Planet Rating data as of September 2008 for CEVI; MixMarket figures for Philippines MFIs as of Dec 2008, except for FCBFI (Dec 2007); MIX peer group: Asia Medium MFI (2M USD > Gross Loan Portfolio > 8 M USD). MIX Asia Benchmarks refer to median MFIs for 2007.

Note: CEVI's peer group in the Philippines includes: ASHI (Ahon Sa Hiras Inc.), FCBFI (FCB Foundation, Inc.), FICO (First Isabela Cooperative Bank), HSPFI (Hagdang Sa Pag-uswag Foundation Inc.), Kazama Grameen, PALFSI (People's Alternative Livelihood Foundation of Sorsogon, Inc.), and RB Talisayan (Rural Bank of Talisayan).

Formulas

Portfolio yield: Portfolio revenue / 13-month average gross outstanding portfolio.

Retention rate (Waterfield/CGAP formula 1): repeat loans / repaid loans.

Retention rate (Schreiner): end borrowers / (beg. borrowers + new borrowers).

Retention rate (Waterfield/CGAP formula 2): (end borrowers - borrowers with the same loan during the period) / (beg. borrowers + new borrowers - borrowers with the same loan during the period).

Retention rate (MixMarket): (beg. borrowers + new borrowers - end borrowers) / ((beg. borrowers + end borrowers)/2)

Penetration rate: active clients / number of households

Rating Scale

Rating	Definition
5+	Advanced: Long-lasting commitment to social goals; efficient management of social performance and social responsibility risks; institution very likely to achieve a positive social impact.
5	
4+	Convincing: Clear commitment to social goals; reasonable management of social performance and social responsibility risks; institution likely to achieve a positive social impact.
4	
3+	In progress: Clear intent to reach social goals; social performance management systems being implemented.
3	
2+	Incipient: Clear intent to reach social goals; low capacity to manage social performance.
2	
1+	Intangible: Intention to reach social goals is non tangible; low level of management of social performance.
1	