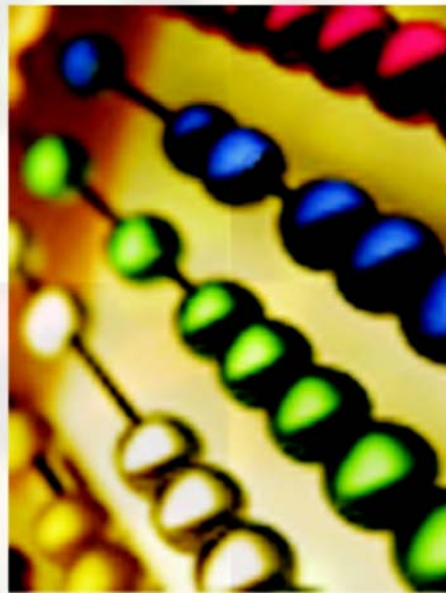


INAFI Bangladesh



There is More to Life Than Making a Living

Looking for Social Impact Assessments
of Microfinance: Developing Indicators



Foreword

Social impact assessment of microfinance is more than just the monitoring of performance outcomes of microfinance programs. There are broader and longer-term questions relating to the direct and indirect social impacts of microfinance services on clients and non-clients, their communities and the local and national economies of the countries in which they live. For example, whilst gender impacts are often seen as integral to broader impact assessment questions, it is important that they are explicitly raised. The question of wider social impacts for example links to the recognition of the constraints that the wider society imposes in terms of norms of behavior, rights and perceptions of the value of what people do. In terms of the MFI and its methodology, the social impact assessment process can help in thinking through how social factors may influence the operations of the MFIs, and its impacts. In the design and implementation of social impact assessment processes there are a number of points that need to be considered to ensure that the data is open to sociological and anthropological analysis and credible. These relate for example, to the establishment of a sociometric baseline, the type of information collected and indicators used, the approaches and methods used to collect data, and the way in which data is collected.

Social impact assessment of microfinance has not come a long way, indeed. There are a number of methodological challenges remain, and debates continue amongst academics as to whether it is possible to prove social impact of microfinance. However, a number of tools and methodologies have been developed so far and used by researchers around the world to measure social impacts of microfinance. But we in INAFI think that given the wide range of contexts, objectives, stakeholders, skills and resources of individual MFIs it is essential that each MFI think through their own impact assessment process for them. The experience of others should provide guidance, but should never be a must-follow model. We know, indicators do exist to facilitate this type of study, but are generally viewed as being too complex, and time consuming and expensive to be used by researchers/MFIs. However, usage of simple indicators can have a significant role in social impact assessment of microfinance in terms of cost-effectively gathering information. They can also contribute to the process of making MFIs more sensitive to client needs, more empowering for clients, and ultimately increasing their effectiveness in terms of impact.

Based on the above-mentioned premise, INAFI Bangladesh is pleased to publish this thematic paper to encourage initiating social impact studies of MFIs. We appreciate wide readership, usage and feedback of this thematic paper.

Thanks.

Atiqun Nabi
Executive Director
INAFI Bangladesh

Social Development Indicators

Social Development Indicators

Concept Note

Introduction

Microfinance, and the impact it produces, goes beyond just financial assistance. Over the past decade, studies have shown that the poor use financial services not only for business investment in their micro-enterprises, but also to invest in health and education.¹ Evidence from the millions of microfinance clients around the world demonstrates that access to financial services also translates into better nutrition and improved health outcomes for women and children, increased empowerment and social networks, increased adult literacy, and basic access to improved sanitation, shelter and other basic assets.² Microfinance is unique among development interventions: it can deliver these social benefits on an ongoing, permanent basis and on a large scale. Microfinance thus offers the potential for a self-propelling cycle of sustainability and massive growth, while providing a powerful impact on the lives of the poor, even the extremely poor. Evidence shows that this impact intensifies the longer clients stay with a given programme, thus deepening the power of this virtuous cycle.

With the fierceness of discourse surrounding the Millennium Development Goals, the importance of the social impact of development projects is appropriate for microfinance practitioners in particular, to ensure not only the economic and financial, but also the social and humanistic development of the world's poorest. A BRAC study demonstrates that members who were involved in microfinance for more than four years in Bangladesh increased household expenses by twenty-eight percent and household assets by one-hundred and twelve percent³, but what larger impact has this had on social well-being? Has this meant, for example, increased education for members' children, or better access to health infrastructure? Successful development is a result of backward and forward linkages between increased education, better health, financial success, and

¹ Sultana, N., "Conceptualizing Livelihoods of the Extreme Poor," LEP Report, p. 35, mimeo

² Mutesasira, L. (2001), "Innovations in Financial Services: Lessons for Bangladesh from East African MFIs", Dhaka: Microsave, p. 6

³ S. Mustafa, et al, (1996), "Beacon of Hope: An Impact Assessment of BRAC's Rural Development Programme", (Dhaka, Bangladesh: BRAC).

empowerment. Social well being is therefore essential to the objective of poverty alleviation, and must be related to any efforts to evaluate the effectiveness of microfinance.

Taking from the case studies of INAFI's partner organisations as well as from relevant literature, this paper aspires to make concrete several social impact indicators as core microfinance benchmarks, in addition to financial and economic empowerment. They are as follows:

- Improved household health, nutrition and sanitation facilities
- A standard level of education for children and improved adult literacy
- Stronger social networks for micro-credit members
- Increased female empowerment.

Social Development: theory and definition

Social impact refers generally to positive changes in client well being, and may consider such issues as employment, skill development, asset increase, investment, health, education, empowerment, and political participation. Additionally, social development analysis explores the linkages between these components. Going beyond the client level, social development encompasses changes in community norms, values, and traditions, and also includes the performance and effectiveness of institutions. Most importantly, social development is not a static reality. It is a continual process, and indicators are necessary to investigate and understand all of the factors contributing to this process, especially if there is to be some causal relationship established between microfinance services and social performance.

INAFI's Role

INAFI recognises that social impact indicators are imperative in holistically understanding the effectiveness of microfinance. INAFI partner organisations embrace INAFI's mission and vision of providing clients with demand-driven services, meaning that they combine their financial products with social development services tailored to each client's specific needs. This is because INAFI recognises that while a member may annually increase her loan size, savings amount, and number of assets, these benchmarks tell us little of her overall development if not coupled with increased living, health and educational standards. In this fiercely competitive MFI market, properly gauging the social development of clients is also crucial in justifying donor funding and attracting commercial funding, improving

operational efficiency, and ensuring demand-driven products for clients.

INAFI is also cognisant of the fact that a standardisation of basic social impact indicators is necessary if its partner organisations are to compare the humanistic development of their clientele to one another. This being said, the social impact indicators chosen must reflect the diversifying characteristics and needs of clients, and the varying methodologies, missions, and operations that exist among INAFI partner MFIs.

Identifying Indicators

Choosing a proper set of indicators is a challenging task, for many components must be taken into consideration. Is the social benchmark qualitative or quantitative in nature? Is the unit of assessment the individual, the household, or the community? Are the indicators genders specific? How does each of the indicators correlate with one another? After careful analysis, INAFI has developed a set of social indicators that qualitatively and quantitatively assess an increase in the quality of well being of both the individual client as well as the household unit. To create a strong basis of comparison, each indicator needs to be measured in two control groups: micro-finance recipients and non-recipients.

Education and literacy

Improved access to children's education

Children's education is vital in breaking the cross-generational transcendence into poverty. It is widely known that when poor households in Bangladesh attain greater income, one of their first investments is in the education of their children. An impact study of a microfinance program in Uganda, conducted for the USAID-AIMS project, found a significantly higher level of schooling for the children of credit recipients than non-recipients, but what are the deeper intricacies of this measure? There are several sociological and cultural components to consider when assessing if the quality and level of education of microfinance recipients' children has improved in Bangladesh.

1. Promoting the education of girl children

It is known that throughout Bangladesh, for various cultural and economic reasons boys are more likely to be educated than girls are.⁴ Obtaining simply a standard record of the number of recipients' children attending school does not shed light upon this gender disparity. In order to comprehend how many families are transcending these boundaries and educating their daughters despite economic and social concerns is a valid indicator of family, financial and gender development.

Measurement indicators:

Perform a quantitative household survey of microfinance recipients to assess the number of girl children in the household that are enrolled in school.

Double-check the results of this survey with the schools themselves to ascertain the regular attendance of these enrolled girl children.

Perform qualitative interviews with recipients whose girl children are not enrolled in school in order to more comprehensively understand the reasons why and how they can be encouraged.

2. School enrolment of children age 15 and higher

It is common for children in Bangladesh to be pulled out of school after their primary years so they can bring in additional family income, help the family with household chores and agricultural responsibilities, and due to the financial burden of higher education. For this reason, it is imperative to measure how many children above the age of 15 are enrolled in school, and even more so, how many children continue on to college or even university.

Measurement indicators:

Perform a quantitative household survey of the number of children over 15 enrolled in school.

Verify this list with the schools to ensure their regular attendance

⁴ It should be noted, however, that the current situation is different, as families with girl children receive government stipends for educating their daughters. This reality has turned the tables and girls are now currently enrolled in schools more than boys.

Perform a qualitative survey with recipients whose eldest children are not attending school to more comprehensively understand the reasons why

3. Level of child literacy

Due to familial and financial constraints, children of poor families often do not enrol in formal schools, but many times engage in informal education or home tutoring. Therefore, a more appropriate measure of a child's comprehension, knowledge, and their ability to secure financial opportunities in the future is their level of literacy.

Measurement indicators:

Create and conduct a literacy test (with appropriate scoring) to determine the literacy level of recipients' children

Perform this test bi-annually to see how their reading skills have been improved. The same study can be done among non-recipients' children for a basis of comparison in reading level.

4. School enrolment rate and drop out rate

An obvious and easily implemented quantitative indicator is the number of microfinance recipients' children enrolled in school as compared to non-recipients' children. Similarly, by comparing the dropout rates of the two control groups, it is possible to deduce whether micro-finance has any effect on keeping children in school.

Measurement indicators:

Do a quantitative count of the number of microfinance recipients whose children are enrolled in school. Also do a quantitative count of the number of recipients' children who have dropped out of school. Create a control group of non-recipients, and do the same quantitative study on non-recipients' children to compare the difference.

5. Regular school attendance

While enrolment and dropout rates are telling of a correlation between microfinance and children's schooling, it misses a very crucial point: are children being enrolled in school simply so their families can receive government stipends or other external benefits? The only way

to determine if the children enrolled in schools are actually serious about education is to monitor the frequency of their attendance.

Measurement indicators:

This will be more labor intensive, as it requires personally checking in with the schools each day to determine if the enrolled recipients' children are regularly attending their classes. MFI workers should at random monitor children's attendance records for a period of a week, and this should be done a few times a year for each student. A log sheet should be kept of recipients's child that shows their attendance record. To ensure there is no corruption or data bias, it is imperative that this exercise be done by the MFI.

6. Adult literacy

Aside from children's schooling, another relevant educational indicator is the level of literacy of microfinance recipients. Several MFIs have created literacy programs for their clients, such as mobile libraries, in an attempt to increase their basic level of reading and writing. MFIs realise that the lack of this basic skill makes microfinance clients susceptible to exploitation and keeps them from attaining pertinent information necessary for their survival and advancement. It is possible to measure both quantitatively and qualitatively the number of clients who have become literate through a micro-finance programme, and how much they have increased their basic level of literacy since joining a credit programme.

Measurement indicators:

It is important for the MFI to develop a reading test for MFI clients. The reading test should deal with pertinent, 'real life' information, such as a document pertaining to their legal rights, or the market prices for goods bought and sold, etc. An appropriate grading system should be developed that can show the recipient's progress over time. This test should be performed yearly, the scores logged, and overall performance charted for the sake of annual comparison.

Health, nutrition and sanitation

Illness is generally the most important crisis for poor families. Deaths in the family, taking time off from work when sick, and healthcare related expenses can deplete a family's incomes and savings. They can lead to selling assets and indebtedness. For microfinance clients

illness is usually the main reason for being unable to repay loans. Because larger and more stable incomes lead to better access to healthcare, sanitation and nutrition, households of microfinance recipients often have better health and sanitation practices than non-recipient households. Better access to nutritious foods, health and sanitation infrastructure can be broken down into the following indicators:

Sanitation

1. Access to a tubewell and latrine

A strong indicator of improved sanitation and hygiene is access to safe drinking water and a latrine. Because safe drinking water and hygienic behaviour produces positive externalities which benefit not only the household, but the entire community, several MFIs have taken initiatives to either provide microfinance clients with tubewells and latrines at discounted rates, or provide with them sanitation loans so they can implement these items. If investing in tubewells and latrines increased on behalf of clients after programme intervention, this is a positive indication of the strength of microfinance and sanitation.

Measurement indicators:

To quantitatively measure the effects of sanitation, the most obvious indicator would be to keep a log of whether or not each microfinance client physically owns a tubewell or latrine. Aside from physical ownership, however, it is important to qualitatively keep a record of behavioural change.

- Is there a tubewell shared among neighbors that they now use since getting involved in microfinance?
- If there is not a physical latrine, is there a makeshift latrine or relative's latrine that is now used?
- If they do not currently own a tubewell or latrine, do they have a plan as to how to obtain one? What is this plan and how will they execute it?

Nutrition

2. Improvement in physical health characteristics

Studies show that a 10-percent increase in credit to women was associated with a 6.3-percent increase in mid-arm circumference of daughters. Mid-arm circumference of sons also increased, though by a smaller amount. There was also a statistically significant positive effect on height-for-age for both boys and girls.⁵ A change in physical characteristics of children is a good indicator of increased nutritional value and heightened food consumption.

Measurement indicators:

Quantitatively the easiest way to measure increased nutritional health of children is by measuring the mid-arm circumference of recipients' children bi-annually, starting from the time their mothers obtained microfinance loans. The same exercise can be performed for recipients themselves to monitor the change in physical health.

Another indicator is measuring the height for children at the time their mothers obtain loans, and conducting this test bi-annually. The results should be logged and charted to show the overall increase (or deterioration in children's health.)

A nutritional analysis, where all types and amounts of food consumed by the family for 3 days is carefully logged, and this is done bi-annually to meticulously measure change in nutritional diet.

Health

3. Use of contraception

A survey conducted in Bangladesh indicated that rates of contraceptive use were significantly higher for microfinance clients (59 percent) than for non-clients (43 percent).⁶ This is generally due to

⁵ Mark M. Pitt, et al, "Credit Programs for the Poor and the Health Status of Children in Rural Bangladesh," *International Economic Review*, forth-coming

⁶ S.R. Schuler and S.M. Hashemi, "Credit Programs, Women's Empowerment, and Contraceptive Use in Rural Bangladesh," *Studies in Family Planning* 25, no. 2 (1994)

greater awareness of contraceptive programs gained by attending group meetings and from increased mobility that allows women to seek out such services. As HIV/AIDS is becoming an increasingly prevalent concern, contraceptive use is a vital indicator of basic health awareness and practices among micro-finance households

Measurement indicators:

Microfinance households need to be interviewed regarding their contraceptive use, and a log kept of whether the family uses contraception, which type, and for how long. They should also be asked questions in regards to unprotected sex to see if their awareness of consequences has increased. A survey of this sort should be done annually to see if microfinance has affected their sexual responsibility and general knowledge.

4. Combat malaria and other illnesses

Malaria and diarrhea are the biggest causes for infant mortality in Bangladesh. As microfinance recipients receive greater access to healthcare and basic health education, a decrease in malaria and other illness related deaths is a good indicator of microfinance's positive correlation with good healthcare (immunisations and other preventative measures, as well as emergency healthcare.)

Measurement indicators:

Recipients' children's immunization records should be analyzed, and a log kept with all newborn children to see if immunizations have increased. Households should also be interviewed to better understand the preventive measures taken to decrease malaria and other illnesses. These quantitative and qualitative results should be logged and compared year to year.

5. Increase in maternal and pre-natal care

Studies show that microfinance participants engage in better breast-feeding practices, and their one-year-old children were healthier than non-client children in terms of weight-for-age and height-for-age were. Clients also showed significant positive changes in a number of health practices—breast-feeding immediately after birth (so newborns get colostrum), introducing liquids and first foods to infants, and giving rehydration therapy to children with diarrhea. This is an important indicator in assessing whether increased health access and education

has in fact improved the health of mothers and babies involved in credit programmes.

Social Networks

A natural by-product of microfinance (particularly the group model) is that clients are exposed to a new array of social networks, both horizontal (within the same socio-economic level, i.e. with other microfinance clients) as well as vertical (networks that transcend socio-economic boundaries, i.e. with village elite.) A study done by BRAC argues that microfinance recipients are able to climb to higher rungs of poverty on the economic ladder, not only due to the financial assistance they receive, but because of their increased stock of social capital.⁷ It is this increase in social networks that often open up doors for the poor and slowly 'push' them out of poverty. Whether or not clients' social relationships and networks have improved can be measured by a few of the following indicators:

1. Access to village elite

Those of higher socio-economic standing, such as village elite, provide the poor with access to the resources and agency capacity necessary to respond to crises and maintain a sustainable livelihood. Without these social networks, it is very difficult for the poor to receive certain types of assistance and opportunities necessary to slowly escape poverty. Through microfinance programmes many clients build networks with village elite – either through formal collaborations initiated by the MFI, or informally due to their association with prominent MFIs. Improved relations with village elite are an important indicator of improved social capital for the poor.

Measurement indicators:

Both quantitative and qualitative measures can be implemented to closely monitor MFI recipient relations with village elite. In-depth qualitative interviews can be conducted with both recipients and neighboring village elite to understand the nature of the relationships. It is imperative to get at issues such as recipients' willingness to

⁷ K. Huda, S. Rahman, C. Guirguis, 'Building social capital for the ultra poor: challenges and achievements,' Dhaka and Ottawa: BRAC and Aga Khan Foundation Canada, 2005, vi, 22p. (CFPR-TUP Working paper Series No. 6)

approach village elite for assistance, the types of assistance they receive from village elite, and how the village elite treat them when they are approached, and how this relationship is mutually beneficial (for instance, are the village elite driven by altruism, or are they getting something in return from MFI recipients?) A quantitative analysis can also be done, where a survey questions dealing with trust between elite and recipients, eagerness to help, approachability, etc, are asked and assigned numeric values. Regressions can be run to understand where the correlations are strong, and where they are weak.

2. Communal acts of solidarity and mobilisation

One of the most prominent features of microfinance is the increased solidarity that occurs due to group meetings, etc. This increased solidarity has often caused acts of mobilisation among microfinance members and allowed them to gain political presence, secure resources from the government, fight social injustices, etc. Relationships among those who share the same socio-economic background grant the poor an independent voice and enable them to collectively move to higher levels of poverty. The frequency and strength of collective movements is a good indication of increased empowerment due to microfinance.

Measurement indicators:

This can also be understood through qualitative and quantitative surveys. Regardless of the nature of the survey, it is important to understand all of the instances where MFI recipients collectivized as a group to fight for a common purpose, how these events were organized, who were the leaders, and what the outcome was. An annual analysis should be done to understand if the horizontal relationships and acts of solidarity among MFI recipients have increased or decreased.

3. Exclusion

Social exclusion is a reality of poverty. The poor are often caste aside and looked down upon by others in their community. A by-product of microfinance is the overcoming of this exclusion, where clients' increase in income level, household assets, and correlation with reputable MFIs often result in increased status. This often causes them to be further integrated and accepted by their communities. A qualitative assessment of how microfinance recipients have overcome (or fallen deeper into) social exclusion is an important indicator of how microfinance alters social status, and therefore, social belonging.

Measurement indicators:

Again, this can be measured through survey questions both quantitatively and qualitatively, but the importance questions to get at are as follows:

- What vulnerabilities and shocks have the recipients experienced over the past year? How as the community as a whole as well as their microfinance loan group assisted them in overcoming these shocks and vulnerabilities? Before becoming a microfinance recipient, how did they deal with these shocks? Did anyone in the community come to their assistance?
- How are they treated overall since becoming a microfinance recipient? Do they feel a connection with a 'group' (i.e. other loan recipients) that they previously did not feel? Has their status in the community increased as their income has increased? Has this increased status resulted in greater social networks with community members?

Gender empowerment

Microfinance programs have generally targeted women as clients. Women often prove to be more financially responsible with better repayment performance than men. Also it has been shown that women are more likely than men to invest increased income in the household and family well being. Perhaps most importantly, access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities. But such empowerment is by no means automatic—gender-related issues are complex, and every aspect or indicator of microfinance inherently involves gender. Through appropriate indicators, it is possible to assert whether program design has in fact established strong, positive effects on women's empowerment, resulting in women owning more assets, and having a more active, equal role in the household as well as the community.

1. Household decision-making

The Women's Empowerment Programme (WEP) did a study which illustrates that 68 percent of microcredit members in Bangladesh were making decisions on buying and selling property, sending their daughters to school, negotiating their children's marriages, and

planning their family⁸ – all decisions traditionally made by men. How has the decision-making power shifted among clients of INAFI's partner organisations?

Measurement indicators:

Qualitatively or quantitatively, the main issues to understand are the following:

- Who is controlling the loan? Who makes the decisions about how the loan money will be utilized?
- Do women recipients have an increased say in how the household income from the loan will be spent? Has it translated, for instance, in more nutritious food and better education of children?
- Do loan recipients have a greater say in household decisions such as family planning, children's marriages, buying and selling property, and the education of girl children?

2. Physical mobility

In countries such as Bangladesh, the physical mobility of women is extremely restricted. Yet women who are affiliated with credit programmes are known to stretch these limitations. Widows or divorced women often travel by public transport to other towns and cities to sell their products – a feat that was not possible before they received loans. Has the affiliation with microfinance increased the physical mobility, and therefore the autonomy, of clients?

Measurement indicators:

Important indicators to look at here are as follows:

- How far do women recipients go geographically to expand their businesses? Has increased mobility enabled them to take public transportation to go outside of their immediate community to sell their goods?

⁸ Holvoet, N. (2005), "The Impact of Microfinance on Decision-Making Agency," *Development and Change*, vol. 36, no. 1, New York: Blackwell Publishing, p. 34

- Has increased physical mobility since joining an MFI enabled them greater autonomy in other aspects of their lives, such as going to markets further away to do their shopping, etc.? Or has their physical mobility, and therefore overall autonomy, decreased since joining an MFI?

3. Ownership of physical assets

Property rights and legal ownership of assets is a contentious issue in Bangladesh, as deeds and contracts are often done in the husband's name, putting women in vulnerable and often precarious situations. As microfinance participants have greater access to legal counseling and MFIs are connected to legal bodies, clients seem to be more aware of their legal rights pertaining to the ownership of assets. Has microfinance participation led to an increase in land and other asset ownership of clients?

Measurement indicators:

Through a survey, the following issues should be understood:

- Since joining an MFI, which old physical assets (if any) have been transferred to the recipient's name? Which new assets have been purchased in her name?
- Out of productive assets, consumption assets, and livestock, which assets are under the ownership of the micro-finance recipient?

4. Self-confidence

Results from microfinance studies in Bolivia and Ghana indicate that program participation led to increased self-confidence in women and improved status within the community clients. In her study, Naila Kabeer finds that in microfinance programmes changes occurred at a personal level in the form of increased self-worth. At the level of the household, she finds that women's increased contribution of resources led, in a great majority of cases, to declining levels of tension and violence. Women often reported feeling an increase in affection and consideration within the household with longer program membership. Increased self-confidence is a strong contributing factor to decreased domestic violence, increased physical mobility, and an overall increase

in female autonomy.⁹An assessment of self-confidence is a good indicator of how programme strength has altered clients' self-perceptions, which is invariably linked to increased or decreased independence.

Measurement indicators:

Self-confidence is a difficult thing to assess, as there are no concrete indicators to determine its increase or decrease. This needs to be qualitatively analyzed through interviews dealing with self-perceptions, and important questions surrounding the issue are as follows:

- Does the recipient feel she is taken more seriously by her household when providing input regarding financial and household decisions?
- Does the recipient feel more confident in asserting her opinion when making financial and household decisions?
- Does she assert herself more in her community, whether it be in the form of giving advice, organizing community action, voicing an injustice, etc.?
- If she is a victim of domestic violence or other crimes, is she more vocal in reaching out for assistance to other organizations/relatives/neighbors/village elite?
- Is she more aware of her rights and assertive in demanding these rights?

4. Political participation

There appears to be a strong correlation between microfinance and female political empowerment, in terms of participation in political mobilisation or running for political office. Several MFIs encourage their clients to run for government elections, and there have been several cases in Bangladesh where clients were voted in as elected officials. Increased political participation is a strong indicator of increased self-worth, increased political knowledge, and important in

⁹ Naila Kabeer, "*Money Can't Buy Me Love*": *Re-evaluating Gender, Credit, and Empowerment in Rural Bangladesh*, IDS Discussion Paper No. 363 (Brighton, UK: Institute of Development Studies, University of Sussex, 1998)

increasing social status and overcoming social exclusion.¹⁰ It is therefore an imperative indicator of female and social empowerment.

Measurement indicators:

Through survey questions, it is important to understand the following issues:

- Has the recipient run for local elections since joining an MFI?
- Has the recipient voted more often since joining an MFI?
- Has the recipient assisted a candidate in her election campaign?
- If her husband is politically involved, has the recipient become more engaged in his political endeavors? How so?
- Has she encouraged others to run for local office? Have others encouraged her?
- What are her thoughts surrounding women and political participation? How have her thoughts changed since joining an MFI?

¹⁰ Kabeer, N. (2003), "Gender Inequality, Most Pervasive Form of Inequality," New York: UNESCAP, Vol. 3, No. 3, p. 22

Conclusion

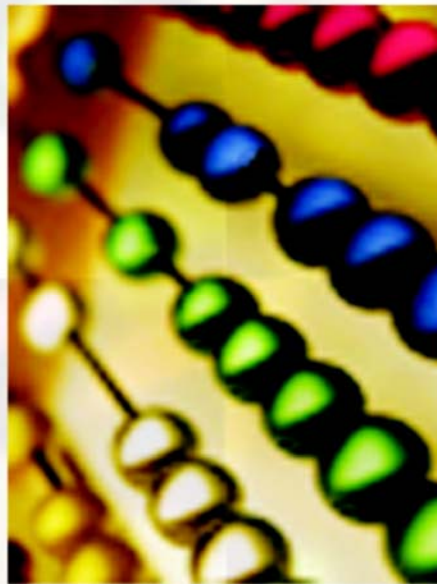
Creating an appropriate and standard social development indicators for each country of the INAFI network is a significant challenge, but one that INAFI believes will result in concrete improvement in the sector. Proper impact assessments where sensitive indicators are chosen answers the pertinent questions: can microfinance be plausibly linked to positive changes in financial, economic, and social well being of clients? Can microfinance be linked to negative changes in client well being? Stand alone financial indicators do not provide the in-depth analysis into humanistic and livelihood aspects that effectively determine if microcredit is holistically working to change people's lives. In this International Year of Microcredit and amidst the humdrum of the Millennium Development Goals, INAFI recognises the vital importance of selecting a proper set of social development indicators that can be assessed, cross-analysed and compared to reveal a telling story of the social, financial, and economic power of microfinance.

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INAFI Bangladesh



International Network of Alternative Financial Institutions (INAFI)
Navana Shefali, Apt #2D, House #11, Road #14, Gulshan-1, Dhaka-1212, Bangladesh
Contacts: 880-2-8853576, 880-2-8811613. E-mail: inafi-bangladesh@inafi.net