



Course Information for 2010 Course Syllabus

Course: Benchmarking
Faculty: Blaine Stephens
Week: Week 3 (August 2-6)
Time: Afternoon (2:30-5:30pm)
Format: 5 - 5 day elective (Monday - Friday)
Language: English

Course Description

Healthy microfinance sectors rely on strong retail institutions. Effective performance monitoring and benchmarking (PMB) systems provide a powerful tool to all actors engaged with MFIs to assess and reinforce institutional strength. Such systems allow managers to understand performance within a rapidly evolving industry, and create realistic targets for institutional growth. Donors and investors use performance data to identify promising institutions, assess risk and set targets. Regulators and networks rely on these data to track sector health and promote industry development. This course takes participants through the processes and systems involved in performance monitoring and benchmarking. From this process perspective, participants will review concepts from industry reporting standards and apply them at each stage in the process, from information collection to performance analysis. With a focus on building scalable performance monitoring systems, this course focuses on core industry business reporting, including key outreach and financial performance indicators, used in quantitative MFI analysis.

This course uses short exercises and case studies to teach basic elements of performance measurement and benchmarking, as well as discussion to highlight current debates on issues in reporting standards. Participants are frequently asked to present their analysis of MFI performance at various stages in the course.

Additional Course Information

Objectives

In this course, participants will:

- Learn the principle steps (data collection, preparation, analysis) in creating benchmark quality data;
- Review standard institutional performance indicators; and
- Practice benchmarking MFI performance with case study institutions using trend and comparative analysis.

Prerequisites

This course will assume that participants have basic familiarity with financial statements and ratios and their application to microfinance institutions through either experience or study.

Audience / Participants

Benchmarking MFI Performance targets actors who wish to monitor or review the performance of a portfolio of MFIs, whether for investment, technical support, regulatory or other purposes. While primarily designed to meet the needs of these second tier actors, past MFI participants have found this course useful in helping them understand how to benchmark their own institution's performance.

Methodology

This course uses short exercises and case studies to teach basic elements of performance measurement and benchmarking, as well as discussion to highlight current debates on issues in reporting standards. Participants are frequently asked to present their analysis of MFI performance at various stages in the course.

Reading List

Bruett, Tillman, Ed., "Measuring the Performance of Microfinance Institutions: A Framework for Reporting, Analysis, and Monitoring", SEEP, 2005.

"Microfinance Financial Reporting Standards: Measuring Financial Performance of Microfinance Institutions," SEEP, 2010, *draft for public comment*.

Rosenberg, R., Mwangi, P, Christen, R., Nasr, M., "Disclosure Guidelines for Financial Reporting by Microfinance Institutions", CGAP, July 2003.

"2009 Africa Microfinance Analysis and Benchmarking Report", MIX and CGAP, May 2010

"2009 Arab Microfinance Analysis and Benchmarking Report", MIX, CGAP, and Sanabel, May 2010.

"2009 Asia Microfinance Analysis and Benchmarking Report", MIX, March 2010.

“2009 Eastern Europe and Central Asia Microfinance Analysis and Benchmarking Report”, MIX and CGAP, February 2010.

“2009 Latin American Microfinance Analysis and Benchmarking Report”, MIX, March 2010.

Outline

General: Participants will progress day-by-day through the various steps necessary to building a performance monitoring and benchmarking system:

Day 1-2:

Collection:

- What data do we need for performance analysis?
- Does an MFI already produce the necessary information?
- Does data quality matter?

Reliable, timely, meaningful data are the prime inputs into performance analysis. Participants will review their own performance monitoring needs before considering key question of data availability, potential sources of information and relative reliability.

Day 2-3:

Preparation:

- How do available data fit with international reporting standards?
- Why do we adjust data for benchmarking?
- What indicators matter in measuring MFI performance?

While data are the inputs, processes and systems for performance monitoring are what transform the raw material into useful information. Participants will practice applying industry reporting standards (terms, adjustments, indicators) to data from real MFIs, discuss their limitations and the importance of building widespread acceptance of them.

Day 4-5:

Analysis:

- How is this MFI performing?

- How has its performance evolved?
- Where does it stand compared to the rest of the market?

Drawing on large pools of reliable market data on MFI performance, analysts can identify MFI strengths and weaknesses, inform investment decisions, survey a market, and set future performance targets. Participants will review benchmarking and comparative analysis before undertaking their own MFI performance assessments.