



M2i's Experience in Microfinance

Title	Duration	Client	Page
Implementation of Risk Management Framework in 5 MFIs	June 2012-May 2015	International Finance Corporation	3
Adaptation of Global Risk Management Framework of IFC to MFI's context	Mar 2012-June 2012	International Finance Corporation	3
Code of Conduct Assessments of 42 MFIs	Nov 2010-Mar 2015	SIDBI, Sa-Dhan and MFIs	4
Study on Credit enhancement practices - institutional lending to MFIs - Role and impact of portfolio risk fund	Sep 2013-Dec 2013	Price WaterhouseCoopers (PWC)	4
Social Performance Ratings	Apr 2014-May 2015	MFIs	5
Loan Portfolio Audit of 14 MFIs	Apr 2008-Mar 2015	Various Banks including SIDBI, ICICI Bank, Axis Bank	6
Training and knowledge documentation for Risk Management	June 2013-Mar 2015	International Finance Corporation	6
Diagnostic Assessment of 65 MFIs	Sep 2006-Sep 2009	ICICI Bank, Plan International, FEM and MFIs	7
Training on Credit and Operational Risk Management for MFIs	Apr 2008-Mar 2015	MFIs and Banks	7
Developing Operational Risk Management System for an MFI	Jan 2012-Mar 2013	Fusion Microfinance Pvt Ltd	8
Operational Risk Management advisory for a Microfinance Bank in Nigeria	Aug 2011-Oct 2011	Intellectap	8
Equity valuation of AMK Cambodia	Mar 2009 & Mar 2010	Concern Worldwide	9



Enabling Sustainable Enterprises

Strategic Business Planning for MFIs and housing finance companies	Apr 2006-Mar 2015	MFIs, Housing Finance Companies MFI promoters and Investors	9
Client Protection Assessment	Oct 2013 – Nov 2013	Cambodian Microfinance Association	10
Process Mapping and preparation of operations manual for the BC operations of Ratnakar Bank Ltd	May 2013-June 2013	Ratnakar Bank Ltd	10
Training on Microfinance Related Issues	Apr2006-Ongoing	Banks, MFIs, Industry Associations, Investors, Funding agencies.	11
Support for developing Vision Document for the North East Region of India	Jan 2010 – Mar 2010	ACCESS Development Services	12
Study on value created by Revolving Loan Fund in Indian Microfinance Sector	Jan 2010-Feb 2010	ACCESS Development Services	12
Process Mapping and preparation of operations manual for MFIs	Apr 2006-June 2014	MFIs	13
Process advisory for Group of Groups (GoG) product for Yes Sampann - the microfinance vertical of Yes Bank	July 2009-Dec 2009	ACCION Technical Advisors India	14
Review of JLG product of Yes Sampann - the microfinance vertical of Yes Bank	Feb 2009 – Mar 2009	ACCION Technical Advisors India	14
Design and launch of microfinance vertical	Jan 2008-Dec 2008	Satin Creditcare Network Ltd	15



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Title of Assignment	Implementation of Risk Management Framework in 5 MFIs
Duration (From – To)	June 2012-May 2015
Details of Client	International Finance Corporation
Short Description about assignment	
<p>Under the assignment, M2i was involved in:</p> <ul style="list-style-type: none"> • Diagnostic assessment of Risk Management System at the MFIs • Implementing comprehensive Risk Management Framework covering the following modules: <ul style="list-style-type: none"> ▪ Risk Governance ▪ Internal Capital Adequacy Assessment Process (ICAAP) ▪ Credit Risk ▪ Operational Risk ▪ Liquidity Risk ▪ Market Risk and ▪ Risk culture 	

Title of Assignment	Adaptation of Global Risk Management Framework of IFC to MFI's context
Duration (From – To)	Mar 2012-June 2012
Details of Client	International Finance Corporation
Short Description about assignment	
<p>IFC has developed a Global Risk Assessment Framework based on international microfinance and risk management experience. IFC wanted to adapt this framework in Indian MFI's context. Under this assignment, M2i was involved in</p> <ul style="list-style-type: none"> • Review of IFC's global risk assessment framework • Review of regulatory aspects in the context of Indian MFIs, • Review of risk management needs of MFIs during workshops and visits • Adaptation of IFC's risk management module to suit the needs of Indian MFIs. 	



Title of assignment	Code of Conduct Assessments of 42 MFIs
Duration (From – To)	Nov 2010-Mar 2015
Details of Client	SIDBI, Sa-Dhan and MFIs
Short Description about assignment	
<p>M2i maintains that for micro-finance to sustain, sound operational management practices, which strongly emphasize on ethical behavior and responsible lending, are imperative.</p> <p>In order to assess adherence to ethical operational practices, M2i pioneered Code of Conduct Assessments (COCA), performing the first of these assessments in the microfinance sector across the globe. Since the time the first COCA was performed by M2i in December 2010, these assessments have been used widely by banks and MFIs in India to assess adherence to ethical operational practices. Codes of Conduct Assessments (COCA) have also resulted in improved adherence to client protection principles and regulatory standards.</p> <p>Assessment of MFIs are done on the following Code of Conduct dimensions</p> <ul style="list-style-type: none"> • Client origination • Loan appraisal and pricing • Client data security • Staff conduct • Grievance redressal and feedback mechanism, • Integrating Social Values into Operations. <p>Assessment is done using ADDO framework developed by M2i which assesses various dimensions on Approval (A), Documentation (D), Dissemination (D) and Observance (O) aspects. Adherence to RBI's directions for MFIs is also assessed.</p> <p>Each COCA requires visits to the MFI's head office, a sample of branches and interaction with clients for assessing policies and processes.</p>	

Title of Assignment	Study on Credit enhancement practices - institutional lending to MFIs - Role and impact of portfolio risk fund
Duration (From – To)	Sep 2013-Dec 2013
Details of Client	Price WaterhouseCoopers (PwC)
Short Description about assignment	
<p>The Portfolio Risk Fund Programme is an initiative of the Govt. of India to provide financial support to micro-finance institutions through a Fixed Deposit Receipt security fund. This enables micro-finance institutions to leverage funds for on-lending from SIDBI. SIDBI had appointed PricewaterhouseCoopers Private Ltd. (PwC) and M2i as consultants</p>	



to undertake the study.

M2i was involved in

- Review of literature and relevant past assessment of institutional lending of MFIs
- Survey of 25 Microfinance Financial Institutions (MFI) and 5,000 beneficiaries
- Impact Assessment of the outreach and access of the MFIs due to the multiplier effect of the intervention of PRF fund by GOI through SIDBI
- Impact Assessment of improvement in clientele quality in terms of social background
- Assessment of creation of new financial intermediaries, Impact Assessment of the intervention on different sects of the society, especially marginalized and oppressed sections, and women on various fronts such as economic, social and political.
- Review of financial awareness initiatives taken by Microfinance Institutions
- Review of the programme relevance and assessment of its future in terms of prospect for the future.

Title of Assignment	Social Performance Ratings
Duration (From – To)	Apr 2014-May 2015
Details of Client	MFIs
Short Description about assignment	
<p>Microfinance Institutions aim to achieve double bottom-line i.e. combining financial sustainability with meeting social goals as defined by their mission.</p> <p>Stakeholders are interested in knowing whether the MFI’s mission is in line with the social objectives for which the investors wants to deploy the funds. A social rating not only provides an independent analysis of an MFI’s social performance but evaluates an MFI’s social commitment within its context.</p> <p>M2i rates the MFIs on the following dimensions</p> <ul style="list-style-type: none"> • Social Goals and Strategies • Responsibility towards clients • Responsibility towards employees • Products and delivery mechanisms • Depth of outreach • Balance of social and financial performance <p>Assessment is done using ADDO framework developed by M2i, which assesses various dimensions on Approval (A), Documentation (D), Dissemination (D) and Observance (O) aspects.</p>	



Title of assignment	Loan Portfolio Audit of 14 MFIs
Duration (From – To)	Apr 2008-Mar 2015
Details of Client	Various Banks including SIDBI, ICICI Bank, Axis Bank
Short Description about assignment	
<p>M2i’s loan portfolio audit is a comprehensive exercise that –</p> <ul style="list-style-type: none"> • Assesses compliance between MFI’s stated credit policy and operations • On a sample basis, cross-checks MFI records with those of clients, at the clients location • Checks accuracy of the internal reports generated by the MFI • Checks accuracy of the reports and documents submitted to the investors and the lenders • Confirms physical identity of the clients on a sample basis • Analyzes and reports the key risks that the MFI faces 	

Title of Assignment	Training and knowledge documentation for Risk Management
Duration (From – To)	June 2013-Mar 2015
Details of Client	International Finance Corporation
Short Description about assignment	
<p>The assignment had two major components:</p> <ul style="list-style-type: none"> • TRAININGS <p>Under this component, M2i was involved in the development of training modules covering Risk Governance, Risk Categories in MFIs, Risk assessment and monitoring & preparation of risk reports. M2i also delivered training at 5 locations in which over 100 people participated.</p> • KNOWLEDGE DOCUMENTATION <p>Under this component, M2i documented key learning from the implementation of Risk Management System in MFIs. The learning document was spread over two volumes.</p>	



Title of Assignment	Diagnostic Assessment of 65 MFIs
Duration (From – To)	Sep 2006-Sep 2009
Details of Client	ICICI Bank, Plan International, FEM and MFIs
Short Description about assignment	
<p>M2i conducted institutional assessment of the identified MFIs on the following parameters:</p> <ul style="list-style-type: none"> • Strategy and governance • Social performance management • Risk Management • Human Resources • Internal control systems • Operational monitoring • Portfolio quality • Capital adequacy • Profitability and sustainability 	

Title of Assignment	Training on Credit and Operational Risk Management for MFIs
Duration (From – To)	Apr 2008-Mar 2015
Details of Client	MFIs and Banks
Short Description about assignment	
<p>M2i has developed a training module on Credit and Operational Risk Management for MFIs. This training module has been delivered to staff at all levels in the MFIs. Important aspects covered in this training include.</p> <ul style="list-style-type: none"> • Definition of risk • Types of risks • Risk governance structure • Credit risk management <ul style="list-style-type: none"> ○ Sources of credit risk ○ Indicators of credit risk (PAR, write-off) ○ Strategies to control credit risk ○ Credit risk reports • Operational risk management <ul style="list-style-type: none"> ○ Sources of operational risk ○ Analysing external environment ○ Code of conduct compliance ○ Grievance redressal process ○ Key man Risk 	



- Business continuity and disaster recovering plan
- Key risk indicators for Operational Risk
- Role of Internal audit in Operational Risk
- Operational risk reports

Title of Assignment	Developing Operational Risk Management System for an MFI
Duration (From – To)	Jan 2012-Mar 2013
Details of Client	Fusion Microfinance Pvt Ltd
Short Description about assignment	
<p>Fusion is an MFI operating in northern India having about 100,000 clients. We provided advisory to set up a risk management system focusing on operational risk. M2i was involved in:</p> <ul style="list-style-type: none"> • Assessment of existing risk management system • Identification of important operational risks faced by the MFI during participatory workshops • Listing of risks in a risk register • Identifying indicators for measuring operational risk • Defining a system of computing consolidated risk scores on the basis of the indicators 	

Title of Assignment	Operational Risk Management advisory for a Microfinance Bank in Nigeria
Duration (From – To)	Aug 2011-Oct 2011
Details of Client	Intellectap
Short Description about assignment	
<p>M2i provided advisory to a Microfinance Bank to improve its operational risk management. M2i was involved in</p> <ul style="list-style-type: none"> • Identification of important operational risks faced by the MFI during participatory workshops • Identifying indicators for measuring operational risk 	



Title of Assignment	Equity valuation of AMK Cambodia
Duration (From – To)	Mar 2009 & Mar 2010
Details of Client	Concern Worldwide
Short Description about assignment	
<p>Concern Worldwide was a majority shareholder in the AMK Cambodia, one of the most prominent MFIs in Cambodia. It wanted to divest some of its equity to a new set of investors. Valuation of equity was required to be done to determine the price at which sale of shares could be undertaken.</p> <p>M2i prepared financial forecasts on the basis of the financial projections of the company and undertook valuation using the widely accepted valuation methodologies. We also helped Concern Worldwide in negotiating with the potential investors.</p>	

Title of Assignment	Strategic Business Planning for MFIs and housing finance companies
Duration (From – To)	Apr 2006-Mar 2015
Details of Client	MFIs, Housing Finance Companies MFI promoters and Investors
Short Description about assignment	
<p>M2i has developed strategic business plans for several microfinance institutions, housing finance companies and programs. A Strategic business plan has the following components.</p> <ul style="list-style-type: none"> • Mission and vision • Governance • Organizational strategy for <ul style="list-style-type: none"> ○ Geographical expansion ○ Products ○ Risk management ○ Human Resources ○ MIS and accounting system ○ Operational monitoring ○ Internal Audit ○ Client feedback and grievance redressal mechanism • Business and Financial projections ○ Outreach projections ○ Projects cash flow statements ○ Projected balance sheets 	



- Projected income statements

Title of assignment	Client Protection Assessment
Duration (From – To)	Oct 2013 – Nov 2013
Details of Client	Cambodian Microfinance Association
Short Description about assignment	
<p>The Client Protection Principles, CPP (SMART Campaign) for microfinance seek to ensure that providers of financial services to low-income populations take concrete steps to protect their clients from potentially harmful financial products and practices, thereby ensuring that the clients are treated fairly..</p> <p>M2i assessed the MFI on the following CPP parameters.</p> <ul style="list-style-type: none"> • Avoidance of Over-Indebtedness. • Transparent Pricing • Appropriate Collections Practices. • Ethical Staff Behavior • Mechanisms for Redress of Grievances. • Privacy of Client Data 	

Title of Assignment	Process Mapping and preparation of operations manual for the BC operations of Ratnakar Bank Ltd
Duration (From – To)	May 2013-June 2013
Details of Client	Ratnakar Bank Ltd
Short Description about assignment	
<p>Process mapping refers to the diagrammatic representation of various steps involved in an activity. Process mapping helps the management to visualize organizational processes and improve them. Process mapping involves, study of the organization's systems, policies and processes at Head Office as well as branch/field office level. The critical processes reviewed are:</p> <ul style="list-style-type: none"> • New branch opening process • Client origination process (marketing meeting, group formation, CGT, GRT etc.) • Credit process (loan application mobilization, loan appraisal, loan sanction, disbursement, collection, data entry, loan utilization checks) • Delinquency management process • Prepayment and pre-closure process 	



- Insurance handling process
- Grievance handling process
- Cash management process
- Monitoring process
- Statutory Compliance process

In addition to the review of above-mentioned processes, Process, mapping also include:

- Preparation of brief step-wise narratives for the reviewed processes
- Preparation of flow charts for the reviewed processes.
- Recommendation for improving the processes
- Preparation of comprehensive operations manual

Title of Assignment	Training on Microfinance Related Issues
Duration (From – To)	Apr2006-Ongoing
Details of Client	Banks, MFIs, Industry Associations, Investors, Funding agencies.
Short Description about assignment	
<p>M2i has trained Board members and staff of MFIs on various management related issues. Till March 2015, M2i had delivered 160 trainings. All our training modules have been developed in-house and are customised to the needs of the clients. Some of the important training modules are</p> <ul style="list-style-type: none"> • Risk Management • Equity Valuation and Investments • Financial Analysis • Delinquency Management • Accounting and Financial Reporting • Responsible Microfinance • MFI Processes • Leadership. Motivation and Team Building • Organisational Communication 	

Title of Assignment	Support for developing Vision Document for the North East Region of India
Duration (From – To)	Jan 2010-Mar 2010



Details of Client	ACCESS Development Services
Short Description about assignment	
<p>M2i provided support in preparing Vision Document of Microfinance for the North Eastern Region (NER) of India. The assignment involved:</p> <ul style="list-style-type: none"> • Assessment of the current status of microfinance in the North Eastern Region. • Discussion with key stakeholders. • Drafting of the vision document. • Presentation of the vision document to the key stakeholders and its finalization. 	

Title of Assignment	Study on value created by Revolving Loan Fund in Indian Microfinance Sector
Duration (From – To)	Jan 2010-Feb 2010
Details of Client	ACCESS Development Services
Short Description about assignment	
<p>ACCESS Development Services (ACCESS) managed a Revolving Loan Fund for CARE India. The fund was called Livelihoods Innovation Investment Fund (LIIF) and was deployed among 29 NGO-MFIs in five States. The total fund deployed was Rs 111.5 million.</p> <p>M2i carried out two separate studies on ‘Value created by Revolving Loan Fund in Indian Microfinance Sector’, in February 2009 and then in February 2010. The first study was to look at the investment strategies, positioning and targeting of the LIIF and its impact on the 29 MFIs where the RLF had been deployed. In the second study, the focus was on the problems faced by the smaller MFIs, particularly those who were delinquent or were finding it difficult to repay the loan. The study also explored the impact of the global financial crisis on the LIIF partners. Under the study M2i specifically carried out following activities:</p> <ul style="list-style-type: none"> • Secondary literature review and comparison of LIIF with other similar funds • Review of processes followed under LIIF: for identification and deployment of funds across MFIs • Review of monitoring process • Meeting partner MFIs and taking their feedback on efficacy of fund and the ease of processes • Analysis of delinquencies: Meeting delinquent MFIs and analyzing the problem faced • Financial analysis of fund’s performance • Provided recommendations on funds focus, structure and processes 	



Title of Assignment	Process Mapping and preparation of operations manual for MFIs
Duration (From – To)	Apr 2006-June 2014
Details of Client	MFIs
Short Description about assignment	
<p>Process mapping refers to the diagrammatic representation of various steps involved in an activity. Process mapping helps the management to visualize organizational processes and improve them. Process mapping involves a study of organization's systems, policies and processes at Head Office as well as branch/field office level. The critical processes reviewed are:</p> <ul style="list-style-type: none"> • New branch opening process • Client origination process (marketing meeting, group formation, CGT, GRT etc.) • Credit process (loan application mobilization, loan appraisal, loan sanction, disbursement, collection, data entry, loan utilization checks) • Delinquency management process • Prepayment and pre-closure process • Insurance handling process • Grievance handling process • Cash management process • Monitoring process • Statutory Compliance process <p>In addition to the review of above-mentioned processes, Process, mapping also include:</p> <ul style="list-style-type: none"> • Preparation of brief step-wise narratives for the reviewed processes • Preparation of flow charts for the reviewed processes. • Recommendation for improving the processes • Preparation of comprehensive operations manual 	

Title of Assignment	Process advisory for Group of Groups (GoG) product for Yes Sampann - the microfinance vertical of Yes Bank
Duration (From – To)	July 2009-Dec 2009
Details of Client	ACCION Technical Advisors India
Short Description about assignment	
<p>Yes Bank is one of the leading commercial banks in India. In 2009, the bank had launched the Group of Group (GoG) based microfinance program on a pilot basis. We advised the</p>	



organization in defining operational processes and policies, preparing process maps and documenting process maps and policies in the form of an operations manual.

M2i was involved in:

Developing processes and policies for

- Client origination
- Group formation and training
- Appraisal of loan applications
- Disbursement and collection
- Delinquency management

Title of Assignment	Review of JLG product of Yes Sampann - the microfinance vertical of Yes Bank
Duration (From – To)	Feb 2009-Mar 2009
Details of Client	ACCION Technical Advisors India
Short Description about assignment	
<p>Yes Bank is one of the leading commercial banks in India. In 2009, the bank had launched the Joint Liability Group (JLG) based microfinance program on pilot basis. Upon completion of the pilot, M2i reviewed approaches, practices and results of the pilot.</p> <p>The assignment involved,</p> <p>Review of</p> <ul style="list-style-type: none"> • Organizational structure • Operational process • Incentive systems • Training and recruitment system <p>Identification of best practices from the pilot</p> <p>Recommendations to improve policies and practices</p>	

Title of assignment	Design and launch of microfinance vertical
Duration (From – To)	Jan 2008-Dec 2008
Details of Client	Satin Creditcare Network Ltd
Short Description about assignment	
<p>Satin Creditcare Network Ltd is a Non-banking Financial Company established in 1990. Till 2008, the organization was lending to individuals in the markets of Delhi and nearby areas. At the same time, in 2008 the group-based microfinance model in India was starting to take off with growing interest of banks and private equity investors in the sector. Group-based microfinance model was being characterized by its ability to scale up faster</p>	



while maintaining very good repayment rates. Satin wanted to leverage its experience in the individual lending to start a group-based microfinance vertical. M2i provided advisory to the organization to set up group-based microfinance program as a separate vertical.

M2i was involved in all aspects of the launch of group-based microfinance vertical. specifically

- Conceptualization of the business model
- Design and mapping of operational processes
- Product development
- Recruitment of key staff including the head of operations
- Training of staff
- Development of appropriate MIS software
- Pilot roll-out in selected branches
- Business planning
- Articulation of strategy for scaling up

The group-based microfinance vertical of Satin has scaled up fast – in March 2015, the organization was serving 1.2 million clients through its 267 branches across India.