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This report provides an in-depth analysis of the social performance of ALIDé and should be read in conjunction with Inclusion [Africa]'s Global Social Performance Rating Methodology. The methodology is also available at www.inclusionafrica.org.

This report is not a credit rating or other opinion on creditworthiness.

Social Performance Assessment:

ALIDé

BENIN

Figure 1

SP Grade Snapshot

Final SP grade						
-	SP5	SP4	SP3	SP2	SP1	+
	0 - 29	30 - 49	50 - 64	65 ——— 77	78 - 100	

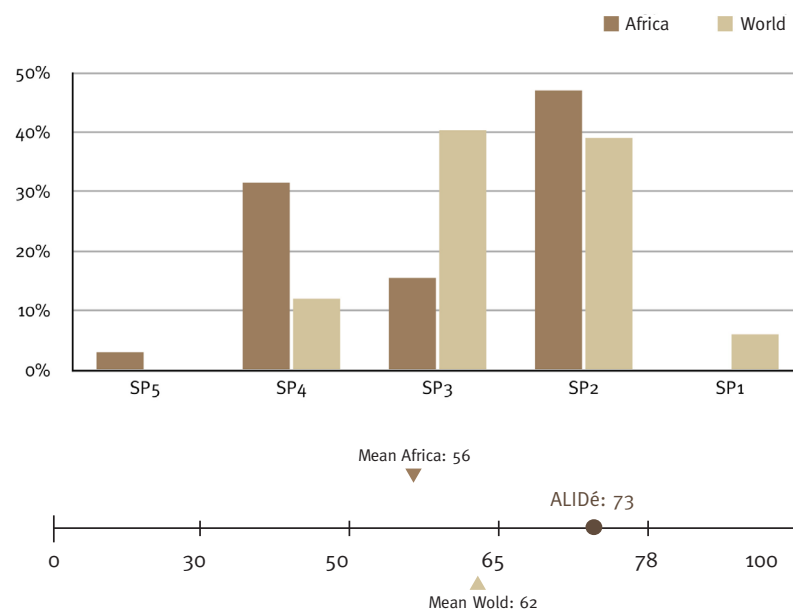
Scorecard-implied grade: SP2 / overall score: 73

ALIDé Snapshot

Year established	2006
Entity type	ASSOCIATION
Gross loan portfolio (F CFA)	3,269,456,616
Active borrowers	26,227
Average loan size (F CFA)	161,410

Figure 2

Global Benchmarking



Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard



Summary of Assessment Rationale

- » Inclusion [Africa] Ltd., a subsidiary of Inclusion [Social Ratings], has assigned a rating of SP2 to ALIDé following the evaluation of its systems to manage social performance.
- » The SP2 rating (good) assigned indicates that the infrastructure and processes of ALIDé demonstrate a strong likelihood that its actions are in the best interest of its clients, that this is at the heart of its priorities, and that risk negatively impacting customers and other stakeholders is low. ALIDé could further improve to raise its rating of SP2 to SP1 (excellent).
- » ALIDé has had a social mission since its inception in 2006. Its mission and social goals were restructured in 2012 and are subject to annual review. However, the concept of “disadvantaged client” and the proportion of rural customers reached should be better defined.
- » ALIDé demonstrates a strong commitment to women, and customers in poverty represent the majority of its portfolio (93% women, 87% ALODO¹ and Coup de Pouce² customers). However, only 18% of customers from ALODO and Coup de Pouce live below the national poverty line at the entrance stage.
- » Staff turnover rate is low. Both staff and members of the Board of Directors (BOD) have reasonable experience in microfinance social performance management. Some topics related to social performance are discussed during board meetings, although they do not appear as standing agenda items. Female staff ratio amongst loan officer staff is poor, and there is no formal succession or employee contingency plan.
- » ALIDé has a department dedicated exclusively to the management of social performance, and is headed by a Social Mission Manager.
- » ALIDé’s internal policies and procedures cover several aspects that ensure better protection of clients. A Code of Ethics validated by the Board is distributed internally. However, there is no real policy on customer complaint resolution.
- » ALIDé offers several types of products and services to its customers. Products and services offered cover loans, savings, training and social and family assistance. Insurance is not required or offered to customers and there are no mobile banking or money transfer services offered. ALIDé also provides loans to refugees and people living with HIV/AIDS .
- » ALIDé’s communication of terms & conditions, and loan recovery procedures is generally acceptable, especially with the group of credit customers known as “TOVI NONVI³”. However, customers do not always retain the information provided. Of concern is that the annual or effective percentage rate are not disclosed.
- » Since its beginning, ALIDé has performed field studies using various survey tools, to measure the changes in the lives of its customers. Every two years, customer satisfaction surveys are conducted. The social results submitted to and are available the MIX Market.
- » PPI information is integrated into the institution’s MIS and is expected to be fully utilized in 2015. However, some indicators of social change are not taken into account by the MIS, and a lack of full integration into the system limits the efficiency of its use.
- » Staff are evaluated monthly and annually (overall assessment) on the basis of criteria taking into account social indicators, portfolio quality, respect the code of ethics, and financial performance. Staff representatives are established as spokespersons for employee grievances.
- » No formal policy of environmental protection is in place.

¹ Individual loan to clients to support an economic activity. Loan amounts range from 25,000 to 500,000 F CFA.

² Individual loan aimed toward women in precarious economic states, for use to develop an economic activity. Amount ranges from 5,000 to 20,000 F CFA.

³ TOVI NONVI (“Brotherhood for a Bright Future” in the local language) is a solidarity loan product offered to groups comprised of between 7 and 40 members.



Institutional Profile

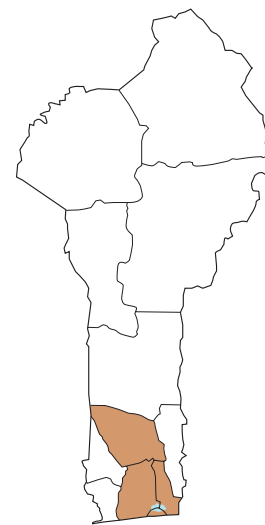
Mission Statement

“To improve the living conditions of the marginalized population by offering them quality financial and non-financial services.”

Key Data (31 March, 2015)	
Gross loan portfolio (F CFA)	3,269,456,616
Average loan size (F CFA)	161,410
Products:	
Loan types: Boost, ALODO, CHIGAN ¹ , agricultural, Akowé ¹ , staff and refugee	
Savings products: Demand deposits, time deposits, surety savings.	
Number of borrowers	26,227
Number of staff	140 full-time, 96 part-time
Customers per loan officer	505
Number of branches	11
Country of operation	Benin
Areas of operation	Atlantique, Littoral, Ouémé, Zou and Collines
Urban/Rural	69.37%/30.63%
Legal status	ASSOCIATION
Regulator	BCEAO, Ministry of Economy and Finance, WAMU Banking Commission

Figure 3

Geographic Footprint



¹ Individual loan to clients to support an economic activity. Loan amounts range from 500,000 to 10,000,000 F CFA.

² Individual loan to salaried clients. Loan amounts range from 200,000 to 10,000,000 F CFA.



SOCIAL INDICATORS	2012	2013	2014
% of rural customers	ND	ND	30.63
% of female customers	92.00	92.00	93.12
% of female active savers	90.84	91.62	90.37
% customers below \$1.25 per day	ND	21,2	ND
% customers below \$2.00 per day	ND	ND	ND
% customers below poverty line	ND	17.5	ND
% customers with no formal education	ND	ND	ND
Customer dropout rate	ND	ND	ND
Average loan balance per borrower/ per GNI capita	ND	ND	ND
% female employees	34.4	30	32

FINANCIAL INDICATORS	2012	2013	2014
Portfolio yield	27.93	28.34	23.94
Operating expense ratio	16.51	15.57	17.82
Financial expense ratio	ND	ND	ND
Provision and write-offs	0.52	0.95	1.45
Operational self-sufficiency	114.88	105.47	118.67
Capital/Asset ratio	20.04	21.28	20.07
Debt to equity ratio	3.99	3.70	2.15
Return on assets	2.80	1.03	3.78
Return on equity	13.09	4.97	18.17

The Association for the Struggle for the Promotion of Development Initiatives (ALIDÉ) is a Decentralized Financial System (SFD) or a Microfinance Institution (MFI), created in 2006. It received authorization to operate as a microfinance institution in Benin under license No. 3050/MEF/DC/CSSFD/SRSSFDD in 2013, under Law No. 2012-14 of 21 March 2012. The origins of the SFD are nevertheless older. ALIDÉ was created as a result of the institutionalization of the Savings Credit Program of the French Development Initiative NGO (ID) established in 1995. It initially conducted its business on the basis of an agreement granted by the State ID Benin in 2003, which was renewed in 2009 under No. 004/09/MEF/DC/CSSFD/SRE of 20 November 2009 operating as the new ALIDÉ association. The vision of the association is to “operate as a responsible microfinance institution, radiant and financially sustainable.” The association offers savings products and various funds to individual micro-entrepreneurs and groups of customers through a network of 11 agencies. It has its headquarters in Cotonou.

The governance of the institution consists of the General Assembly, the Board of Directors and Executive Management. Mr. Valere Houssou currently holds the position of Executive Director of the institution.

The institution has been able to progressively implement social performance dimensions into its processes (operations and systems). ALIDÉ feels that this is its principal strength. Since 2010, over 90% of borrowers are women.

ALIDÉ has relatively diversified financial resources. The current funding structure is based both accessing savings accounts and long-term debt. The main technical and financial partners of the institution are OIKOCREDIT, the National Fund for Microfinance, “Microfinance Solidaire”, and crowdfunding sites such as Kiva and “Don Boule de Neige”. The institution is a member of the Alafia Consortium, the Professional Association of MFIs in Benin.

In December 2014, the institution had 26,227 borrowers and 41,653 savers for outstanding loans of 3.27 billion CFA francs and savings deposits of 1.5 billion CFA francs. ALIDÉ reached profitability in 2011 with a return on assets of 3.5%. The institution continued on a positive trend with a return on assets of 3.78% in 2014.

In 2014, ALIDÉ received the first Award of Excellence for Best Microfinance Institution of Benin organized by Alafia.



SPR Factors – Scorecard-Implied Grades

Scorecard Snapshot

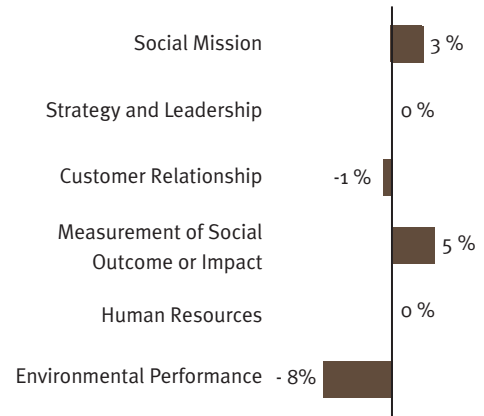
Figure 4

SPR Factor Table

FACTOR	SP5	SP4	SP3	SP2	SP1
Social Mission					87
Strategy and Leadership				72	
Customer Relationship				70	
Measurement of Social Outcome or Impact					98
Human Resources				72	
Environmental Performance	9				

Figure 5

Relative Contribution

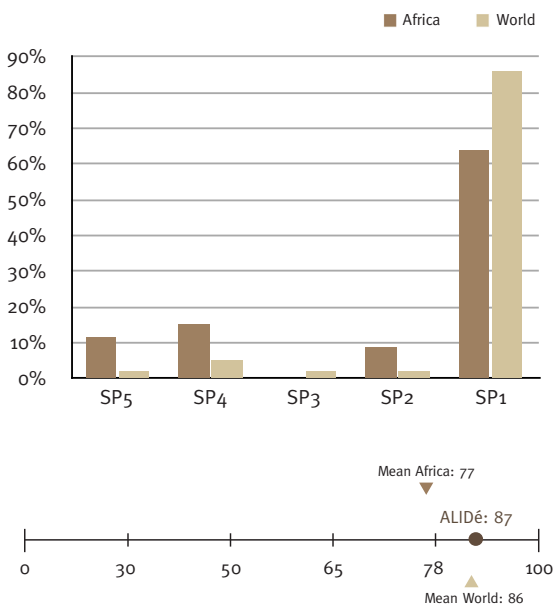




Global and Regional Comparison

Figure 6

Social Mission

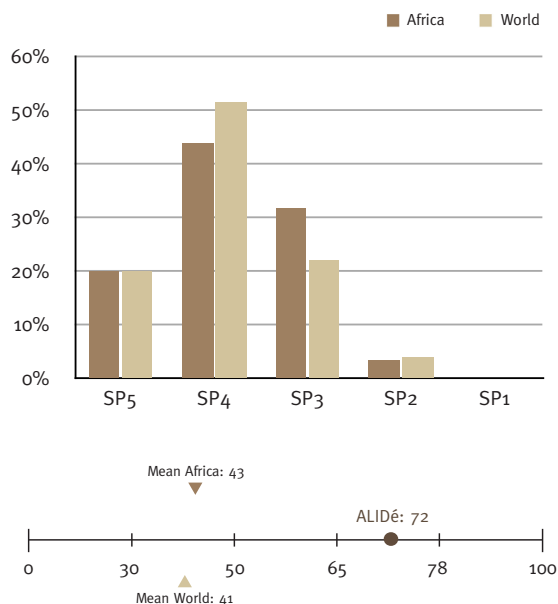


Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

- » The mission covers three social goals: the target client, customer satisfaction and positive change for customers.
- » Each goal has specific social objectives with measurable indicators. The mission focuses on increasing access to financial services, poverty reduction, job creation, increased access to education and health, gender protection, rural and access to underserved areas and populations.

Figure 7

Strategy and Leadership



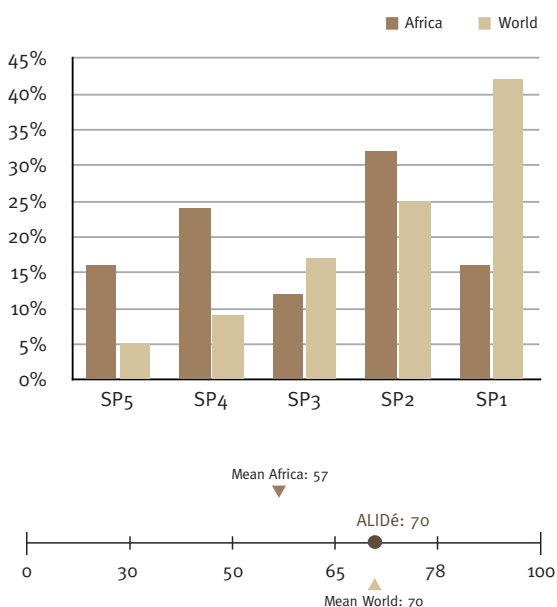
Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

- » Senior executives and other staff have a wide experience in the Microfinance and a reasonable level of Social Performance Management (SPM) experience.
- » The members of the board of Directors have very relevant and varied experiences. The Board includes a customer representative.
- » The Board may meet 8-9 times a year and discuss to some extent social performance issues.
- » ALIDé has a “Social Mission” department dedicated exclusively to SPM.



Figure 8

Customer Relationship

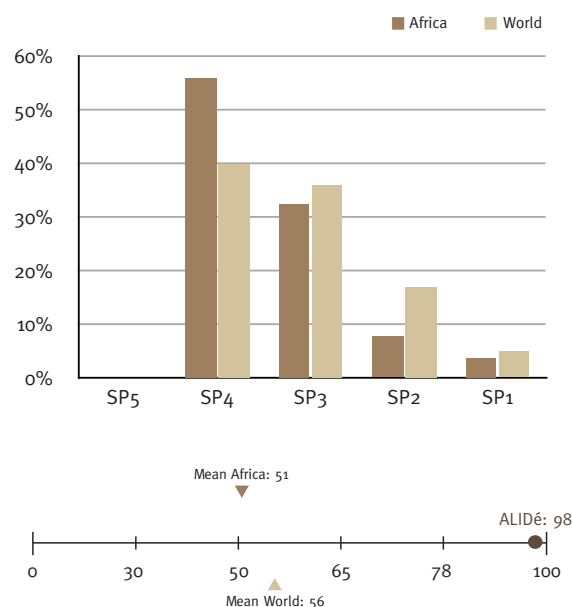


Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

- » ALIDÉ offers a wide range of financial products (loans, savings). Non-financial products offered include training in several areas and social and family assistance.
- » Product prices and their conditions are communicated to clients orally and in writing. Special attention is given to the group of credit customers, “TOVI NONVI”. Similarly an amortization schedule is provided to customers with the loan agreement. However the level of understanding of the terms and conditions by the customer is not always obvious. The overall effective interest rate is not displayed.
- » Policies regarding respectful treatment and confidentiality for customers are in place.
- » The development of new products is based on studies and take into consideration customer feedback.
- » A formal mechanism for customer complaints resolution is lacking.

Figure 9

Measurement of Social Outcome or Impact



Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

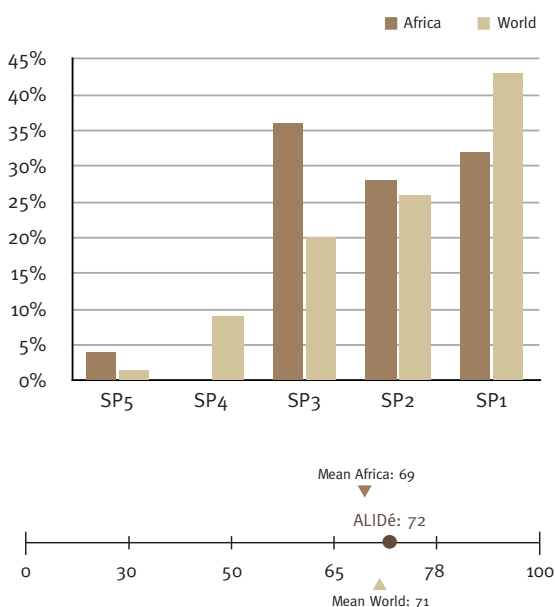
- » Some social data is captured in the internal MIS regularly during the lending and savings opening process.
- » PPI is integrated in the MIS and has been used since January 2015.
- » Life Stories of clients are published monthly to highlight the qualitative changes in the lives of clients. Customer satisfaction surveys are conducted every two years.
- » Certain social results are made available publicly through MIX Market.
- » The MIS does not take into account comprehensive indicators of social change.
- » The lack of an efficient system integration between branches and the headoffice leads to inadequate data production and reporting.



Global and Regional Comparison

Figure 10

Human Resources

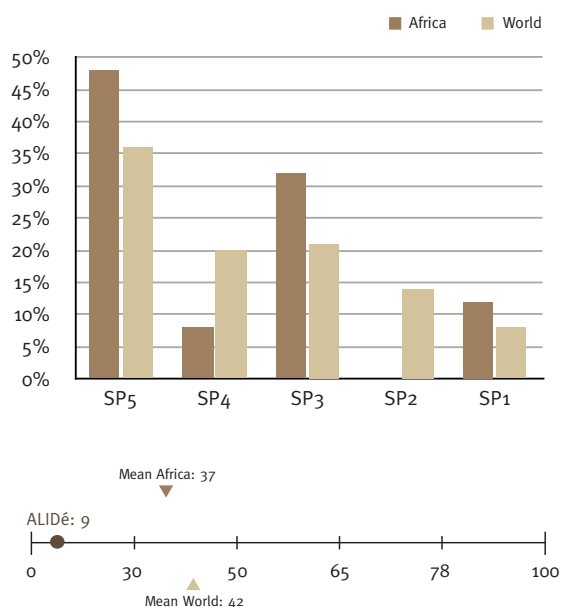


Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

- » The institution has an Administrative and Human Resources department headed by a senior manager.
- » Procedural manuals and a Code of Ethics are in place. They define the behavior and actions to be followed by employees in their dealings with customers.
- » The system of remuneration and promotion is transparent and respects the law. Monthly and annual staff evaluations are conducted and take into account, among other things, social indicators and portfolio quality.
- » Measures are taken to ensure good working conditions for staff.
- » The internal auditor produces reports on the application and any failure of the security system in place.

Figure 11

Environmental Performance



Sources: 2009 and 2010 MIX data and Inclusion [Africa] EPS Scorecard

- » Environmental protection policies are not yet defined.
- » Credit decisions do not take into account environmental factors, except the issue of illegality.



SPA Factor and Sub-Factor Analysis

Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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History of the social mission, goals and objectives | Focus of the social mission | Plans and communications for achieving social mission, goals and objectives

Scorecard-implied grade – SP1 (87)

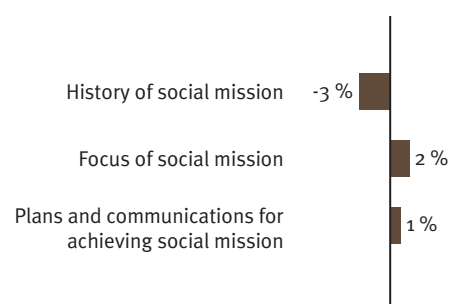
Figure 12

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
History of social mission				70	
Focus of social mission					91
Plans and communications for achieving social mission					89

Figure 13

Relative Contribution



Key Indicators

- » ALIDé has had a social mission from its inception in 2006. The mission, as well as goals and social indicators, were redefined in 2012.
- » The mission statement clearly indicates that ALIDé has an aim to contribute to improving the living conditions of disadvantaged people by offering quality financial and non-financial services.
- » The social goals of ALIDé contain social objectives and indicators which mainly cover the following fields:
 - Target market: ALIDé targets (i) each year at least 70% of new customers are disadvantaged, with 90% women, (ii) to open 3 new branches p.a., and (iii) to expand its coverage in new rural areas.
 - Improve customer satisfaction: ALIDé aims to increase the retention rate of customers by 65-70% by developing or improving products, formalizing the training of its customers and improving internal processes.
 - Positive change in the lives of clients: Positive change is reflected in the 5% annual increase of clients' access to health care, growth of their savings on a voluntary basis and improvement of their children's enrollment to 60%.
- » However, some indicators, or concepts, such as "disadvantaged client" and the proportion of rural customers targeted, lack a clearly stated definition.
- » The 2012-2016 business plan redefined and realigned the social mission, along with some social objectives and indicators, with the support of the MISION AFRICA project.
- » The social mission is well known to the staff. It is visible in all locations, on multiple websites and in reports.
- » Some of the goals and social indicators to be achieved are integrated into employee "mission statements" and in performance evaluations for the calculation of loan officer bonuses. However, these objectives and targeted social indicators are not well disseminated to ALIDés external partners (e.g. not presented on the ALIDé website).
- » Some social indicators are presented in the MIS dashboard, management monthly and quarterly operation reports, and to the MIX Market. Required central bank annual reports and for external partners require some statistical information on social performance.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Management quality | Governance | Outreach and access | Administrative setup

Scorecard-implied grade – SP2 (72)

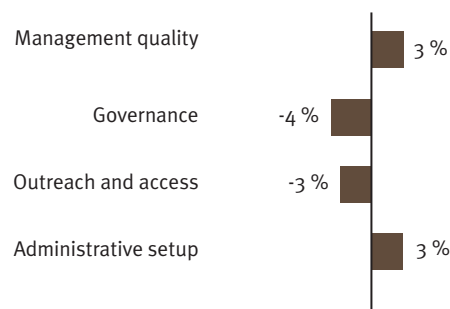
Figure 14

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Management quality					79
Governance			63		
Outreach and access			63		
Administrative setup					87

Figure 15

Relative Contribution



Key Indicators

- » The Board of Directors consist of 4 individual members and 1 client representative whose mandate has not been renewed since 2006. Two of the five board members are women. Board duties are not remunerated. Among the board members, one person has a secondary study and the other 4 have a BAC + 5 with varied expertise.
- » The staff turnover rate is low. Senior management have reasonable experience in both the management of social performance. However, there is no formal plan of succession or contingency in the event of departure of a senior employee occupying a strategic position.
- » In general, some topics related to social performance are discussed at Board meetings. Ad hoc topics related to social performance are discussed at management committee meetings, but no regular summary reports or monitoring of social objectives and indicators are covered. Likewise, there is a lack of monitoring SPM at the branch level.
- » Only 18% of customers of ALODO and Coup de Pouce, in their first credit cycle, are below the national poverty line. Of those, only 21.2% live on less than 1.25 dollars a day.
- » ALIDÉ has a department dedicated exclusively to the management of social performance under the responsibility of the “Social Mission Manager.”
- » The PPI is integrated into the MIS and is expected to be fully utilized in 2015. However, some indicators of social change are not taken into account by the MIS.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Management quality | Governance | Outreach and access | Administrative setup

Figure 16

SPR Sub-Factor Table

Sous Facteur	SP5	SP4	SP3	SP2	SP1
Experience of staff					83
Professionalism of staff				76	
Management turnover					94
Key worker risk			57		
MFI history/product history		44			
Availability and quality of training					88
Management transparency					100

Figure 17

Relative Contribution



Key Indicators

- » The Management staff has reasonable experience in the management of social performance in Microfinance as well as experience with the target market (average 10 years for executives and 4 for loan officers).
- » The staff turnover rate is very low (0% for executives and loan officers, 11% for middle managers in 2014), which could translate to employee satisfaction. This rate was 5.7% in 2014 for all staff. However no regular exit interviews are conducted in the event of departure of a loan officer to assess their satisfaction.
- » Each year, employees receive multiple days of training (average 32 days for loan officers). The trainings cover topics on social performance, credit management, prevention of over-indebtedness, collection, reception and customer communication, gender issues, and the safeguarding customer data.
- » Although there are records detailing the qualifications and requirements for each position, there is no formal plan of succession or contingency in the event of departure of an employee occupying a strategic position within the institution.
- » Financial products with high social characteristics have existed for nine years, since the creation of the institution. One of the strong socially-oriented financial products is credit “Boost”. ALIDé also provides loans to refugees and people living with HIV/AIDS.
- » ALIDé instituted periodic meetings called “Social Permanence” which are opportunities to listen, inform, advise and guide clients according to their needs. These meetings are facilitated by social workers who have received specialized training.
- » ALIDé has performed several social audits and a social rating. Reports are available on the MIX Market or on request. Moreover, social data are available to the eligible staff.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Management quality | **Governance** | Outreach and access | Administrative setup

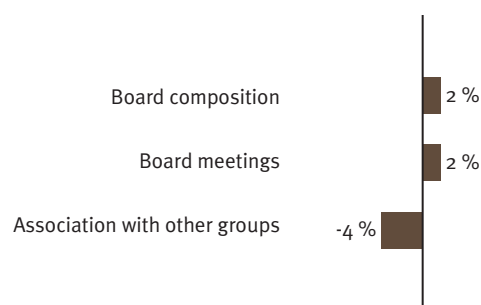
Figure 18

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Board composition				66	
Board meetings				67	
Association with other groups			52		

Figure 19

Relative Contribution



Key Indicators

- » The Board of Directors (5 people including 2 women) is composed of 4 individual members and 1 client representative who have been on the Board since 2006. They perform their duties as volunteers. Among the board members, one person has a secondary study and the other 4 have a BAC + 5. They also have a variety of skills in human resources, law, finance and accounting, business management, economic and social development, and public relation.
- » On average, the Board may meet 8-9 times a year (4 and 5 extraordinary statutory meetings). In general, some topics related to social performance are addressed. Members also attach particular importance to gender issues and to audit reports, which report on personnel practices. However, no summary or oversight reports are reviewed by the Board to monitor progress toward social objectives.
- » Board members are also involved in a diverse number of organizations (i.e. members of local community groups, NGOs and Business Association), which serve to reinforce their social responsibility views.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Management quality | Governance | **Outreach and access** | Administrative setup

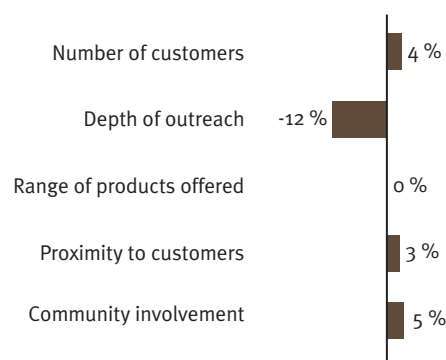
Figure 20

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Number of customers					78
Depth of outreach		33			
Range of products offered				65	
Proximity to customers				72	
Community involvement					82

Figure 21

Relative Contribution



Key Indicators

- » On December 31, 2014, there were 26,227 active borrowers at ALIDé, 93.12% of which were women. There were also 41,653 active savers, 90.37% of which were women. 30.63% of clients are in rural areas. The main target market of ALIDé, consisting of clients receiving “Boost” and “ALODO” loans, represents approximately 87.89% of the loan portfolio.
- » The report of a PPI pilot test with was completed in 2013 (latest data available), and was conducted on a sample of the main target (ALODO and Boost). It showed that only about 18% of the institution’s clients live below the national poverty line, with 21.2% of that target lives on less than 1.25 dollars a day.
- » ALIDé has several loan products it offers to individual or group clients. The following savings products are also available: Demand deposits, time deposits, savings guarantee. However, products such as mobile banking that can improve the proximity to customers or money transfer do not exist. Note that a mobile banking product is under development.
- » ALIDé also offers non-financial services to its customers including:
 - Social and family support: A set of interventions and actions focused on listening, counseling and advisory support, directed at alleviating difficulties faced by its customers.
 - The customer training on several topics: business management, women’s leadership, community health, family welfare, and financial education.
- » ALIDé has 11 service points as of May 30, 2015, spread over the whole of its coverage area. Loan officers travel to visit group clients for collection of loan applications, account openings and operations.
- » Several social activities are carried out for the benefit of the community: Celebration of International Women’s Day; ad hoc actions for orphans; SEO clients in partnership with local social promotion centers; organizing Christmas parties for the children of disadvantaged customers; the existence of social inclusion in which the customer is informed and supported in relation to social opportunities.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Management quality | Governance | Outreach and access | **Administrative setup**

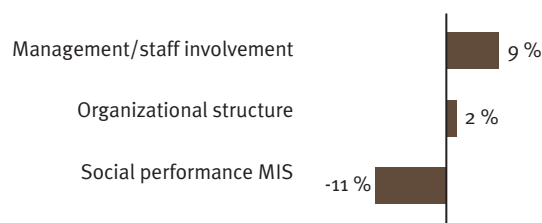
Figure 22

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Management/staff involvement					100
Organizational structure					100
Social performance MIS			51		

Figure 23

Relative Contribution



Key Indicators

- » ALIDÉ has a department dedicated exclusively to the management of social performance. This department is the responsibility of the “Social Mission Manager” which coordinates the work of Social Workers present at each agency. According to the job description, social workers have a responsibility to ensure the social monitoring of families and the development of inclusive Microfinance at ALIDÉ.
- » Several topics related to social performance are discussed at management committee meetings. However, this is not always the case at the branch office level.
- » The PPI is integrated into the firmware and is expected to be fully utilized in 2015. However, some indicators of social change are not taken into account by the MIS.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Customer protection | Customer service

Scorecard-implied grade – SP2 (70)

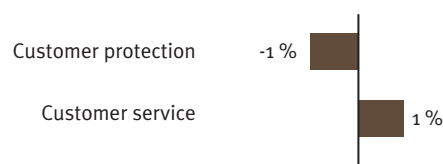
Figure 24

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Customer protection				68	
Customer service				73	

Figure 25

Relative Contribution



Key Indicators

- » In 2014, the customer retention rate was approximately 69.62%.
- » Communication from ALIDÉ on its terms and conditions and product recovery procedures is acceptable overall. However, customers do not always retain the information provided and the annual percentage rate or interest is not disclosed.
- » Internal policies and procedures of ALIDÉ cover several aspects that ensure better client protection.
- » While customer complaint resolution initiatives exist and are the responsibility of social workers, these do not fully meet best practices that ensure the safety, timeliness, confidentiality, and complaint history tracking, nor are relied upon for use in product development.
- » An internal database allows the MFI to check the history and track record of customers in the credit approval process.
- » ALIDÉ offers several types of products and services (loans, savings, education, social assistance) for the micro, small and medium enterprises, present in both rural and urban areas. No insurance services or products are offered.
- » The time it takes for approval on a loan is on average up to 14 days for individual and group loans. The disbursement after approval can take two days.
- » Customers automatically receive a detailed receipt for any transaction with ALIDÉ. However, savings accounts maintained whilst the loan is outstanding is not recorded in the client’s booklet.
- » In addition to the satisfaction surveys, customer opinions are collected during onsite meetings (i.e. training, visits, orientation).



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
----------------	-------------------------	-----------------------	---	----------------	---------------------------

Customer protection | Customer service

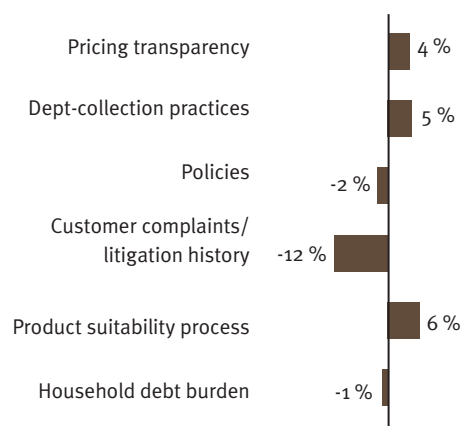
Figure 26

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Pricing transparency					83
Dept-collection practices					90
Policies			60		
Customer complaints/litigation history	7				
Product suitability process					93
Household debt burden				65	

Figure 27

Relative Contribution



Key Indicators

- » The annual nominal rate, penalties and certain terms and conditions are communicated verbally during sessions with clients and in writing in the loan contracts. Repayment schedules differentiate the principal and interest due. A loan calculator available on the ALIDÉ website allows anyone to access the interest and principal amount per month.
- » However, the overall effective interest rate is not communicated directly to the customer. It is found in the annual reports to external partners. In addition, no mention is made of the possible prepayment fees, nor are any posters or brochures about products displayed at branch offices.
- » Communication on interest earned on voluntary savings accounts and on mandatory collateral savings can be confusing, due to conflicting language in some documentation.
- » The loan officers are trained in how to communicate the prices of products to customers. Social workers use a training manual containing clear guidelines on how to explain the prices of products to customers. However, there is evidence that customers do not retain or understand fully the pricing of products. In addition, the videos used in customer awareness sessions are not available in all locations.
- » In addition to the audit process, executive management conducts field missions involving client visits.
- » Policies regarding the loan recovery are communicated to clients orally and in writing. Any delay or default of payment may be recovered from savings previously made by the borrower. However, customers do not always remember the steps that the institution will follow. In addition, third-party repayment guarantees may be required.
- » Internal policies and procedures cover many aspects that ensure better protection of customers, namely: criteria for assessing customers' repayment ability, respect for customer privacy, respectful treatment of customers, and communication and transparency, of terms and conditions of products.



- » Although customer complaint resolution do exist, they do not fully meet best practices. A resolution policy on customer complaints is being developed.
- » ALIDÉ takes into account the views of customers in the design of its products. Customer satisfaction surveys are conducted and considered.
- » An internal database allows checking the history of customers in the credit approval process, including consultation of the Central Exchange and Information System (CEI) operated by the Consortium Alafia. However, the IEC is not very functional.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Customer protection | **Customer service**

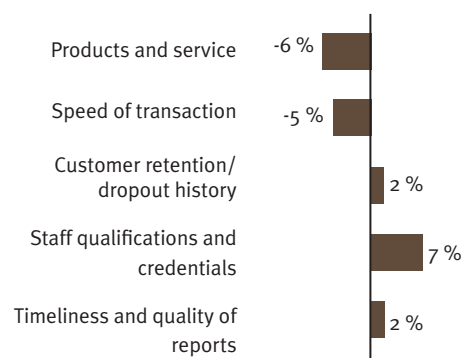
Figure 28

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Products and services			55		
Speed of transaction		47			
Customer retention/dropout history				77	
Staff qualifications and credentials					100
Timeliness and quality of reports					80

Figure 29

Relative Contribution



Key Indicators

- » The following loan products are offered to customers based on their needs: Boost, ALODO, CHIGAN, agricultural, Akowé, Opportunity. Added to this are loans to refugees, people living with HIV/AIDS and for staff. These products are intended for micro, small and medium enterprises, present in both rural and urban areas. Credit Life or disability insurance is required for customers borrowing over certain amounts. No other insurance products or services are offered.
- » The loan approval period could be improved. On average it takes up to 14 days for individual and group loans. In contrast, disbursement after approval is very good. It takes only 2 days regardless of the loan granted.
- » In 2014, the retention rate of customers was approximately 69.62%. This high rate may be explained by a short credit cycle and by some customers taking a short break between cycles. Taking into account these factors would result in a lower turnover number and reflect higher client loyalty.
- » The loan officers and others whose duties require interaction with customers have adequate levels of education (BAC + 3 minimum) and experience. Appropriate local languages in each area of intervention are spoken by staff.
- » Customers automatically receive a detailed receipt for any transaction with ALIDé. For loan payments, installment receipts specify the nominal interest paid. Customers have the ability to check at any time the status of their account. However, savings including earned interest whilst the loan is outstanding is not noted in the client's booklet.
- » In addition to client satisfaction surveys, customer opinions are collected during onsite meetings (i.e. training, visits, orientation). This practice is much stronger amongst the group of "TOVI NONVI" credit customers.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Participation in social outcome or impact studies | Explicit tool to measure social outcome or impact | Frequency of data collected on social outcome or impact | Transparency

Scorecard-implied grade – SP1 (98)

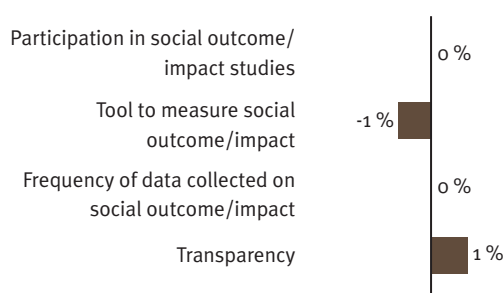
Figure 30

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Participation in social outcome/ impact studies					100
Tool to measure social outcome/ impact					93
Frequency of data collected on social outcome/impact					100
Transparency					100

Figure 31

Relative Contribution



Key Indicators

- » Since its inception, ALIDé participated in several external studies or in partnership with other organizations in assessing its social results or impact. “Life Stories” or customer successes are published monthly in partnership with the French NGO Entrepreneurs of the world. The institution also participated in 2013 and 2014 in studies commissioned by the American NGO, the Catholic Relief Service, on “SPM practice in Benin” and “Transversal Study on the Effects of SPM on Products and Services of MFIs”.
- » ALIDé initially developed their own in-house customer targeting tool for their “boost” loan product. It subsequently adopted the PAT tool before replacing it, after a pilot test, with the PPI in 2013. The PPI is integrated into the MIS of the institution and has been used since January 2015 for targeting clients and tracking changes in their lives.
- » Indicator data such as the number of women, retention rates, outstanding savings, range of vulnerable loans are collected daily, monthly or on an annual basis as appropriate. Processing and loan production information are presented monthly, quarterly or annually. However, the software used is not able to systematically generate all social indicators, including those related to the expected change in customer living standards.
- » ALIDé uses multiple channels to communicate its results. It utilizes its own website, MIX Market and the World Entrepreneur. Some social indicators are also included in their monthly reports and their quarterly and annual regulatory reports.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Organization and facilities | Code of ethics | Hiring policies (gender and anti-discrimination policies) | Culture of delegation | Fair compensation | Staff skills and training | Promotion and retention | Staff incentives and audit

Scorecard-implied grade – SP2 (72)

Figure 32

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Organization and facilities					90
Code of ethics			64		
Hiring policies		33			
Culture of delegation					100
Fair compensation					85
Staff skills and training					89
Promotion and retention				70	
Staff incentives and audit		49			

Figure 33

Relative Contribution



Key Indicators

- » ALIDÉ has a Department of Administration and Human Resource Management under the responsibility of a senior manager.
- » Employees are evaluated monthly for bonuses and annually for assessing their overall performance and promotion. These assessments take into account employee satisfaction, some social indicators, compliance with the Code of Conduct, the business relationship with customers and financial performance. In 2012 the institution conducted a staff satisfaction survey. However, as mentioned, no employee exit interviews are conducted.
- » Employee representatives meet periodically with executive management to review complaints and suggestions from staff.
- » Policies on safety and health at work are in place. The practices are the subject of internal audits. Every two years ALIDÉ contracts a doctor to assess health and safety practices within the organization.
- » A Board-approved Code of Conduct is in place and includes provisions to prevent conflicts of interest, harassment, corruption, bad collection practices and client protection practices. However, ALIDÉ’s policy on discrimination and gender is not clearly specified in the code.
- » The code is displayed at all branches. In addition, all new employees now receive a “welcome pack” that includes the Code of Ethics and employee Policy Manual. However, there is no Ethics or Disciplinary Committee in place to ensure compliance and enhancement of the Code. Nor is there regular testing of employees on Code provisions to ascertain level of knowledge.



- » A standardized salary scale is applicable to all staff regardless of sex. Where equal competence is shown, women are given preference. ALIDé also chooses to employ women for the position of cashier, however, there is no quota policy for women. Although female employees make up 60% of “Social Worker” positions, they are poorly represented at the loan officer level, where they account for only 4.35%. The institution has no specific written policy on professional mobility of its female staff. There is one woman out of five members of the management committee and 11.11% female middle managers hold full-time positions.
- » ALIDé maintains a strong culture of delegation of responsibility amongst staff, with continuous training and recruitment present. Ongoing programs of staff development through coaching exist.
- » ALIDé has a transparent remuneration system that complies with national regulatory requirements. The lowest paid employees receive wages above the minimum required in Benin. Employees receive a pay slip, and an audit service monitors the employee compensation policy. The remuneration takes into account the overall performance of the institution. However, the gap between the lowest and highest salary in ALIDé is not addressed.
- » Loan Officer career progression follows several steps. The promotion to another position is based on the number of years spent in their post and the marks received from their annual evaluations. Loan officers’ evaluation criteria take into account social indicators (e.g. retention rate, number of new savings accounts, increased savings), portfolio quality (e.g. repayment rate, PAR 30 days), code of ethics compliance, including some client protection principles (e.g. Treatment of and listening to the client, motivation and sensitivity to ALIDé values).
- » The bonus calculation system is regularly adjusted based on objectives and institutional performance.
- » No internal analysis is conducted on the potential effects the incentive system (bonuses and other) may have on the behavior of agents.



Social Mission	Strategy and Leadership	Customer Relationship	Measurement of Social Outcome or Impact	Human Resource	Environmental Performance
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Customer standards | Internal standards

Scorecard-implied grade – SP5 (9)

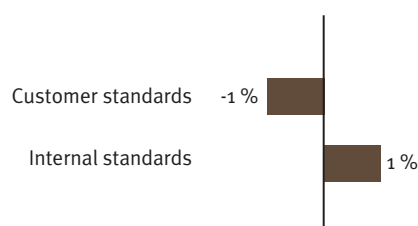
Figure 34

SPR Sub-Factor Table

Sub-Factor	SP5	SP4	SP3	SP2	SP1
Customer standards	9				
Internal standards	9				

Figure 35

Relative Contribution



Key Indicators

ALIDÉ has no policy on environmental practices for either its staff or its customers. The institution does not fund certain commercial activities, such as road-side fuel sales, not because because of environmental policy, but rather because they are illegal activities. However, there are independent initiatives carried out by individual branch managers to reject loan applications that may have a negative environmental impact.



The Benin Microfinance Market

Figure 36

Benin: Key Credit Metrics

	2009	2010	2011	2012	2013	2014	2015F
Real GDP (% change)	2.7	2.6	3.3	5.4	5.6	5.4	-
CPI inflation (% change Dec./Dec.)	0.9	2.2	2.7	6.7	1.0	0.5	1.7
Gen. gov. financial balance/GDP (%)	-	-	-1.4	0.1	-1.4	-0.5	-0.9
Gen. gov. debt/GDP (%)	16.2	18.1	16.9	17	16.2	15.9	15.4
Current account balance/GDP (%)	-10	-8	-7	-8	-14.5	-15.2	-

Source: *Inclusion [Africa]*, World Bank

Key Credit and Macroeconomic Factors

The current GDP of Benin is estimated at 8.7 billion US dollars (World View). According to the 2014 report on Africa Economic Outlook, Benin's economic growth in 2014 is estimated at 5.5%, against 5.6% in 2013. This growth was driven by agricultural production and services, two sectors that comprise over 85% of the GDP. The construction industry and public works in 2014 benefitted through investments in transport and tourism. Inflation was negative in 2014 due notably to the increase in food production from the 2013/14 campaign and the decline in oil prices since June 2014. Poverty reduction and inequality remains a challenge, due to continued strong population growth.

The political situation was marked in 2015 by relatively smooth legislative and municipal elections. Political transition is expected and a presidential election is scheduled in 2016.

According to the World Bank, the budgetary situation of Benin remains stable, with an estimated overall deficit reaching 3.1% of GDP in 2014 (on a cash basis - disbursements, excluding grants), against 3.7% in 2013 and 2.4% in 2012. The level of customs tax revenues were slightly below expectations due to lower imports of goods re-exported through unofficial channels in Nigeria. The fiscal deficit and balance of payments remain confined to acceptable levels, while sovereign debt remains below 30% of GDP.

Current Market

On December 31, 2014, according to BCEAO statistics, 85 MFIs received accreditation. 14 MFIs representing over 90% of the microfinance market have 410 service points, 1,517,990 clients/members, 83.27 billion CFA francs deposits, and outstanding loans of about 88.39 billion CFA francs. According to a Microfinance Development Policy in Benin (DPDM) Report, the number of potential clients of MFIs in 2018 is estimated to be 1,759,189. Estimated credit needs, will increase from 149.3 billion CFA francs in 2012 to 251,300,000,000 CFA francs, while savings accounts could total 99.0 billion CFA francs by 2018.

Regulatory Environment

In Lomé in April 2007, the Council of WAEMU Ministers revised and adopted an additional law regulating microfinance institutions. Benin as a member of the WAEMU, ratified the new law and was enacted on 21 March 2012. This Act set the licensing requirements for MFIs, allowing their establishment as limited companies (SA) limited liability (SARL), savings and credit cooperatives, or Microfinance Associations. The usury is prohibited in the area, and as such, the maximum interest rates applicable are fixed for financial institutions. This maximum level is 15% p.a. for banks and 24% p.a. for microfinance institutions. However, various studies conducted in different countries within the WAEMU (Benin, Mali and



Senegal) have shown that to be viable, MFIs must charge annual rates (APR) well above 24% per annum. The central bank is also introducing a tool for calculating effective interest rates to aid MFIs in understanding better the concept.

The Act specifies in article 60: “MFIs are subject to the rules of the WAEMU regarding fixed interest rate caps and client loan terms & conditions, as well as their obligation for pricing transparency.” However, full disclosure of cost breakdowns and interest calculations have yet to be fully implemented by MFIs in Benin.

The Act requires that all microfinance institutions join the Professional Association of Decentralized Financial Systems (Consortium Alafia). The Alafia Consortium has developed a code of ethics for all of its member institutions. A collective labor agreement applicable to its member institutions is being developed.

The Organization for the Harmonization of Business Law in Africa (OHADA) has introduced guidelines for improving debt collection practices at MFIs. The Uniform Securities Act, which came into force on 1 January 1998 and subsequently revised in December 2010, makes a distinction between personal guaranties, pledges and fixed collateral. This has gone a long way toward improving the formalization of how collateral is defined and enforced.

An Act governing the activities of credit bureaus was adopted in 2013 within in the UEMOA zone. CREDIT INFO VOLO was selected by the BCEAO to set up offices as a credit bureaus within the union. Additional instructions have been released which give further details on how the Act is to be applied. The first operating credit bureaus in each country in the WAEMU zone were expected to be up and running by June 2015. The Act has yet to be ratified by Benin.

There is also a law against money laundering and terrorist financing.

Competition

On December 31, 2014, according to BCEAO statistics, 85 SFD had received licenses. These institutions, however, are in competition with large numbers of illegal financial entities. FECECAM maintains the highest market share in Benin amongst MFIs, according to a 1st Qtr 2014 report published by the MFI Surveillance Unit of the BCEAO. FECECAM accounts for almost 65.1% of the outstanding savings and 36% of outstanding loans within the MFI sector. FECECAM has an overall market share of the sector up to 46.5%.

Inclusion [Africa] Ltd. is the first rating agency based in Africa that focuses exclusively on rating social performance and impact. Created as a social enterprise, its primary mission is to promote financial and social inclusion across Africa. It provides Social Performance Ratings (SPR) to microfinance organizations in the region whose missions and goals promote financial inclusion and social responsibility. In addition to the rating of microfinance Institutions, Inclusion [Africa] assigns social ratings, using its proprietary methodology, to rate financial institutions, insurance companies, businesses, social enterprises and other organizations active in the social sector field in Africa.

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