

WOMEN'S WORLD BANKING

Strategic Plan for 2011-13

December 2, 2010

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EXECUTIVE SUMMARY

Why a revised strategy for WWB? For more than 30 years, Women’s World Banking has focused on improving the economic status of poor households by unleashing the power inherent in women. During that time, the role of microfinance institutions in serving the financial needs of women has shifted dramatically. With an increasing amount of capital being invested in the sector, many microfinance institutions have grown and become highly sophisticated. However that growth has not been shared equally among men and women. Although historically the sector has focused on women, WWB’s research shows that the commercialization of microfinance institutions has been concurrent with the trend of a declining percentage of women being served.¹ WWB needs a revised strategy that will be able to act against this trend by demonstrating the profitability of serving women clients as well as the social impact that investing in women has on their households and communities.

What will our strategy be? In close dialogue with our network, experts, and funders, we have developed a strategy that will enable our partners to serve women effectively and will help us prove the business case for women. Today, microfinance institutions often lack appropriately-designed products, marketing strategies, and delivery channels to reach women effectively and profitably. WWB will therefore focus on incubating and scaling products and services that are customized to women’s financial needs and are commercially sustainable over the long-term. Recognizing that successful incubating and scaling will require our partners to have specific organizational capabilities, we will also support targeted partners in strengthening these capabilities where needed. The three WWB entities – Stichting to Promote Women’s World Banking (SWWB/the “Global NGO”), the investment fund ISIS, and the Holding Company of owner operated microfinance institutions each play a distinct role in our strategy. While the Global NGO is focused on leveraging expertise to develop and spread products that help prove the business case for women, ISIS will deploy capital to strengthen our ties with leading institutions and help ensure they remain focused on women as they grow. Through Hold Co we will both gain deeper insights into the needs of women around the world and employ our capital to expand microfinance capacity to under-served markets.

What will WWB offer to the field? In our incubation and scaling work, we seek not only to provide women with access to financial products but also to increase their level of control over their financial situation. Our emphasis in this planning period will be on developing innovative approaches to provide credit, savings and insurance products specifically designed for the unique needs of women. In addition we will provide targeted support to strengthen institutions’ critical capabilities to enable women-focused innovation. This support will be targeted around two particular segments – 1) institutions that lack basic capacity around specific areas, like financial risk management, and 2) institutions that have the commitment but not the capability to have a gender focus. This offering reflects a screening of potential offerings based on our three criteria for focus: where we believe WWB can create the greatest impact, where we have the potential to be best-in-class, and where we can attract resources to support our work. Our significant expertise in promoting women’s financial well-being will position us uniquely to deliver on this offering, and our focus criteria will continue to serve as a compass for decision-making as potential innovation areas emerge in the future.

Whom will we partner with? Our partners across the world are fundamental to our ability to succeed. They are closest to those women we seek to serve and are our portal for realizing impact. Our network will be the primary delivery channel for our strategy. In this planning period, we will also collaborate with financial institutions outside of our existing network if they present valuable innovation opportunities. We will strengthen our relationships with those institutions that are well-placed to drive incubation, namely institutions that are strong and have an existing commitment to women. At the same time, we will also look to collaborate with less-developed institutions within the network that are highly committed to women in order to strengthen them over the long-term. In addition, in order to reach as many women as possible we will work with institutions that are strong and have access to a large client base of women, even though they may not be actively tapping that pool of women clients today. Each of these segments plays an important role in enabling us to serve as many women as possible in the short-term, while cultivating long-term collaborations with aligned institutions that will drive the next generation of innovative approaches to serving women.

¹ Frank, Christina, “Stemming the Tide of Mission Drift: Microfinance Transformation and the Double Bottom Line,” WWB Focus Note, 2008.

How will we grow and diversify our revenue base? While the Global NGO will continue to rely on philanthropic investment over the near term, we will increasingly operate on a fee-for-service or at least cost-sharing basis with our partners, particularly once a product is out of the incubation phase. In addition, increasing pressure to adopt revenue generating models, combined with funders' growing inclination to invest directly in the field, have reinforced our decision to create two new entities with different economic models. ISIS and Hold Co will seek, over different investment horizons, to generate positive financial returns that can be used to advance WWB's mission.

How will this affect the organization? We will adapt our organizational design and governance structure to be able to identify the most pressing financial needs of women across the world, execute on our incubation and scaling objectives, and operate efficiently. We will set up an Innovation and Social Change Council that consists of financial institutions including network members, experts, and investors, to ensure our product and service innovations reflect on-the-ground experience. At the staff level, in the Global NGO new positions of Regional Managers will be created. Regional Managers will be responsible for building regional partnership and funding strategies to strengthen key relationships and deepen our regional insights. In addition, our two Boards will now divide responsibilities across the Global NGO, ISIS, and Hold Co to maximize synergies and leverage different director competencies, while mitigating potential conflicts of interest.

What does success look like? Three years from now, we want to be able to look back and see that more low-income individuals especially women have access to a full suite of financial products and services and are using these to grow their capital and control their assets. We are acutely aware of the challenge that lies ahead. Even so, we believe this strategic plan will position WWB to play the most effective role possible as we work toward the day when all women will be able to build a secure financial future for themselves and their households.

Chapter 1

MICROFINANCE & WOMEN

Over the past 30 years, there has been a growing amount of capital invested in the microfinance sector. Historically, microfinance institutions (MFIs) were funded primarily through donations and other subsidized sources of capital from philanthropic organizations, governments and multilateral aid agencies, as well as through retained earnings from profits. MFIs have increasingly been unable to fully fund their rapid growth through donor capital and socially motivated investors and have sought to tap into a broader audience of quasi-commercial and commercial investors.

This increase in capital has led to an increase in the number of MFIs and commercial banks lending to the poor. New players and sources of funding have also meant that many MFIs have become highly sophisticated as they commercialize in order to broaden their funding base. The ability to access new funding sources has been predicated, in part, on the MFI's financial performance, reporting, and information transparency and conversion to private, regulated financial institutions.

Historically, the microfinance industry has focused on women because they make up the majority of the world's poor and they invest proportionately more in household, education, and community development. While these tenets remain true, WWB's research shows that the commercialization of microfinance institutions has been concurrent with the trend of a declining percentage of women being served. With the commercialization of the sector, and the increased focus among MFIs on the profitability of their clients, there has been a shift up-market, most notably in credit. As 70 percent of the world's poor are women, this has meant that growth in the sector has not been shared equally among men and women. Meanwhile, even when women have access to services, they often do not have control over their loans or savings, inhibiting their full economic participation.

The declining role of women in the microfinance sector has not only been apparent among end clients. As institutions have grown and have become more sophisticated, we have also seen a decline of women in staff, management roles and governance. This has created further challenges given that women leaders can be an important voice for women clients.

WWB's research indicates that a focus on serving women in microfinance makes business sense. Not only do they represent a large share of the world's poor that could be incorporated in to the working population, but they are also an attractive segment for risk management and returns. Women are more reliable borrowers because they often follow a more conservative investment strategy, which in turn results in lower default rates for MFIs.

In light of the changes in the microfinance sector, new solutions are needed that enable institutions to serve women. For decades microfinance was synonymous with just one product: microcredit. However in recent years the sector has been developing rapidly and a broader suite of financial products and inventive new delivery channels are gradually being introduced. Despite this, institutions often do not have the right product offering—marketed or designed in the right way or through the right channels—to serve the unique needs of women. There needs to be a way to ensure that innovative products are incubated and scaled and that institutions possess the necessary organizational capabilities to do so in a sustainable way. Broadly, the business case for women needs to be proven.

As an organization deeply concerned about the welfare of women and their households and about maintaining the double bottom line of microfinance, we are positioned to act against the industry trend by demonstrating the profitability of serving women clients and the social impact that investing in women has on their households and their communities. In close dialogue with our network, experts, and funders, we have developed a strategy focused on incubating and scaling financial products customized to women's needs. We will share our insights with the broader sector with the goal of improving the opportunities available to low-income women around the world.

Chapter 2

WWB VISION

Women’s World Banking was established in 1979 to support the empowerment of low-income women as entrepreneurs, leaders and partners for change. We aspire to improve the economic status of poor families in developing countries by unleashing the power inherent in women. Building on this aspiration, we have developed a **one day vision** describing our highest aspiration for the world in which we live.

“One day all women will be able to build a secure financial future for themselves and their households”

Each of the phrases in this aspiration reflects a choice about the future WWB wants to help create.

All Women: The focus on women as the subject of the statement reflects WWB’s longstanding commitment to low-income women. WWB’s contribution to the one day vision will be to continue our focus primarily on this segment. We believe in empowering women as change agents to improve their lives and that of their households.

And Their Households: While the focus is on the woman as the agent of change, WWB recognizes the importance of impacting the entire household. The focus of our strategy will be to innovate products designed for the needs of low-income women—through these products our network member and partners will be able to serve both men and women. We strongly believe that investing in low-income women leads to greater returns in terms of social impact, because research has shown that women are more likely to use their income to invest in the health and education of their entire household.

A Secure Financial Future: While we recognize that there are many additional needs of the poor that intersect with their financial needs, we have made a deliberate choice to focus on the **financial** aspect of their lives. Financial products have always been the core of WWB’s activities and expertise, and we want to focus the scope of our vision on financial security. **Secure** refers to our belief that as women consider their financial needs, their overarching ambition is to realize economic stability and security for their families above all else. Gaining access to financial products will limit their vulnerability to economic shocks, to illnesses in the family, and to natural disasters, thereby allowing them to build a secure financial future.

Chapter 3

OUR SOCIAL CHANGE MODEL

Historically, WWB has dedicated its resources to strengthening institutions with the belief that the growth of these institutions would in turn be able to drive the economic empowerment of women. We provided a wide range of support to a wide range of institutions. However with an increasing amount of capital being invested in the sector, many microfinance institutions have grown and become highly sophisticated, and many other providers of institution-strengthening services have emerged. As a result, we believe that a broad set of institution-strengthening activities is no longer WWB's highest impact intervention. At the same time, given the macroeconomic challenges in recent years, WWB is facing increased pressure to reassess how to most efficiently allocate our resources.

Given our evolving context, in this next strategy period WWB must focus more strongly than ever on the most powerful ways for us to deliver on our one-day vision given our relative size. We used three screening criteria to determine focus: **impact, best in class, and resources.**² In terms of impact, we considered whether the strategy would help our partners directly serve women with the breadth and depth of impact we hope to achieve and whether our work would contribute systemically to the broader industry's ability to serve women. In terms of best in class, we wanted to design a strategy that built on WWB's unique strengths. In terms of resources, we sought a strategy that had the support of our partners, which will be critical in reaching our goals.

Based on these criteria, we believe that WWB should focus on **developing, incubating, and scaling innovative financial products that fulfill women's needs while demonstrating the business case for serving women.** By providing innovative approaches we can generate impact and prove that investing in women directly can be profitable. But perhaps more importantly, we can have systemic impact on both clients and financial institutions. By investing in women, we are able to have a multiplier effect on the well-being of their households and communities. With institutions, **proving the business case** has the potential to ensure that as institutions expand they maintain a focus on women. In so doing, we can influence the evolution of the sector. Our decades of experience working with women in microfinance position us well to advance this strategy.

We will describe our strategy through what we call a Social Change Model. Our Social Change Model is the engine of change that bridges mission and vision, specifying how WWB can create the outcome described in our one day vision.

Our Social Change Model has five key strategic priorities. The sequence in which these priorities link together and operate is depicted below.

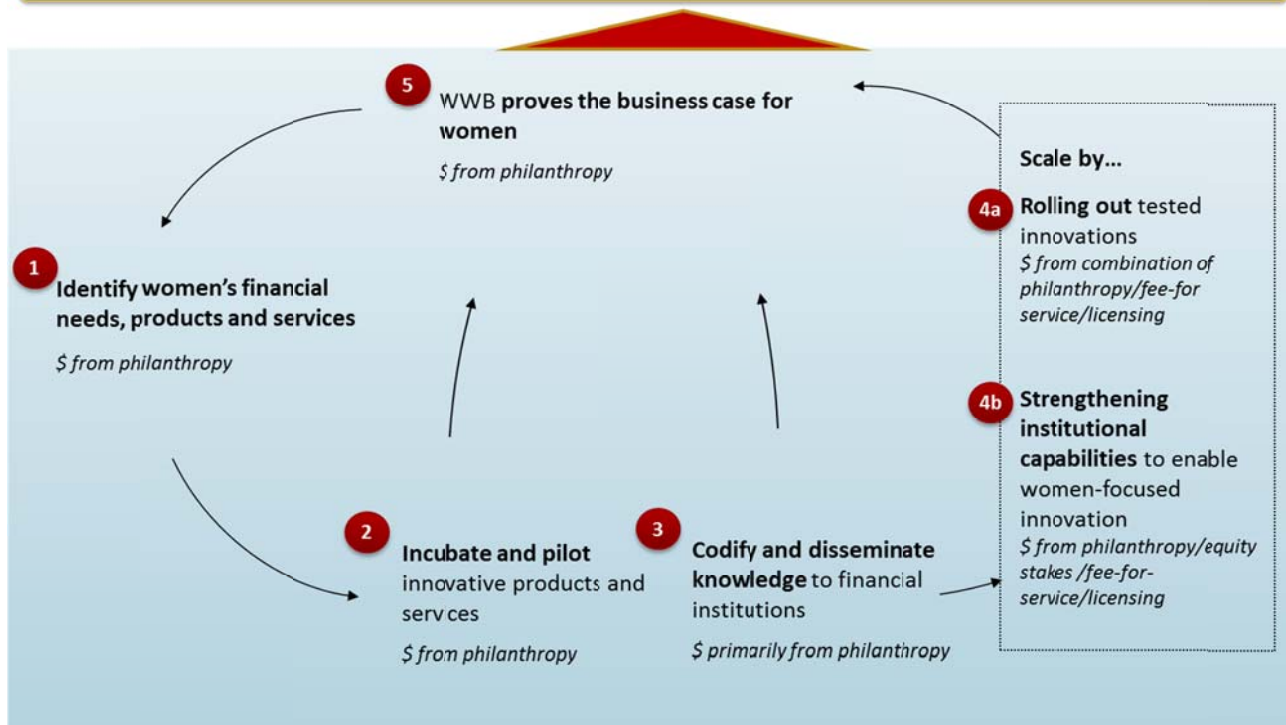
1. Identify women's financial needs, products and services
2. Incubate innovative products and services
3. Codify and disseminate knowledge to financial institutions
4. Scale by rolling out tested innovations and by strengthening capabilities that enable women-focused innovation
5. Prove the business case for women

A description of each priority can be found below, including what it requires from WWB, with whom we intend to work, and our measures of success.

² Collins, Jim, *Good to Great and the Social Sectors*, 2005.

WWB Social Change Model

One-Day Vision: "One day all women will be able to build a secure financial future for themselves and their households"



3.1 Identify women's financial needs, products and services

To pursue a product innovation strategy focused on women clients, WWB must deeply understand the financial needs of women. Women have distinct needs on their journey toward a financially secure future relative to men. In each stage of a woman's economic development—moving from sustenance to security and finally to accumulation and growth—a woman must have access to financial products and be able to control her assets in order to build a secure financial future for herself and her household.

To achieve strategic priority 1, we will build on the existing body of research knowledge to understand the financial needs of women, including their preferences and the constraints they may face. In so doing we will identify innovative approaches to product design, including marketing, channels, and customer experiences, that can address their needs. We will partner with private sector, academic and research, as well as microfinance institutions inside and outside of the network to develop these market insights.

To facilitate the identification of priority innovation areas an Innovation and Social Change Council will be established consisting of WWB network members, experts and leaders of financial institutions. The Council will be charged with recommending innovation priorities and will provide insights on the needs of women and on the emerging innovations in the field, while holding us accountable to our social mission.

Measures of success:

- # of research studies conducted to identify women's needs related to financial products
- # of countries where research studies are conducted

3.2 Incubate innovative products and services

WWB seeks to design financial products and services that are profitable for financial institutions by successfully meeting women's financial needs. Using the insights gathered in strategic priority 1, WWB will create innovative products to be

beta-tested. We will collaborate closely to test the products with partner organizations including network members, non-network members and other institutions with product expertise.

For all innovative approaches, our goal will be to demonstrate them successfully in the smallest number of contexts needed to prove that they can be replicated elsewhere. Although we will seek to partner primarily with strong, women-focused institutions that are most likely to be interested in experimenting and innovating with us, we are open to learning from any institution's innovations that can serve women.

Measures of success:

- # of innovative products and services tested
- # of institutions where innovative products and services have been introduced
- # of clients accessing products incubated with WWB support;
- # of clients that are women

3.3 Codify and disseminate knowledge to financial institutions

Following the beta-testing of a new product, WWB must share what we've learned with our network members and the sector at large, regardless of the success or failure of the testing. We will share insights about how to apply our experiences and implement our products more broadly, using a range of venues including publications, forums, conferences, and online resources. This objective reflects both the importance of in-network peer learning and also our desire to share lessons learned beyond the network. We hope these actions will increase WWB's visibility in the sector as an innovator and a leader, accelerate research and development for women in the sector more broadly, and enable the adoption of innovative approaches by others even where we are not directly engaged in the implementation.

Measures of success:

- # of research studies/toolkits/publications made available in the sector
- # of "communications" on products and services (e.g.: media coverage, speaking engagements)
- # of workshops/conferences/trainings/exchanges that have been conducted
- # of leaders that have attended WWB workshops promoting targeting of women

3.4 Scale by rolling-out innovations and by strengthening capabilities that enable women-focused innovation

WWB seeks to deliver the well-designed products developed through our incubation work to a wider audience of women, scaling those products with strong partners who have a large presence in their local market. We believe that to have a far-reaching impact on the lives of women worldwide, we must be open to scaling our products with institutions that are outside of our network. Moreover, as other market entrants such as commercial banks, insurance and telecom companies begin to offer microfinance products, we will need to be open to working with those entities. In general, we seek to scale with partners that are institutionally strong and have the ability to readily introduce demonstrated products.

However we recognize that there may be a need for WWB to engage in institution-strengthening activities with incubation and scaling partners so they are able to roll out new or tested products successfully. Some institutions may require operational improvements. Other institutions may require support in becoming more gender-focused in order to ensure that the products successfully reach the women they are intended to serve.

Measures of success:

- # of products scaled with network members and partners
- # of clients accessing products scaled with WWB support
- # of women clients accessing products scaled with WWB support
- Growth of targeted Network Members against key financial and operational performance standards (ROA, portfolio and client growth)
- Growth of targeted NMs and partners against key social performance standards (e.g., percent of women clients, percent of women as share of staff/management team/Board)

3.5 Prove the business case for women

Based on our extensive work since WWB's founding, we strongly believe that women can be served profitably by the financial sector. However, in the dozens of external interviews conducted as part of this strategic planning process, we also know that many in the industry do not feel that this case has been proven.

Proving the business case for women will be essential in ensuring that the sector remains focused on women even as institutions grow. Therefore, reinforcing the business case for women—proving its profitability alongside its social impact—will be a key priority underlying WWB's entire strategy. To ensure that our results have third-party validation, we will measure the outcomes and impact of our innovations with the help of academic and research partners. Our joint assessments will provide evidence of product successes and data to substantiate and publicize the business case for women.

Measures of success:

- **For institutions:** Return on assets of NMs/partners, especially in women-focused segments vs. others in the sector
- **For clients:** Average number of products offered by WWB network members and partners

3.6 Strategic Shifts

Delivering on this Social Change Model successfully will require some strategic shifts for WWB. These include:

- **Sharpening our focus on women:** To build a more mission-focused organization and to be more consistent with the WWB brand and positioning within the sector, we must move to a more rigorous focus on women in all WWB activities.
- **Institution building as a means, not an end:** To use our resources and capacity to maximize impact, we will shift from offering institution-building programs as an end to offering targeted institution-building as a means to support the central strategy of product incubation and scaling.
- **Relentless focus on strategy:** To ensure that we are strategic in our decision-making, we will shift away from engaging in funder-driven activities that may stray from our core strategy to actively pursuing strategic activities in-line with our Social Change Model and seek funding to support them.
- **Becoming an investor and operator:** To demonstrate the business case for women, we will invest in women-focused institutions, putting not only expertise but also capital to work. In addition, WWB will become an owner and operator through our Hold Co entity.

Chapter 4 THE ROLES OF OUR THREE ENTITIES

4.1. Introduction

WWB will pursue its Social Change Model through three entities—a global non-governmental organization or the Global NGO, the investment fund ISIS, and the Holding Company (Hold Co) of owner-operated MFIs. Each entity has its own operating model and legal status and plays a distinct role in delivering on our strategy. As a non-profit entity, the Global NGO will focus on leveraging expertise to develop and share products that help prove the business case for women. ISIS will deploy capital through equity stakes in leading network members, strengthening our ties with these institutions and helping ensure they remain focused on women even as they grow. Through Hold Co we will build institutions that put both WWB experience and capital to work to demonstrate sustainability alongside a commitment to women.

4.2 Global NGO

The Global NGO will continue to be at the heart of our organization. Not only is the Global NGO a key delivery vehicle across our five WWB strategic priorities, it is also the connective tissue that ties our three entities together. In this section, we will describe the product and institutional-strengthening priorities the Global NGO will pursue to advance our Social Change Model. The programmatic activities were determined based on three strategic focus criteria—whether the activity has high impact, whether we could be well-positioned to deliver it, and whether we can gather the needed resources. We have organized our programmatic activities into three categories: A) Products, B) Cross-product components and C) Institution-strengthening activities connected to products.

A summary of our program priorities for 2011-2013 is provided below. We have also indicated those activities that we are unlikely to pursue standalone, but that we may pursue through partnerships. In addition there are a few areas still under consideration; our focus criteria will serve as a compass for decision-making in these areas and as other potential innovation areas emerge in the future. Finally, because making strategic choices involves not only deciding what to do, but importantly also deciding what not to do, we have called out activities that WWB has made an explicit choice not to pursue. Over time, we expect that new potential areas for innovation will emerge that we may not be able to anticipate today. We will continue to use our criteria as a compass for decision-making about where to focus in the future.

Products for 2011-2013

Choice made for WWB to <u>PURSUE</u> these areas	<u>UNLIKELY TO PURSUE</u> typically through alliances	Choice made <u>NOT TO PURSUE</u> these areas
<ul style="list-style-type: none"> •INDIVIDUAL LENDING •RURAL LENDING •WOMEN'S SAVINGS including extensions to remittances /insurance •GIRLS' SAVINGS •HEALTH MICROINSURANCE 	<ul style="list-style-type: none"> •HOUSING <i>if demonstrated that:</i> <ul style="list-style-type: none"> •It can be done cost effectively •Alliances can be developed (e.g., design firms) •Concessional funding (long term subsidized debt) is available •ECO / SOLAR <i>To explore during '11-'13 timeframe, but no plans developed now</i> •PENSIONS <i>To explore during '11-'13 timeframe, but no plans developed now</i> 	<ul style="list-style-type: none"> •WATER / SANITATION CREDITS •SME CREDIT

Cross-Product Components and Institution-Strengthening Connected to Products

Choice made for WWB to <u>PURSUE</u> these areas	<u>LIKELY TO PURSUE</u> typically through alliances	Choice made <u>NOT TO PURSUE</u> these areas
<ul style="list-style-type: none"> • Cross product components <ul style="list-style-type: none"> • Market research • Marketing and branding: Traditional • Monitoring and Evaluation • Institution-strengthening <u>connected</u> to products <ul style="list-style-type: none"> • <i>Operations</i>: Improving loan office productivity, employee incentive system, staff training, add-on products to improve sustainability • <i>Capital markets</i>: Financial risk management, PAR analytics, capital structure optimization, product costing, projection modeling • <i>Leadership development</i>: Organizational Gender Assessments, Leadership Development programs to actively promote understanding of women’s market (products, marketing strategies that reach and impact women) 	<ul style="list-style-type: none"> • Cross product components <ul style="list-style-type: none"> • Marketing and branding: Social Communications • Alternative delivery channels • Financial education and training • Property rights for select products • Client impact assessments • Institution-strengthening <u>connected</u> to products <ul style="list-style-type: none"> • <i>Capital markets</i>: Brokering deals (potentially only if do housing) • <i>Leadership development</i>: Management development training 	<ul style="list-style-type: none"> • Institution-strengthening <u>not</u> connected to products <ul style="list-style-type: none"> • <i>Strategic advice</i>: Competitive positioning/ expansion strategies, governance, operations/finance/capital structure, formalization-specific strategy • <i>Capital markets</i>: Valuation/investor readiness, loan guarantees <div style="background-color: #e6f2ff; width: 100px; height: 100px; margin: 20px auto;"></div>

Products

CREDIT: WWB will be developing **individual lending and rural lending products**. While credit is by no means a new product, there are many MFIs who only offer group lending products. Given our strong experience with scaling individual lending products, we believe this is a product we can successfully innovate around and then scale. We will need to tailor our individual lending product to meet the needs of women both in terms of access and control, which will differentiate it from other individual lending products already available in the market. To reach more women, we will also continue innovation in rural lending. A product designed specifically for rural women could create significant impact as much of commercial microfinance to date has focused on urban markets. In addition to individual and rural loans, we will also consider innovating in the area of housing loans and eco/solar loans.

ASSET BUILDING: WWB will continue to innovate in the area of **women’s and girls’ savings products** and will explore how to link **savings products to remittances and insurance products**. We will leverage the lessons learned from pilot savings programs currently underway with several network members. Related to savings, we will also consider innovating in the area of pension products. Lastly, we have chosen to pursue innovation around **insurance**, specifically our **caregiver and lifeline health** products. These products can help provide women and their households with essential health insurance coverage during periods of stability and in emergencies.

A. Cross-Product Components

WWB’s approach is broader than pure product development. We will also pursue cross-product components that enable product adoption. This **differentiated and integrated approach to innovation** is critical to drive the inclusion of women in the sector.

In support of the core products we are developing, we will engage in **market research** and the development of **traditional marketing and branding** strategies. WWB believes that market research is fundamental to good product design. We must understand our target clients and the context within which they operate in order to meet their needs and design effective

products. Often, our network members are not equipped with the capacity or the experience to conduct market research themselves, so it is all the more important for WWB to play this role in our partnerships with the institutions we incubate with. Meanwhile, we will **monitor and evaluate** our results to refine our innovations and strengthen the business case for women.

We will **explore partnerships beyond financial institutions** (e.g., with mobile technology providers or educational NGOs) to optimize and accelerate our success in our priority innovation areas. Of particular interest are those areas that WWB will not prioritize to develop on a standalone basis, i.e., marketing and branding through social communications, alternative delivery channels, and financial education and training. For select products, we will also seek alliances to address issues of property rights, since the lack of these rights in some countries is an underlying barrier to women's ability to provide the collateral needed to access financial products.

B. Institution-Strengthening Activities Connected to Products

WWB will provide targeted institution-strengthening services to enable a partner institution to incubate and/or scale a WWB product successfully where that support is not available from other sources. These institution-strengthening activities include **financial risk management, Portfolio at Risk (PAR) analytics and capital structure optimization** to support incubation or scaling. If we decide to pursue innovations in housing, we may also need to consider providing deal brokering to secure the necessary long-term subsidized debt. We may also provide management development training to second-level staff if we determine that it will be essential for incubation and scaling and that the need is not already being adequately met by others.

WWB has a strong belief that institutions with gender-balanced management and staff will naturally be more inclined to keep a focus on serving women as clients. Thus, we will provide **organizational gender assessments (OGAs)** to diagnose obstacles, challenges, and opportunities women staff and leaders face within MFIs with an aim to eliminating those obstacles and creating an enabling and inclusive work environment for all. Additionally, we will strengthen leadership within the microfinance sector by providing **leadership development training programs** that actively promote understanding of the women's market (e.g., products and marketing strategies that reach and impact women).

4.3 ISIS and Hold Co.

Toward the goal of proving the business case for serving women, the 2011-2013 strategy includes our two new social enterprises: the **WWB Isis** equity fund and the **WWB Holding Company (HoldCo.)** Through Isis, we will make minority investments primarily in network institutions, while with Holdco WWB will be the owner-operator of nascent MFIs in under-served markets. The first-hand experience of owning and operating institutions will inform our product development activities by giving us deeper insights into the needs of women in markets around the world. By investing in institutions that serve women, we can deploy capital to back our belief in the business case for serving women.

The network organization (the **Global NGO**) will continue to be at the heart of our organization. Not only is the network the key delivery vehicle for WWB's strategic priorities, but the bonds formed through the network will cement the three entities together.

Chapter 5 BUILDING STRONG PARTNERSHIPS

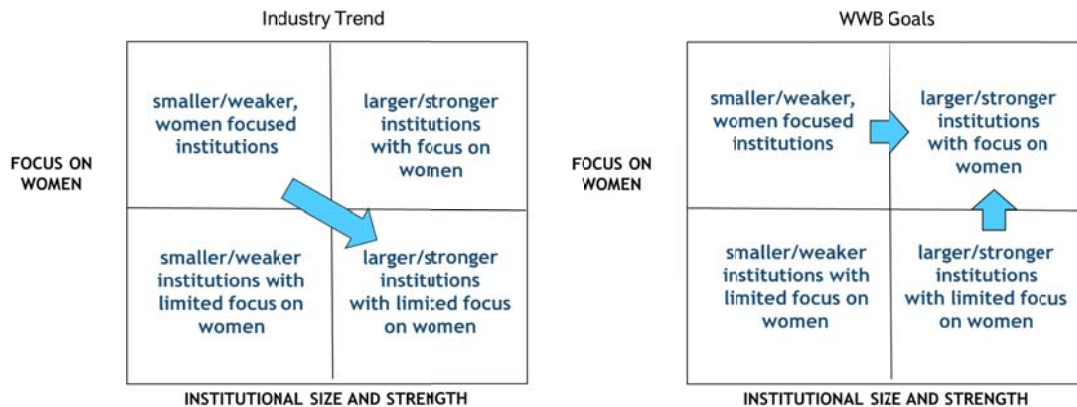
5.1 Introduction

Our network members and partners across the world are fundamental to our ability to succeed in delivering on our Social Change Model. They are closest to those women we seek to serve and are our portal for realizing impact. It is through our network members and partners that we seek to counter the industry trend that as institutions grow and transform, they lose their focus on women. In this strategy period, our goal is to counter this trend by providing products that are commercially attractive and designed for women.

But today there are a limited number of leading institutions that are both women-focused and operationally strong—and therefore equipped to innovate and scale products designed for women. As a result, we realize we cannot just work with the strongest institutions, or with only those organizations that are already highly committed to advancing the position of women. Rather, to realize industry wide women-focused innovation, we need a distinct strategy for each different segment to deliver on our Social Change Model.

Our strategy will therefore focus on influencing the field in two ways: First, we aspire to empower smaller and/or weaker women-focused institutions to grow while maintaining this focus. Second, we seek to make strong institutions more women-focused. Each of these sectors plays an important role in enabling us to serve as many women as possible in the short-term, while cultivating long-term collaborations with aligned institutions that will drive the next generation of innovative approaches to serving women.

Industry Trend and WWB Goals for Each Segment³



5.2 Global NGO

A. With Whom Will We Partner?

To reach our one day vision, we need a sufficient number of partners in the targeted segments. Given weak pipelines in some of these regions, we recognize that we may have to **partner with institutions outside the network** to address these gaps. Moreover, while we will rely on financial institutions, we may also want to partner with non-financial institutions if these complement our strategy.

³ Focus on women was defined as a combination of the percent of women clients and percent of women as share of staff and Board

Realizing that this shift has implications for the way we work with the network, we have tested the openness of selected network members. Although local exceptions may exist, our conversations have confirmed the network’s support for a change in our network approach. Therefore in the upcoming planning period, while depending on the network as our primary strategic delivery channel, WWB will also seek institutional partnerships outside of the network in those areas where gaps exist in the network or where there is broader strategic value in doing so. As indicated, we also will explore alliances with experts and with organizations that offer complementary products and services (such as mobile technologies).

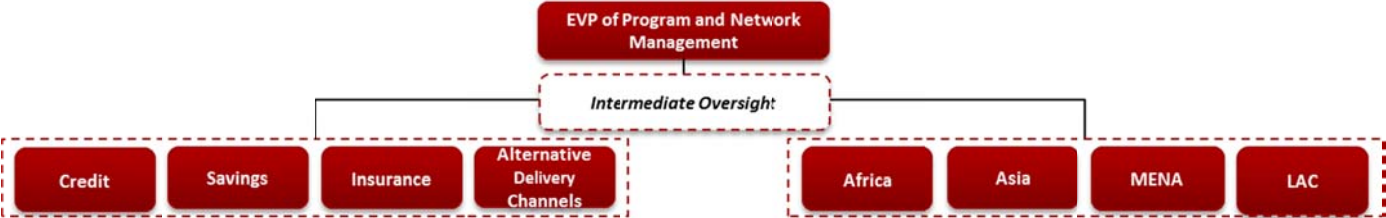
B. Value Exchange between WWB and the network

One of the implications of the segmentation is that different segments will receive different levels of support. However, unlike before, these differing levels of support will now be closely tied to our core strategy. We have defined the “gives and gets”—or value exchange—between WWB and each segment along five dimensions. An overview of what WWB intends to give and what we will ask in return from each segment is provided below:

- **Innovative financial products and services for women:** Institutions that already have a strong gender focus will serve as testing grounds and sources for product innovations while larger institutions will be more interested in scaling and providing product insights through their significant distribution channels.
- **Capacity building focused on enabling women-focused incubation and scaling:** For members that are not quite “incubation ready,” we will provide limited capacity building services only to prepare for incubation and scaling work. Capacity building outside of the context of enabling incubation and scaling, will only be provided to these network members and only where these services cannot be provided by others and can be fully funded by outside sources or the network member itself.
- **Cooperation to mobilize resources:** In the past, we have worked with network members when funding was available to support our work with them. However we have not consistently asked network members to help cover the costs of our support, nor have we always collected on outstanding commitments for cost-sharing. Our network members will continue to receive discounted services relative to non-network members. However, in this planning period we will increasingly ask our partners, inside and outside of the network, to collaborate through cost-sharing and fee-for-service agreements.
- **Brand:** WWB is strengthened by the high caliber of our network, and we treasure our longstanding relationships with its members. We will continue to offer brand exposure to our members and partners to reinforce the credibility of our joint organization as a voice for women and microfinance institutions. We will uphold our brand by continuing to ask all members to report on—and meet—our WWB performance standards.
- **Network engagement:** One of the most valued components of being part of the network is the fact that we offer a community and body of shared knowledge and interests to our members. We will continue to provide these opportunities to all our segments. We ask our members to share their experiences and drive the dissemination and adoption of best practices among our partners.

C. Interaction Model

We need our interactions with our partners on the ground to enable effective innovation and project management and to serve as an efficient channel back to WWB as lessons learned can be integrated and disseminated across the network and the sector. We therefore identified two distinct positions to drive our interactions with the field, Product Managers and Regional Managers. Unlike in our current model, each position holds both programmatic/ delivery and relationship management responsibilities.



Our interaction model is designed to realize the following objectives:

- Enable innovation through a combination of leads on specific products (through Product Team) and the development of a deep local understanding (through Regional Managers)
- Allocate relationship management tasks to product experts when superior technical expertise and project management capabilities are required
- Optimize efficiencies when a natural line of contact with institutions exists as part of pilots and scaling projects
- Provide the strong, long-term relationships to identify institution-strengthening needs and help institutions grow
- Ensure tight integration of relationship management with product development and delivery through accountability to one group
- Make it potentially easier to cover costs since all staff provide technical delivery
- Scan regions more effectively for incubation ideas, provide regional perspective, and facilitate access to funding through increased regional presence

Because peer learning is highly valued by the network, we will also play a **more active role in sharing lessons learned** among our partners. Learning initiatives will focus primarily on content areas that are directly relevant to our social change model. The way in which we engage the community will be determined based on the anticipated impact and cost.

Overall, we will aim to interact more frequently with our network members and partners than we do today, and to be more actively involved in brokering learning relationships between partners. Specifically we will invest in exchange visits to expose other network members to pilots and to get them more comfortable to innovate themselves. We will conduct more on-site visits—by our Regional Managers as well as by our Product teams—and will organize in-person conferences and workshops. Events will increasingly be organized at a regional level. In parallel, we will strengthen our online platform to facilitate learning efficiently whenever there is an opportunity to do so.

5.3 Strategic Shifts

- **Creating partnerships outside the network:** As much as possible, WWB will work with network members who are ready to scale and incubate. However WWB will also be more open to going outside the network to create partnerships when needed.
- **Creating strong non-financial alliances:** We will create strong alliances with organizations that can help us deliver on our strategy by providing research support, technical guidance, and channel development.
- **Clearly articulated value exchange:** WWB will move towards a culture of mutual commitment and accountability. While we have in the past provided significant technical assistance to network members, there will be a significant change in the delivery of institution-building services in that WWB will only engage in these activities to enable incubation and scaling. Another significant change is that network members will increasingly be asked to contribute financially (See *Chapter 6* for more detail).
- **Different levels of investment by segment:** Although historically our investment has been skewed towards a sub-set of network members, we haven't articulated heightened commitment levels to specific segments in the past. As part of our revised network approach we will be more transparent about what we will or won't offer to each partner.
- **Integrated product development and relationship management expertise:** Our new interaction model will take some adjustment for WWB staff and the network. We are convinced however that this new model allows us to provide higher quality services to the network and other partners.

5.4 Measures of Success

- NM/partner engagement index⁴
- NM/partner satisfaction rating
- Percent of segments and targeted region expanded to
- # of strategic alliances

⁴ The exact components of the engagement index remain to be defined but could include the extent to which network members (a) are involved in WWB innovation, scaling and insight generation activities, (b) participate in WWB initiated activities, and (c) provide input / share learnings with the broader community

Chapter 6

GROWING and DIVERSIFYING OUR REVENUE BASE

6.1 Introduction

Historically, MFIs were funded primarily through donations and other subsidized sources of capital from governments and multilateral aid agencies, as well as through retained earnings from profits. In the last few years however, there have been a growing number of new entrants to the sector including private philanthropic organizations and capital providers (commercial and social) that have invested in the sector. In parallel, there has been an increasing pressure on the social sector—and WWB in particular—to ensure sustainability through models that generate revenue. These trends have further convinced us of the need to set up ISIS and Hold Co in parallel to our Global NGO.

While the Global NGO will continue to rely on philanthropic investment over the near term, we will increasingly operate on a fee-for-service or at least cost-sharing basis with our partners, particularly once a product is out of the incubation phase. In addition, increasing pressure to adopt revenue generating models, combined with funders' growing inclination to invest directly in the field, have reinforced our decision to create two new entities with different economic models. ISIS and Hold Co will seek, over different investment horizons, to generate positive financial returns that can be used to advance WWB's mission. By creating two new entities and by shifting towards a model within the Global NGO that covers a greater share of costs, we can more effectively access and deploy capital in service of our social change model.

An important consequence of this change is that with the creation of Hold Co we will no longer be a meso level organization and will be even more accountable than we have been in the past. Within ISIS and Hold Co, we will be held accountable by our investors for generating returns. The Global NGO meanwhile will only be able to engage its partners to contribute financially if we have a relevant and strong product and service offering to these institutions. WWB regards this development as a positive change and as one that is necessary to ensure its relevance in the changing microfinance environment.

As previously noted, we need our network members and partners in the field to deliver against our strategy. The terms on which we will engage with a financial institution will depend on the role they can play. Linking this principle to each of the strategic priorities laid out in our Social Change Model, we expect that WWB will need to account for a larger share of the costs at incubation, while network and out-of-network members should pay for products that have been tested and are ready to be scaled. We will work with the network, and our governance bodies to determine exact pricing principles. Over the course of the 2011-2013 planning period, we will also build a diversified set of philanthropic funding sources that cuts across public institutions, foundations and corporations. Given the funding trends, we will also seek to build expertise in identifying new sources of unrestricted funding especially through high net-worth individuals.

6.2 Strategic Shifts

As indicated above, by becoming a fund manager, owner-operator, and—in context of the Global NGO—becoming accountable for bringing in revenues from the financial institutions we work with, WWB has moved from being generally accountable to its funders, to being held accountable not only for its social returns but also for its financial returns. This shift will require WWB to step up our commitment to being a data and performance-driven organization that maintains excellent reporting standards to all its constituencies.

6.3 Measures of Success

- Total and earned revenue
- Percent cost sharing with NMs/partners
- Percent unrestricted and restricted funding
- Percent of high-net worth individuals contributing
- Funder retention

Chapter 7

ENSURING ORGANIZATIONAL EXCELLENCE

7.1 Introduction

WWB's organizational design should enable us to deliver on activities critical to our Social Change Model. In particular, it should allow us to identify the most pressing and relevant product and service innovation needs among network members and partners and then to execute the innovation and scaling projects effectively and efficiently. It should also allow the Global NGO to build strong relationships, while delivering a differentiated value exchange across segments; and to develop partnerships with leading institutions in each region to grow the pipeline of incubation and scaling partners and potential funders. Finally, it should help WWB optimize knowledge sharing inside and outside of the network.

In addition to an effective structure, we also want an efficient one. It must allow us to optimize our scarce resources by ensuring individuals have an appropriate span of control and a manageable workload and number of direct reports. It should also ensure internal mission and strategy alignment and allow for the acquisition and allocation of talent where it is most needed and where professional development opportunities can be created for staff.

With the launch of ISIS and Hold Co and the development of a new strategy for the Global NGO, it is clear the existing governance of the organization must also adapt. In addition to the basic principle of ensuring that the governance bodies provide sufficient support and oversight for the new strategy, our governance design will need to address two key issues. The first is the increased risk of conflicts of interest among the three entities. For example, ISIS may invest in MFIs that are current network members or have representation on the WWB Board, and Hold Co may invest in a country where ISIS may already have an investment. The second issue is the increased need for Board members to play active roles in fundraising. This is an increasingly important component of Board membership for all NGOs as traditional core funding sources (e.g., European bilateral aid agencies) become less reliable than they have been in the past. Board members can play a critical role in increasing connections with potential funders and partners and advocating for the Global NGO. We believe acting on this trend in our organization will be key to delivering on our new strategy.

A high-level organizational structure for WWB is shown in below and is followed by a more detailed description of the roles and responsibilities of each governance body.

7.2 WWB Boards and Councils

We will preserve WWB's current two-tier Board structure. In addition we will create an Innovation & Social Change Council comprised of network members and external thought leaders to advise WWB in the area of program development, partner engagement and innovation and best practice. Also, given the increased need for individual fundraising, all Board members will be expected to fundraise on behalf of WWB.

The **SWWB Board** will oversee the overall mission of WWB, with purview over the Global NGO and Isis. It provides direct oversight of the WWB CEO (with input from FWWB), as well as the staff of the Global NGO and Isis. The Board will also ensure the fiscal health of WWB, including securing donor funding to resource WWB's activities. There will be standing committees for Finance, Nominations, Compensation and Audit.

This board should embody both geographic and gender diversity, and should include:

- Network Members
- International technical experts with extensive knowledge of the microfinance industry
- Experts in relevant fields beyond finance (e.g., Communications, Technology)

The **FWWB Board** will support WWB's mission, particularly through financial resources, and oversight of the Hold Co. It directly oversees the Holding Company and offers input on WWB CEO's performance to SWWB. The FWWB Board will also be responsible for ensuring the fiscal health of WWB, including securing donor funding to resource WWB's activities. Additionally, as its charter requires, the FWWB Board will ensure WWB is well-governed and that its financial statements are properly reported and managed. This Board will consider standing committees for Finance, Development, Audit and Nominations.

This board should embody sector and gender diversity, and have representation from US based foreign nationals. It may include:

- U.S.-based business leaders with fundraising acumen

- Technical experts, given the introduction of Hold Co

Overall, we believe that this new design will empower the FWWB Board to effectively oversee Hold Co and will ensure that its mandate extends beyond cursory review of SWWB Board actions. We will encourage increased interaction between the two Boards (e.g., dual Board meetings, joint Board committees). As mentioned above, this governance structure includes an explicit fundraising requirement for all Board members, bringing both Boards in line with common best practice for nonprofits.

In the next year, WWB’s two governance bodies will explore ways to increase communication with each other, including possible representation by a FWWB Director on the SWWB Board.

The **Innovation and Social Change Council** will be a new body to ensure our innovation strategy is connected to on-the-ground realities and to give our network members and partners a stronger voice in guiding our work. Its mandate will be to provide critical input to WWB’s innovation priorities. The Council will consist of 6-12 network members and innovation/incubation experts from a diverse set of industries and will meet twice a year. Members will be selected by the WWB CEO and EVP of Program and Network Management.

7.3 Global NGO

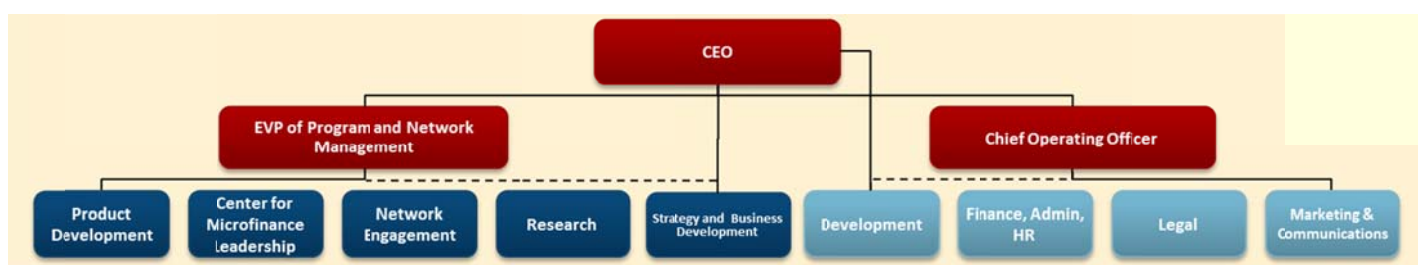
As previously described, the objective of the Global NGO is to incubate, test and scale innovative financial products/services that fulfill women’s needs while demonstrating the business case for serving women.

Governance: The SWWB Board is the principal governance body for the Global NGO.

Division of Responsibilities: Under the Executive Vice President of Program/Network Management, a team oversees all incubation and scaling efforts, including targeted institution-strengthening and product support services where necessary, manages network activities beyond product development efforts (e.g., peer learning) and conducts research to prove the business case for serving women. The Chief Operating Officer oversees all financial, legal and technical functions to support execution of the WWB program.

Transition to the New Design: As with any organizational change, this one will require not just a shifting of lines and boxes on a chart, but also a change in culture. While WWB has already been moving towards a greater emphasis on products, this strategy calls for a new degree of emphasis that will require excellence in innovation, incubation and scaling. While WWB’s historical strength in institution-building will remain, the fact that it will now be in service to product development is a reframing that will also require adjustments by current staff—both in terms of their job descriptions, and in how they articulate the role of WWB in the world. Meanwhile, in order to attract and retain the best talent WWB needs to be a satisfying place for staff to work where employees are excited to participate in cutting-edge innovation and feel ownership over the impact created.

Global NGO Organizational Structure



7.4 ISIS

The objective of Isis is to make direct minority equity investments in high-performing, women-focused MFIs, primarily network members in order to insure their focus on women as clients and leaders.

Governance: SWWB will act as sponsor to the Fund with 100 percent control and 100 percent ownership in WWB investments LLC—the General Partner (GP). It will also have a 100 percent control and 100 percent ownership interest in WWB Asset Management which together with Triodos Investment Management BV forms the Fund Management Team. The Investment Committee will consist of 2 WWB representatives, 2 Triodos representatives and 1 Independent member. The Advisory Board will consist of up to 5 Limited Partners and provide advice and counsel, particularly around conflict of interest matters.

7.5 Hold Co

The objective of Hold Co is to develop, own and operate world-class branded MFIs that are aligned with WWB's core values, while building local knowledge/capacity and generating attractive financial returns.

Governance: FWWB will oversee Hold Co. In addition, Hold Co will have its own internal governance structure. This will take the form of an Advisory Board comprised of non-WWB LPs and will have responsibility over conflicts of interest.

7.6 Strategic Shifts

- **Moving from One to Three Entities:** The creation of two new entities that make WWB not only a professional service provider, but also an investor and owner-operator, represents a transformative shift in our strategy. This requires fundamental new capabilities and governance structures, as laid out above.

7.7 Measures of Success

- *Operational efficiency:*
 - Percent investment by strategic priority
 - Percent overhead of total investment budget
 - \$ invested / woman reached
- *Governance:*
 - \$ raised through Board members
- Talent
 - Key linkages across teams
 - Employee satisfaction rating
 - Staff turnover
 - Conversion rate of employment offers
- *Infrastructure:*
 - Usability rating of key systems

Chapter 8

KEY RISKS and CRITICAL SUCCESS FACTORS

Realize our Social Change Model

Risks

If we do not articulate our new Social Change Model in a compelling way, we risk **weakening our ties with key stakeholders** including the network and investor community.

If we do not engage or leverage field expertise effectively, we risk **pushing products that are not demanded** and losing our relevance within the industry.

To be a leading innovator we need a culture, and decision-making processes that enable us to scan for **external trends** and respond to emerging shifts, *while* ensuring **effective and efficient internal innovation development capabilities**.



Critical Success Factors

As we transition to our new strategy, we must **communicate regularly** with our stakeholders, and **articulate our strategy clearly** to all.

Microfinance institutions are effectively **our clients** in this new model. We will actively seek the network's input through the **Innovation & Social Change Council**. Our product and regional managers are key to driving **ongoing local relevance**.

To address this dynamic, we will define **clear roles and responsibilities**, as well as **streamlined decision-making processes** and **reporting mechanisms** for each of the strategic priorities in the Social Change Model.

Build Strong Partnerships

Given that our strategy explicitly deprioritizes some network members, we risk **calling into question the perceived commitment of WWB to the network, potentially alienating some network members**. Our creation of Hold Co may also be seen as a competitive threat by some network members.

Related to the previous risk, **competitive dynamics** exist between **Global NGO, Hold Co and ISIS** not only in attracting investors but also as it relates to selecting **partners** to invest in. WWB needs to address these to avoid "cannibalization" of funds.



WWB needs to **deliver against the value exchange** we offer to our network, and—especially as we transition to our new model—ensure **ongoing conversations with institutions**, monitoring network member satisfaction on an ongoing basis.

To effectively address these dynamics, we must **actively manage the synergies** between our three entities and **mitigate conflicts of interest** between them. We have designed our organization and governance structures to do so.

Grow & Diversify Revenue Base

Philanthropic funding is becoming **increasingly restricted**, and our current public funders are **looking for investments in the field rather than at the international level**. As our model does not involve direct field operations, an increasing share of our existing resources is at risk of disappearing or becoming more restricted.

A shift toward a model in which WWB generates revenues, as well as philanthropic and investment capital, requires a **more sophisticated fundraising strategy**: If we fail to identify clear roles for each capital type, and approach stakeholders in an integrated way, we **risk not reaching our funding targets**.



We will **seek to diversify our revenue base**. Beyond ISIS and Hold Co, we will actively target philanthropic funding from **high net worth individuals**. In parallel, we will bring **cost sharing and fee-for-service payments** into place (requiring that we re-set expectations with some network members)

Our development team will establish an **integrated strategy** that cuts across our three entities, and **coordination** is required to ensure ongoing alignment in our fundraising efforts.

Ensure Org. Excellence

Driving innovation and being able to lead in the sector require that WWB **attract and retain top notch talent**. If we do not find or develop talented resources for each of the strategic priorities in the Social Change Model, **we risk not being able to deliver**.



It is critical that we **support our staff** as they move into new roles providing them the tools to succeed and **fill critical resource gaps** as needed. We will have to develop incentives to attract top talent, especially those with technical expertise in innovation, product development, and delivery.

Chapter 9

CONCLUSION

What will success look like for WWB? Three years from now, we want to be able to look back and see that we have developed strong products that low-income individuals around the world especially women are able to access to grow their capital and control their assets. The performance dashboard below lays out the key indicators which will serve as markers along the way that we will track and hold ourselves accountable to. We will measure our success along these dimensions over the course of the next few years, and will use intermediate results to guide our choices along the way.

We are acutely aware of the challenge that lies ahead. Even so, we believe this strategic plan will position WWB to play the most effective role possible as we work towards our one day vision. In the next few years our success will hinge on our ability to drive relevant product and service development with the field. We are extremely excited about the road ahead and highly committed to making significant strides towards reaching our vision that—one day—all women will be able to build a secure financial future for themselves and their households.

Women's World Banking Performance Dashboard for 2011-13

One-Day Vision: "One day all women will be able to build a secure financial future for themselves and their households"

VISION - Increased number of women clients have access to financial products and demonstrate control over their growing assets

Strategic Priorities

5 PROVE THE BUSINESS CASE FOR WOMEN

- 5A. For institutions: Return on assets of NMs/partners, especially in women-focused segments, vs. others in the sector; client growth across segments
5B. For clients: Average number of products offered by WWB network members and partners

4 SCALE BY

ROLLING OUT TESTED INNOVATIONS	STRENGTHENING INSTITUTIONAL CAPABILITIES TO ENABLE WOMEN-FOCUSED INNOVATION
--------------------------------	---

- | | |
|--|---|
| 4A. # of products scaled with NMs/partners
4B. # of clients accessing products scaled with WWB support
4C. # of women clients accessing products scaled with WWB support | 4D. Growth of targeted NMs against key financial and operational performance standards (ROA, Portfolio and Client Growth)
4E. Growth of targeted NMs and partners against key social performance standards (% of women clients, # of women on staff, management and board) |
|--|---|

1 IDENTIFY WOMEN'S FINANCIAL NEEDS, PRODUCTS & SERVICES

- 1A. # of research studies conducted to identify women's needs related to financial products
1B. # of countries where research studies are conducted

2 INCUBATE INNOVATIVE PRODUCTS & SERVICES

- 2A. # of innovative products and services tested
2B. # of institutions where innovative products and services have been introduced
2C. # of clients accessing products incubated with WWB support
2D. # of clients that are women

3 CODIFY & DISSEMINATE KNOWLEDGE TO FINANCIAL INSTITUTIONS

- 3A. # of research studies/toolkits/publications made available in the sector
3B. # of "communications" on products and services (e.g.: media coverage, speaking engagements)
3C. # workshops/conferences/trainings/exchanges that have been conducted
3D. # of leaders that have attended WWB workshops promoting targeting of women

Organizational Enablers

BUILD STRONG PARTNERSHIPS

- P-A. NM/partner engagement index
P-B. NM/partner satisfaction rating
P-C. Percent of segments and targeted region expanded to
P-D. # of strategic alliances

GROW & DIVERSIFY REVENUE BASE

- R-A. Total and earned revenue
R-B. % cost sharing with NMs/ partners
R-C. % unrestricted & restricted funding
R-D. % of high-net-worth individuals contributing
R-E. Funder retention

ENSURE ORGANIZATIONAL EXCELLENCE

Operational efficiency:

- OE-A. % investment by strategic objective
OE-B. % overhead of total investment budget
OE-C. \$ invested / woman reached

Talent:

- OE-D. Key linkages across teams
OE-E. Employee satisfaction rating
OE-F. Staff turnover
OE-G. Conversion rate of employment offers

Infrastructure:

- OE-H. Usability rating of key systems
Governance:
OE-I. \$ raised through Board members

ANNEX II

MISSION

The mission of the Women's World Banking global network is to expand the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge and markets.

SHARED PRINCIPLES

We belong to the Women's World Banking (WWB) network, our network of choice. We are a diverse group of retail financial institutions committed to microfinance, and connected by our common purpose, strong relationships and shared beliefs. This is what we believe:

Principle 1: We believe that low-income women are valuable customers and catalysts for social and economic change.

Principle 2: We believe in women's empowerment and leadership.

Principle 3: We believe that microfinance institutions must be socially responsible and financially sustainable.

Principle 4: We believe in transparency and good governance.

Principle 5: We believe that locally-led and autonomous organizations effectively respond to local needs.

Principle 6: We believe that network membership confers a responsibility to drive not only our own performance excellence, but that of the network.

Principle 7: We believe in leveraging the best practice knowledge and expertise that resides in the network.

Principle 8: We believe that our collective strength, practices, ethics and advocacy will foster responsible financial inclusion.

WWB NETWORK MEMBER PLEDGE

We, the members of the Women’s World Banking network—retail financial institutions and the global team—join together to adopt this network pledge. By adopting this pledge, we agree to uphold the network principles, demonstrate our shared beliefs, meet the performance standards and contribute to the financial sustainability of the WWB network, our network of choice. We support our common purpose to expand the economic assets, participation and power of low-income women by helping them access financial services, knowledge and markets.

As members of the WWB network, we pledge to:

- Support the empowerment of low-income women as entrepreneurs, leaders and partners for change.
- Deliver responsible financial products and services that build and protect the assets and expand the investment opportunities of low-income women and their families, meeting their highest expectations.
- Treat customers fairly, with dignity and respect. We hold ourselves accountable to communicate terms and prices of all services in complete and accurate ways that our customers can understand. We will use sound risk assessment techniques in our lending operations and ensure our customers understand the benefits and risks of all our products.
- Serve as role models in the financial services community in valuing women leaders and investing in the development of women managers and staff. We will develop human resource policies to put our women-focused values into practice. We agree to strive for diversity in staffing and ensure equal opportunities for all.
- Abide by high standards of ethics and transparency in all relations with our customers, competitors, legal and regulatory authorities and the public at large. We will produce transparent financial and social performance reporting on a regular basis.
- Follow and promote best practice standards of good governance in the way we conduct business.
- Achieve and maintain sustainable, efficient operations matched with responsible growth in scale and depth of outreach.
- Demonstrate our commitment to locally-led financial institutions in our communities, in our countries and globally.
- Inform and inspire the network with our experience. We will forge partnerships to build the capacity of our institutions and contribute value to other network members and the industry.

Ultimately, we aim to be the financial services providers of choice for low-income women based on our belief that women are valuable customers and catalysts for social and economic change.

By affixing our signature to this document, we signify our commitment to the fulfillment of this pledge as well as our agreement to prominently display our core values, codes of conduct and the WWB network member pledge.

Chair of the Board

CEO of (name of network member)

Date

ELIGIBILITY CRITERIA

For more information on the eligibility criteria, including a detailed list of quantitative and qualitative guidelines, please see Annex A.

Quantitative Criteria	
Indicator	Minimum Eligibility Criteria
1. Number of Clients	10,000
2. Percentage of Women Clients	> 55%
3. Average Loan Balance as a Percentage of Gross National Income per capita	$\leq 150\%$
4. Portfolio at Risk > 30 days	$\leq 10\%$, including add-back of annual write-off
5. Operating Expense Ratio (Operating Expense / Average Gross Portfolio)	$\leq 30\%$
6. Return on Assets	positive return on assets (i.e. > 0)
7. Women's Leadership	30% representation of women on the board or in senior management positions with commitment to increase women in these roles
Qualitative Criteria	
<p>In addition to the quantitative criteria, there are qualitative criteria for membership which cover six areas: mission and vision; legal status and structure; governance; transparency; accountability and business plan.</p>	