

EXAMPLE INCENTIVE STRUCTURE THAT BALANCES PORTFOLIO GROWTH/SIZE AND QUALITY

The table below provides a simple example of an incentive system that balances social and financial objectives. It is modeled on the indicators used by a mid-sized microfinance provider in Peru.

Loan officer productivity	# new groups formed during the period	25%
	Active loan portfolio size	25%
Portfolio quality	PAR 30%	25%
Reaching target clients	Average loan size in portfolio	15%
Client education	% of education sessions facilitated	10% (calculated as “education sessions facilitated/education sessions targeted”)