Industry Guide on Impact Monitoring and Reporting for Islamic Social Finance

Issued for Comment

Response Due Date 14 November 2025

THE WORLD BANK INCLUSIVE GROWTH AND SUSTAINABLE FINANCE HUB IN MALAYSIA (WORLD BANK) AND THE MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA) INVITE COMMENTS ON THE EXPOSURE DRAFT FOR THE INDUSTRY GUIDE ON IMPACT MONITORING AND REPORTING FOR ISLAMIC SOCIAL FINANCE

The World Bank and MIA have issued a public consultation on the Industry Guide on Impact Monitoring and Reporting for Islamic Social Finance for an exposure period of one (1) month for distribution to members and other interested parties for comments.

This Guide has been developed as part of a broader initiative by the World Bank on developing the ecosystem enablers to facilitate social finance offering in Malaysia. The initiative produced a series of publications for reference, one of which is this Industry Guide.

As a co-publisher of this initiative, MIA supports the work of the World Bank by consulting its members on the industry guide to facilitate towards implementation.

The Guide provides a framework for Islamic financial institutions (IFIs) offering Islamic social finance to monitor and report the impact of their financing and/or investment activities. It outlines minimum standards and best practices in impact monitoring, establishing a common baseline and allowing IFIs to determine the best approach according to their objectives and resources.

The Institute looks forward to receiving comments on this Exposure Draft from members as well as interested parties and stakeholders. The Institute welcomes comments on all matters addressed in the Exposure Draft.

Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in the Exposure Draft, it will be helpful for the Institute to be made aware of this view.

Comments are to be submitted through email by **14 November 2025.**

Unless respondents request confidentiality, their comments are a matter of public record. All comments are to be directed to:

Email: technical@mia.org.my

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Glossary of Terms

Vocabulary of Impact Monitoring and Evaluation	
Inputs	Resources at the project's disposal, including staff and budget.
Impact indicator	Data on outputs and outcomes that can be used to evaluate impact.
Impact evaluation	An objective assessment of program effectiveness that uses specialized methods such as randomized controlled trials to determine whether a program meets its objectives, i.e., impact attributable to the program, to estimate its net results or impact, and/or to identify whether the benefits the program generates outweigh its costs.
Impact monitoring	A continuous process of collecting and analyzing information to better understand how well a program operates against expected outputs.
Impact reporting	An analysis of the effects and outcomes of a project, program, or initiative. It typically includes quantitative and qualitative data to demonstrate the impact on the target population, environment, or other areas of interest.
Monitoring and Evaluation (M&E)	A process by impact-seeking organizations to enhance program effectiveness, make projects accountable to the public, and help the government better allocate budget resources.
Output	The tangible goods and services that the project activities produce; these are directly under the control of the implementing agency.
Outcomes	Results likely to be achieved once the beneficiary population uses the project outputs; these are usually achieved in the short to medium term and are usually not directly under the control of the implementing agency.
Social Finance	All financial services that mobilize philanthropic capital using instruments such as donations, endowments (including cash waqf), or alms (zakat) to deliver tangible social outcomes.
Theory of Change	A detailed description of the mechanisms through which a change is expected to occur in a particular situation. A theory of change identifies the goals, preconditions, requirements, assumptions, interventions, and indicators of a program, providing important insight into and guidance on intervention and impact evaluation design.
Vocabulary of Islamic Finance	
Asnaf	Zakat beneficiaries include the hardcore poor and destitute, the poor, and the oppressed Muslims.
Maqasid	Intent, objective, and purpose of public good to create harmony for the welfare of the society.
Awqaf* or *Waqf	Assets that are donated, bequeathed, or purchased to be held in perpetual trust for general or specific charitable causes that are socially beneficial.
Zakat	An obligatory financial contribution disbursed to specified recipients that the Shariah prescribes for those with a minimum wealth maintained for one lunar year.
Terms used in the Guides	

Beneficiaries	Participants and recipients of Islamic social finance programs.
Counterfactuals	A critical concept for establishing the causal impact of the intervention by comparing the actual outcomes with those that would have occurred without the intervention.
Program	Islamic social finance activity implemented by the IFIs. This may refer to a financing or investment activity.
Social Finance	All financial services that mobilize philanthropic capital using instruments such as donations, endowments (including cash waqf), or alms (zakat) to deliver tangible social outcomes.

Part A: Introduction

1. The Guides have been developed as part of a broader initiative on developing the ecosystem enablers to facilitate social finance offering in Malaysia. The initiative produced a series of reports, for which this technical note is an additional reference.

2. The Guides provide a structured framework for Islamic financial institutions (IFIs) offering Islamic social finance to monitor and report the impact of their financing, investment and other social finance activities.

3. The Guides outline minimum standards and best practices in impact monitoring, establishing a common baseline and allowing IFIs to determine the best approach according to their objectives and resources.

Objectives

4. The Guides intend to promote consistency, transparency, and accountability in impact monitoring and reporting practices by IFIs.

   4.1. Consistency: Establishes a uniform approach over time that meets standards aligned with globally recognized frameworks and enables comparison across the industry to the extent appropriate.

   4.2. Transparency: Ensures that information is provided clearly, accurately, and easily accessible to report users whilst complying with relevant consumer and personal data protection laws and regulations.

   4.3. Accountability: Demonstrates how activities align with IFI's intended objectives and the responsible use of funds or proceeds.

5. Effective impact monitoring and reporting can help assure IFI's stakeholders, particularly fund providers, that Islamic social finance achieves meaningful impact. This can help alleviate the trust deficit that often arises when mobilizing private capital, including philanthropic capital, for social impact causes (IFAC et al., 2024).

Core Principles

6. The Guides establish five core principles to determine the best approach to implementing impact monitoring and reporting.

   6.1. Efficiency (Fit for purpose)
   Selecting an approach appropriate to the purpose and intended users of the information while weighing the cost and benefits of implementation. The approach

should focus on the most relevant metrics for its stakeholders and beneficiaries and be streamlined with existing reporting requirements to the extent possible.

6.2. Credibility
Adopting appropriate methodology aligned with globally recognized frameworks and disclosing limitations, assumptions, and risks associated with the data and methodologies ensures a balanced approach that includes both positive and negative information. Independent verification or audit should be considered to the extent feasible.

6.3. Inclusivity
Engaging a diverse range of stakeholders to foster collaboration and a sense of ownership by actively involving them in the process, ensuring a holistic perspective that considers the need for financial and non-financial information.

6.4. Integration of Technology
Leveraging technology, including artificial intelligence (AI) tools to enhance the efficiency and accuracy of monitoring and reporting design, data collection and reporting processes, including utilizing digital platforms to facilitate real-time reporting and stakeholder feedback. This can reduce the potential for human error and provide deeper insights through advanced data analysis.

6.5. Continuous Improvement
Establishing a culture of continuous improvement by seeking feedback to identify areas for improvement and innovation and regularly reviewing and updating the approach to ensure that it remains appropriate and in keeping with the latest knowledge.

7. The Guides are developed to complement existing reporting requirements, such as the Sustainability Reporting Guide by Bursa Malaysia, which is primarily based on the Global Reporting Initiatives (GRI), and the Integrated Reporting Framework.

Governance

8. IFIs should establish an appropriate governance framework in implementing impact monitoring and reporting. The governance framework should encompass:
   8.1. Institutional arrangements: Defining decision-making and accountability, as well as the roles and responsibilities of those responsible for approving, reviewing, and executing impact monitoring and reporting.
   8.2. Data governance: Establish clear policies on using globally recognized frameworks to determine the appropriate impact monitoring and reporting approach and data integrity and protection in compliance with relevant regulations, including data privacy and security
   8.3. Expert advice and external verification: Establish clear policies on engagement with experts and independent evaluators.

Part B: Impact Monitoring

9. Defining Outcomes

An effective impact monitoring and reporting framework is designed based on a specific theory of change (TOC) and results framework.

9.1. Minimum standards

(i) Define the problem statement by clearly articulating the social issue that the program aims to address.
(ii) Identify the desired outcomes the program seeks to achieve in the targeted period, including intermediate outcomes.
(iii) Outline the main activities and interventions that will be implemented to achieve the desired outcomes, including specifying appropriate timelines.
(iv) Create a simple results chain that links activities to outputs and outcomes.
(v) Engage stakeholders to obtain feedback and to ensure stakeholders have a shared understanding of the TOC.

9.2. Best practice

(i) Review the latest literature and empirical studies related to the problem statement to reflect available knowledge.
(ii) Consider the evolution of desired outcomes in the short, intermediate, and long term, particularly where evidence suggests such.
(iii) Consider the critical assumptions and potential risks that may impact the achievement of the specified outcomes.
(iv) Identify appropriate safeguards to mitigate potential risks.

See Appendix 1: Example of Theory of Change

10. Defining Metrics and Indicators

Metrics and indicators should be specific, measurable, achievable, relevant, and time-bound (SMART).

10.1. Minimum standards

(i) Choose a key indicator(s) backed by evidence and based on globally recognized frameworks[1]. Indicators should be the most material[2] for stakeholders.
(ii) Determine targets through engagement with key stakeholders.
(iii) Articulate link with Maqasid Al- Shariah.

10.2. Best practice

(i) Use a mix of quantitative and qualitative indicators to measure the program's impact comprehensively.
(ii) Consider relevant risk indicators or negative impact indicators (unintended consequences).

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[1] Leverage existing standards such as IRIS+GIIN issued byGlobal Impact Investing Network (GIIN), or Sustainable Development Goals (SDG) indicators for comparability.
[2] Most relevant and important in terms of value creation of the desired outcome.

See Appendix 2: List of Indicators and Metrics

11. Data Collection and Analysis

Accurate data collection and analysis are critical for assessing program impact.

11.1. Minimum standards

(i) Identify critical data points for selected indicator(s) and collect data from primary sources.
(ii) Establish a baseline before the program starts.
(iii) Establish clear and realistic targets over a specified period.
(iv) Use appropriate data collection mechanisms based on globally recognized frameworks. Conduct a reasonable assessment of input data quality and integrity and maintain appropriate documentation.
(v) Use appropriate analytical methods based on globally recognized frameworks to ensure an unbiased analysis that reflects both positive and negative impacts. Avoid exaggerating or manipulating impact data.
(vi) Protect the privacy and data of beneficiaries and stakeholders (including use of all forms of media such as photos and videos). Ensure informed consent per Malaysia's data protection laws and regulations.
(vii) Establish a measurement and evaluation (M&E) plan per target period.

11.2. Best practice

(i) Use both primary and secondary data sources. Explore primary transaction data to complement data collected from beneficiaries.
(ii) Incorporate qualitative insights such as case studies and testimonials.
(iii) Establish robust data verification and validation processes to ensure accuracy.
(iv) Use counterfactuals to accurately measure the program's impact.
(v) Engage third-party verification (impact auditors, independent evaluators)[3].
(vi) Establish clear and realistic targets over the short, intermediate, and long term.
(vii) Analyze trends across different periods and disaggregated data points (for example, gender, region, or age group). Exercise professional judgment to balance the depth of impact assessment and available resources.
(viii) Analyze the link with financial performance (for example, return on impact capital).

See Appendix 3: Examples of Data Collection Mechanisms
See Appendix 4: M&E Plan Template

12. Continuous Improvement

Impact monitoring and reporting are reiterative processes that should be regularly reviewed and refined to improve performance and accountability. It is recommended that a formal review be conducted every two years.

12.1. Minimum standards

(i) Develop a stakeholder map, identifying their roles and responsibilities.
(ii) Gather periodical feedback from stakeholders, including establishing an appropriate grievance mechanism.

[3] External verification should be in line with the requirements of relevant reporting standards adopted by the IFI.

(iii) Establish clear channels for ongoing communication with stakeholders, ensuring they are informed of progress and outcomes.

12.2. Best practice

(i) Adjust indicators, targets, data collection methods, and reporting practices based on lessons learned, reflecting new insights and changing contexts.

(ii) Build internal capacity through training programs focused on impact monitoring and reporting.

See Appendix 5: Stakeholder Engagement

Part C: Impact Reporting

13. The presentation and frequency of the report should correspond to the purpose of information disclosure, the users' need for the information, and the program's implementation period.
    - 13.1. The report may be presented as part of the annual report or as a standalone report.
    - 13.2. Depending on the data collection mechanism, specific data points may be reported more frequently (quarterly or semi-annually). In contrast, a more comprehensive report may be produced for a period covering more than 12 months.
    - 13.3. The approach to information disclosure (impact reporting) should be adequately documented.
    - 13.4. The report should be published in major languages that can be accessible to key stakeholders and beneficiaries such as Bahasa Kebangsaan and other ethnic languages.

14. The information should be presented clearly and concisely.
    - 14.1. Overview: Description of the program, including the theory of change and information disclosure approach.
    - 14.2. Methodology and indicators: Description of the data collection and analysis and impact measurement methodologies.
    - 14.3. Key results: Present key outcomes supported by data, using data visualization if appropriate.
    - 14.4. Lessons learned: Discuss implementation challenges, unexpected outcomes, and areas for improvement. Highlight adaptations made to enhance impact.

See Appendix 6: Reporting Template

Part D: Appendices and Templates

Appendices and templates in this section of the Guides have been developed based on findings from the World Bank reports and benchmarking against globally recognized frameworks[4].

[4] AI models were utilized to generate the templates. When utilizing AI, specific prompts were used to instruct the AI model to reference globally recognized frameworks such as the World Bank's M&E Framework, Integrated Reporting Framework, Impact Reporting and Investment Standards (IRIS), and Global Reporting Initiatives (GRI). Appropriate technical terminology related to M&E and impact evaluation, such as TOC, result chain, logic frameworks, counterfactuals, baseline data, etc., were used to obtain a better response from the AI models. A reasonable assessment of information validity was conducted through an expert peer-review process. The World Bank's Mai WBG GPT and OpenAI's ChatGPT (GPT-4 model) were used to compare results for accuracy and consistency.

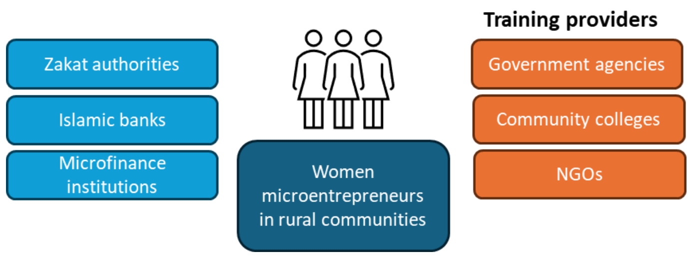
Appendix 1: Example of Theory of Change

Example 1: Empowering women microentrepreneurs[5]

A. Minimum Standards

Problem Statement:
Women microentrepreneurs from low-income households face significant barriers to access to finance, including limited access to affordable credit due to lack of collateral and formal credit history and inadequate business skills, financial literacy, and market linkages.

Program Solution:
Government agencies collaborate with funding providers and training providers to deliver training and financing to targeted women microentrepreneurs from low-income households.



Inputs:
- **Seed Capital**: Pool of funds combining microfinancing and zakat fund.
- **Capacity Building**: Business skills training, financial literacy, and mentorship (preferably gender-sensitive and sector-specific).
- **Partnerships**: Collaboration with local financial institutions, NGOs, government agencies, and private sector actors.
- **Policy Advocacy**: Engagement with policymakers to create supportive regulations and reduce collateral requirements.

Activities:
- **Outreach and Identification**: Target and select rural women with entrepreneurial potential, using data-driven and community-based approaches.
- **Credit Assessment**: Use alternative credit scoring (e.g., psychometric tests, cash-flow analysis, digital footprints) to assess creditworthiness and reduce reliance on traditional collateral
- **Disbursement of Seed Capital**: Provide a mix of microfinance with flexible repayment terms and zakat fund, which can be cash or in-kind (equipment, inventory).
- **Business Training and Mentorship**: Deliver tailored training (business planning, financial management, digital skills) and ongoing mentorship, ideally with female mentors.
- **Monitoring and Support**: Regular follow-up, grievance redress, and technical assistance.

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[5] Mengistu Bessir Achew;Aly Salman Alibhai;Rachel Dawn Coleman;Francesco Strobbe.2020. Designing a Credit Facility for Women Entrepreneurs : Lessons from the Ethiopia Women Entrepreneurship Development Project. Washington, D.C. : World Bank Group. https://documentsinternal.worldbank.org/search/32203838

Outputs:

- Number of women trained in business and financial management.
- Volume and number of microfinance and zakat fund disbursed.
- Number of women accessing digital financial services.

Outcomes

- Growth in monthly sales and business income.
- Increased savings.
- Enhanced credit-readiness (credit scoring history).

Maqasid-linked outcomes

- Inclusive wealth circulation and creation (P13)
- Maximizing wealth distribution with focus on social finance (P14)
- Nurturing businesses with supportive ecosystem (P15)

Key Stakeholders:

- Beneficiaries: Women microentrepreneurs from low-income communities
- Fund providers: State religious authorities and corporate donors
- Other stakeholders: Training agencies, technology partners, academic institutions, regulators

B. Best Practice Example

Intermediate Outcomes:

- Improved business skills, financial literacy, and confidence.
- Percentage increase in business income and profits.
- Improved microfinance repayment ability.
- Increased use of digital financial services.

Impacts/ Long-term Outcomes:

- Number of jobs created.
- Reduction in poverty rates among beneficiaries.
- Improvement in women's decision-making power and social status.

Assumptions:

- Women microentrepreneurs are willing and able to participate in the program.
- IFIs are willing to collaborate and provide ongoing support.
- IFIs are willing to adopt alternative credit assessment methods.
- Training and mentorship programs effectively build the necessary skills and confidence.
- External economic conditions remain stable enough to allow business growth.

Risks:

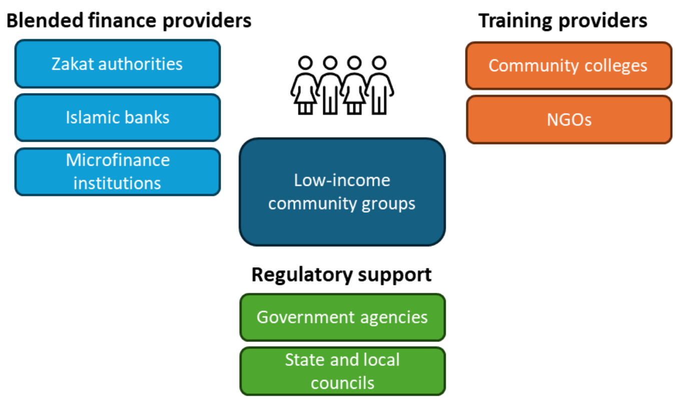
- Economic downturns that could affect the viability of microenterprises.
- Cultural barriers that may limit women's participation in the program.
- Limited capacity of local IFIs to provide sustained support.
- Weak monitoring mechanisms to provide timely support to participants, participants regress to poor business decision-making.

Example 2: Community-Based Childcare Services[6]

A. Minimum Standards

Problem Statement:
Low-income families, especially women, face barriers to employment and economic participation due to lack of affordable, quality childcare. Existing services are limited, costly, or inaccessible, particularly in rural and underserved communities.

Program Solution:
Government agencies collaborate with funding providers and training providers to deliver training and financing to targeted low-income communities to establish community-based childcare facilities.



Inputs:
- **Microfinance:** Low-interest financing provided to local women entrepreneurs or community groups to establish or expand childcare centers.
- **Philanthropic capital:** Zakat or donations from foundations, corporations, or individuals to subsidize start-up costs, training, and quality improvements.
- **Community engagement and partnerships:** Collaboration with local financial institutions, NGOs, government agencies, and private sector actors.

Activities:
- Community mobilization to identify childcare needs and trusted caregivers.
- Training for caregivers in early childhood development and business management.
- Establishment or upgrading of childcare facilities (home-based or center-based).
- Ongoing support and quality assurance from NGOs or local networks.

Outputs:
- Increased number of affordable, quality childcare centers in the community.
- More trained caregivers and improved service standards.

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[6] Dina, Tanzina Quddus; Ekobono, Louis Marie Gael Bidzogo; Mbithi, Antony Mwangangi. Guidance Note on Home-Based Childcare For Low-Income Communities (English). Education Note;No. 3 Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099707102192511108

- Financial sustainability through income from parent fees, microenterprise activities, and financing repayments.

Outcomes:
- More children from low-income families access safe, stimulating care.
- Women (especially mothers and caregivers) gain time to participate in paid work or education.
- Local women entrepreneurs build business skills and assets.

Maqasid-linked outcomes
- Cultivating the attainment of basic needs (P1)
- Demonstrating positive social culture (P2)
- Inclusive wealth circulation and creation (P13)
- Maximizing wealth distribution with focus on social finance (P14)
- Nurturing businesses with supportive ecosystem (P15)

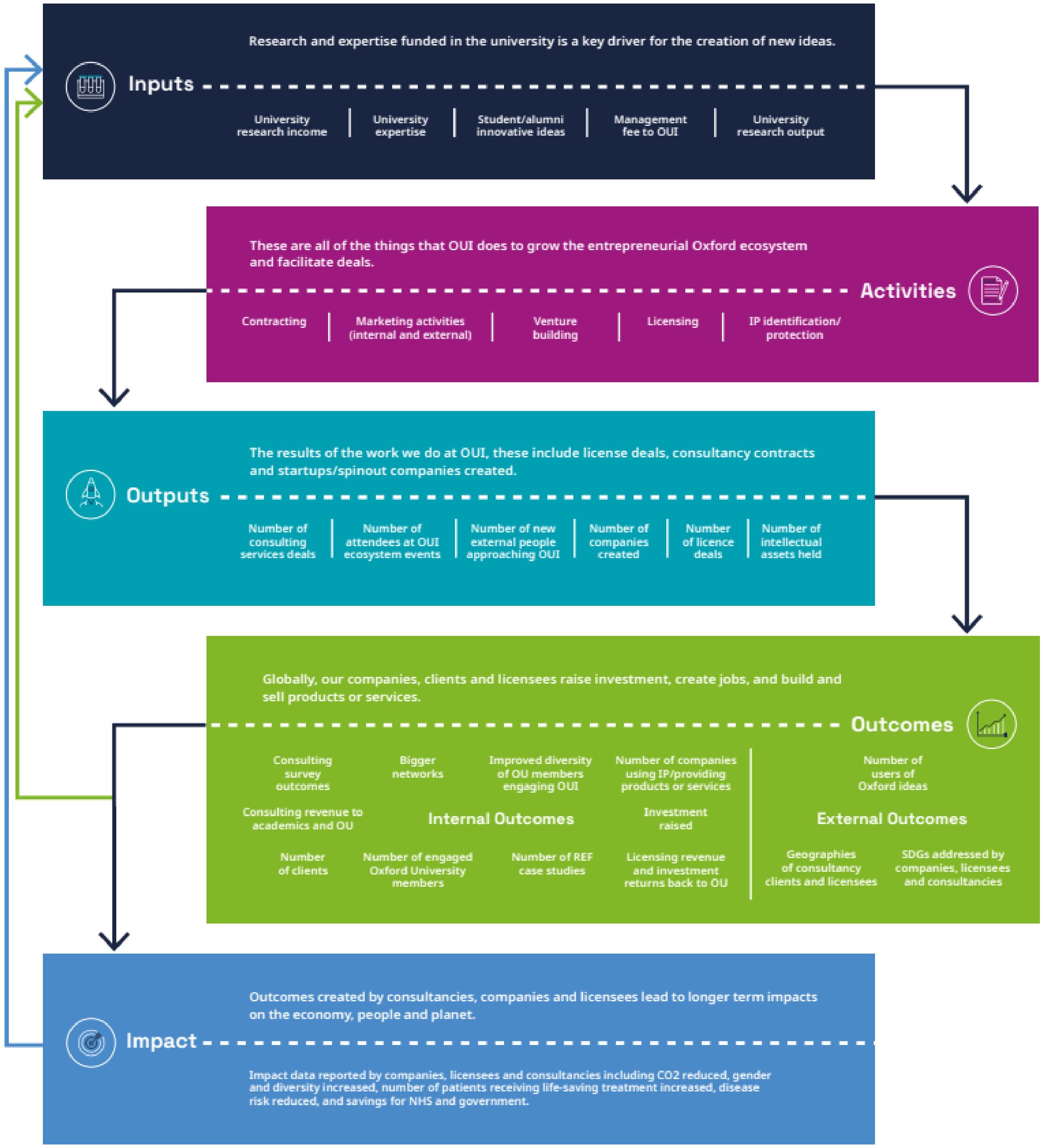
B. Best Practice Example

Intermediate Outcomes:
- Increased female labor force participation and household income.
- Improved child development outcomes.
- Strengthened community trust and engagement in childcare provision.

Long-Term Impact:
- Reduced gender gaps in employment and income.
- Enhanced human capital and social well-being in the community.
- Sustainable, locally owned childcare ecosystem that can scale or adapt to changing needs.

Assumptions:
- Communities are willing to participate and trust local providers.
- Microfinance institutions and donors coordinate to ensure accessible, low-cost capital.
- Demand for childcare rises as quality and affordability improve.
- Ongoing support and monitoring maintain service standards.

Risks:
- Many community-based childcare providers struggle to cover operational costs due to low fees and inconsistent payments from parents.
- Reliance on philanthropic capital or donor grants can create uncertainty if such funding is not sustained.
- Community-based centers may face persistently low enrollment due to lack of awareness, trust, or perceived value.
- Community groups may lack experience in managing funds, leading to risks of misuse, inefficiency, or lack of accountability



Source: University of Oxford, Impact Report 2024. https://impactreport2024.innovation.ox.ac.uk/theory-of-change/

Appendix 2: List of Indicators and Metrics
The list is not exhaustive.

Mapping to Maqasid al-Shariah Guidance for the Islamic Capital Market Malaysia by Securities Commission Malaysia

The aspirations and principles are summarized below:

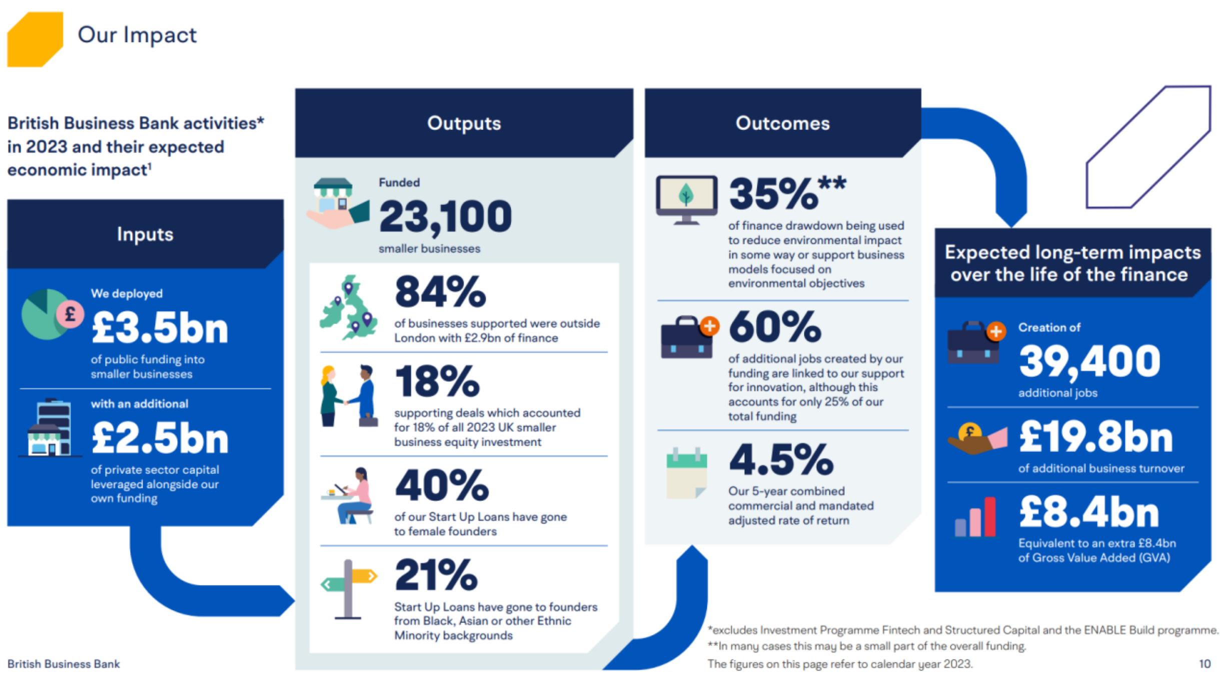
Aspiration 1: Humanity	Principle 1: Cultivating the attainment of basic needs (P1) Principle 2: Demonstrating positive social culture (P2) Principle 3: Undertaking initiatives in preserving the well-being of future generations (P3)
Aspiration 2: Justice and benevolence	Principle 4: Fostering an ethical and learning culture principle (P4) 5: Promoting efficiency and avoiding wastage (P5) Principle 6: Upholding best practices, codes of conduct and ethical values (P6)
Aspiration 3: Clarity and transparency	Principle 7: Adhering to the validity and objective of contracts (P7) Principle 8: Enhancing disclosure and documentation (P8)
Aspiration 4: Flexibility and innovation	Principle 9: Fostering innovation via flexibility and dynamism (P9) Principle 10: Honoring freedom of transactions and dealings (P10)
Aspiration 5: Fiduciary and accountability	Principle 11: Upholding fiduciary duty with utmost good faith (P11) Principle 12: Promoting accountability in performances and activities (P12)
Aspiration 6: Accessibility and inclusivity	Principle 13: Broadening the circulation of wealth and participation (P13) Principle 14: Maximizing wealth distribution with focus on social finance (P14) Principle 15: Nurturing businesses with supportive ecosystem (P15)

Category of indicator	**Metrics (Mapping to Maqasid al-Shariah Guidance)**
A. Input indicators (Resources deployed)	
Financial products and services	Number of affordable Islamic financial products and tailored services offered (P1, P9)
Funds mobilized	RM amount of funds by type (microfinance, grant) and source (risk capital, philanthropic capital) (P13, P14)
Stakeholders engaged	Number of institutions by type of institutions (P12)
Capacity building programs offered	Number of training offered by type and mode of delivery (P4, P15)
Maqasid Al-Shariah (wealth circulation)	RM amount of Islamic social finance by type (Zakat, Waqf) (P14)
B. Output indicators	

Category of indicator	Metrics (Mapping to Maqasid al-Shariah Guidance)
Financial products and services	Number of applications approved Percentage share of applications approved RM amount of funds disbursed/ affordable financing provided Percentage of beneficiaries accessing formal banking services Percentage utilization of financial products and services (microfinance products, online banking, banking app, QR code, etc.) (P1, P9, P15)
Beneficiaries	Number of beneficiaries accessing affordable financial products and services – disaggregated by key demographics (gender, location, age, business sector, etc.) (P1, P9)
Target group/ underserved/ unserved	Percentage share of funds allocated to the target group (female, youth, rural, low-income household, etc.) (P1, P2, P3, P15)
Capacity building programs offered	Number of trainings delivered Number of mentorships Percentage of training completed by beneficiaries Percentage of beneficiaries that achieve passing rate in knowledge acquisition (P4, P15)
Digital business and payment	RM amount of business revenue generated from digital platforms Percentage share of business revenue generated from digital platforms Number of digital payment transactions Percentage share of digital payment transactions (P1, P5, P9)
Climate and sustainability	RM amount of green/ sustainable finance allocated Proportion of funds allocated to ethical and socially responsible sectors (P2, P3, P9, 12)
Maqasid Al-Shariah (wealth circulation)	Percentage share of Islamic social finance allocated RM amount of Islamic social finance disbursed Number of Asnaf served (P1, P13, P14)
Perception (Likert scale)	Satisfaction rate of program implementation/ financial products and services provided/ intervention received/ access to financial products and services Level of financial literacy Satisfaction rate of beneficiary-IFI relationship Satisfaction rate of beneficiary-stakeholder relationship Confidence level of decision-making by beneficiaries Satisfaction rate of stakeholder-IFI relationship (P4, P6, P12)
C. Outcome indicators (Short – Intermediate)	

Category of indicator	Metrics (Mapping to Maqasid al-Shariah Guidance)
Business growth	Percentage increase in business revenue Percentage increase in business profit Percentage increase in market access Percentage increase in business asset (P3, P8, P12, P13, P15)
Income growth	Percentage increase in income Percentage increase in savings Percentage increase in takaful contributions (P1, P2, P15)
Financial inclusion	Percentage of beneficiaries with credit record Improvement in credit scoring Improvement in the pricing of affordable financial products (P1, P2, P3, P9, P6)
Employment	Number of jobs created disaggregated by key demographics (P2, P3, P13, P15))
Climate and sustainability	Amount of renewable energy generated Amount of renewable energy utilized Percentage share of renewable energy utilization Number of businesses with green/sustainability certifications Percentage share of businesses with green/sustainability certifications (P2, P3, P9, 12)
Maqasid Al-Shariah (wealth circulation)	Percentage increase in business revenue/ income of Asnaf Percentage of beneficiaries graduating from the Asnaf category Percentage of beneficiaries paying zakat/ giving charity Percentage increase in contributions to Asnaf development programs Improvement in Islamic financial literacy (P1, P4, P13, P14)
Perception (Likert scale)	Improvement in financial position/ financial well-being Improvement in access to affordable financial services and product Improvement in financial literacy/ financial management (P2, P4, P6, P12)
D. Impact indicators (Long-term)	
Poverty rate	Percentage reduction in poverty rates among beneficiaries Percentage change in income levels of beneficiaries (P1, P2, P3, P12)
Household well-being	Percentage of beneficiaries with improved access to education/healthcare Percentage of beneficiaries with improved living conditions (P1, P2, P3, P12)
Business survival	Percentage of microenterprises still operational after 3-5 years. (P3)
Climate and sustainability	Percentage change in GHG emission Reduction in GHG emission intensity

Category of indicator	Metrics (Mapping to Maqasid al-Shariah Guidance)
	(P3, P5, P6, P12)
Maqasid Al-Shariah (wealth circulation)	Increased innovation in productive Islamic social finance Percentage of beneficiaries graduating from the Asnaf category Percentage of beneficiaries paying zakat/ giving charity Increased share of Islamic social finance instruments into formal Islamic banking products (P1, P2, P3, P9, P13, P14)



Source: British Business Bank, Impact Report 2024

Appendix 3: Examples of Data Collection Mechanisms

A. Identify critical data points

To conduct a robust impact evaluation, data should be collected across multiple dimensions: inputs, outputs, outcomes, and impact.

Below is a structured list of critical data points to be collected at the beneficiary level pre-program to establish a baseline and periodically afterward to track progress and measure final outcomes and impacts.

When selecting critical data points, an IFI should consider the following:

(i) relevance to its chosen outcome and impact indicators that meet its strategic objectives;
(ii) reflect consensus with key stakeholders; and
(iii) mode of data collection to ensure data efficiency and completeness.

The list is not exhaustive.

1. Beneficiary Profile	
Demographics	• Age, gender, education level • Household size, income level • Location (urban/rural, state) • Type of business registration • Type of business sector • Business status (still in operation, changed business, closed)
Socioeconomic Status	• Employment status • Access to financial services • Access to healthcare and education services • Household poverty level • Type of public assistance received • RM amount of public assistance received
Target group classification	• Women-owned businesses • Underserved/ unserved communities/ Asnaf • Smallholder farmers, youth, refugees
2. Program Inputs and Outputs	
Fund disbursement data	• Total funds size received • Source of funding (public grant, private capital, philanthropic) • Purpose of funds utilized • Financing, grant, or investment type • Type of Islamic social finance (Zakat, Waqf) • Repayment period and repayment rates
Capacity building	• Type of training received • Attendance rate • Completion rate

	• Passing rate
Climate and sustainability	• Level of awareness and adoption of sustainable or green business practices • Estimated energy source mix • Estimated GHG emissions
Maqasid Al-Shariah	• Level of awareness and knowledge of Islamic social finance
Perception	• Satisfaction rate with interventions • Satisfaction rate with stakeholders
3. Program Outcomes and Impacts	
Business growth	• Estimated monthly revenue, profits • Estimated market reach (number of transactions, market location) • Estimated RM value of business asset
Income growth	• Estimated income • Estimated savings • Estimated takaful cover
Financial Inclusion	• Number of engagements with formal banking/ financial products and services utilized
Employment	• Jobs created (full-time, part-time, temporary) • Wages level
Climate and sustainability	• Estimated GHG reduction • Sustainable or green business practice certifications obtained
Maqasid Al-Shariah	• Participation in zakat payment, charity giving
Perception	• Level of financial literacy • Level of financial management • Ability to raise funds during an emergency • Impact of the program on well-being, income, savings, etc.

B. Data collection

To ensure data quality and bias reduction, an IFI should consider the following:

(i) use appropriate sampling techniques to reduce sampling bias[7];

(ii) phrase questions in an objective manner to obtain quantifiable data, use neutral wording, and avoid leading questions[8];

(iii) ensure anonymity to encourage honest responses;

(iv) use the language that is most used by beneficiaries, offer translations in different languages if needed; and

[7] For example, random sampling should be employed for programs with known participants or targeted groups. Data collection should not rely on respondents' self-selection to participate in the survey or interviews (e.g., open survey).

[8] Leading questions can imply a positive outcome or push the respondent toward agreement, leading to overly favorable responses. For example, asking "Do you agree that the program has significantly improved business performance?" presumes the program has a positive impact. Instead, ask "How has the program impacted business performance?".

(v) combine multiple mode of data collection such as online and in-person surveys to ensure high response rate and focus group discussion to gain deeper insights.

C. Data analysis

Use appropriate data analytical tools and analysis methods based on globally recognized frameworks. Engage expert advice on empirical methods in impact evaluation.

D. Survey template

This is an example of a survey created for a women's microfinance program. The data points used are for illustrative purposes only.

Section 1: Beneficiary Profile

1. Full Name (Optional): ___________
2. Age: ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ 46+
3. Marital Status: ☐ Single ☐ Married ☐ Widowed ☐ Divorced
4. Household Size (Number of Members): ___________
5. Education Level:
   ☐ No formal education ☐ Primary ☐ Secondary ☐ Higher education
6. Main Source of Income:
   ☐ Small Business ☐ Agriculture ☐ Salaried Job ☐ Others: ___________
7. Current income (average for past 3 months):___________

Section 2: Financial Inclusion & Access

7. Did you have a bank account before joining the program? ☐ Yes ☐ No
8. Did you have access to credit before this program? ☐ Yes ☐ No
9. Have you received any government assistance for microentrepreneurs before? ☐ Yes ☐ No
10. What financial services have you used through this program? (Check all that apply)
    ☐ Microfinance ☐ Savings Account ☐ Microtakaful ☐ Digital Payments ☐ Other: ___________
11. How often do you save money now compared to before the program?
    ☐ More frequently ☐ Somewhat frequently ☐ Same as before ☐ Less frequently ☐ Not at all

Section 3: Financing Utilization & Business Growth

11. What was the purpose of the microfinancing?
    ☐ Start a new business ☐ Expand an existing business ☐ Household expenses ☐ Other: ___________
12. How much funds did you receive? ___________
13. What type of business do you run?
    ☐ Retail ☐ Agriculture ☐ Services ☐ Manufacturing ☐ Other: ___________

14. How has your business revenue changed since receiving the microfinance?
☐ Significantly Increased (more than 20%) ☐ Increased (less than 20%) ☐ No change ☐ Decreased (less than 20%) ☐ Significantly Decreased (more than 20%)
15. Have you hired any employees since participating in the program? ☐ Yes ☐ No
16. What challenges have you faced in using microfinancing effectively?
☐ High repayment burden ☐ Lack of business skills ☐ Market demand issues ☐ Other: ___________

Section 4: Economic Empowerment & Household Impact

17. How has your household income changed since joining the program?
☐ Significantly Increased (more than 20%) ☐ Increased (less than 20%) ☐ No change ☐ Decreased (less than 20%) ☐ Significantly Decreased (more than 20%)
18. Who makes financial decisions in your household?
☐ Myself ☐ Shared with spouse/family ☐ Others: ___________
19. What percentage of your income do you now control personally?
☐ 0-25% ☐ 26-50% ☐ 51-75% ☐ 76-100%
20. Have you been able to increase spending on essential needs (e.g., education, healthcare)? ☐ Yes ☐ No

Section 5: Social & Well-Being Impact

21. How has access to finance affected your confidence in handling money?
☐ More confident ☐ Somewhat confident ☐ No change ☐ Less confident ☐ Not confident
22. How has the program affected your experience in accessing or using financial services? ☐ More confident ☐ Somewhat confident ☐ No change ☐ Less confident ☐ Not confident
23. Are you part of any women entrepreneur or business networks? ☐ Yes ☐ No

Section 6: Program Feedback & Satisfaction

25. How satisfied are you with the microfinance program?
☐ Very satisfied ☐ Satisfied ☐ Neutral ☐ Dissatisfied ☐ Very dissatisfied
26. What improvements would you suggest for the program? (Open-ended)
27. Would you recommend this program to other women? ☐ Yes ☐ No

Appendix 4: M&E Plan Template

An M&E plan comprises the following elements:

1. Purpose and Scope: Objectives of the M&E plan, the scope of the evaluation, and the key questions that the M&E activities aim to answer.
2. Indicators: List of indicators that will be used to measure outcomes and impacts.
3. Data Collection Methods: Methods and tools that will be used to collect data, such as surveys, interviews, focus groups, and administrative data.
4. Data Sources: Sources of data, including primary and secondary sources, and specifies who will be responsible for data collection.
5. Baseline Data: Information on the initial conditions or status before the intervention begins, which will be used as a reference point for measuring change.
6. Data Analysis Plan: Methods and techniques that will be used to analyze the collected data, including statistical methods and qualitative analysis.
7. Reporting and Dissemination: Describes how the findings will be reported and shared with stakeholders, including the format of reports and the frequency of reporting.
8. Roles and Responsibilities: Specifies the roles and responsibilities of the individuals and organizations involved in the M&E activities.
9. Timeline: Provides a detailed timeline for the M&E activities, including key milestones and deadlines.
10. Budget: Includes a budget for the M&E activities, detailing the costs associated with data collection, analysis, reporting, and dissemination.
11. Ethical Considerations: Addresses any ethical issues related to the M&E activities, such as informed consent, confidentiality, and data security.
12. Risk Management: Identifies potential risks to the M&E activities and outlines strategies to mitigate these risks.

These components ensure that the M&E plan is comprehensive, systematic, and aligned with the goals and objectives of the project or program being evaluated.

An M&E plan should be used to communicate and obtain consensus with stakeholders.

Template

This is an example of an M&E plan. The information used is for illustrative purposes only.

1. Program Overview

Program Name: [Insert Program Name]
Implementation Partners: [Insert Organization Name]
Program Duration: [Start Date] – [End Date]
Target Beneficiaries: [Primary Beneficiaries, e.g., Women Entrepreneurs, Low-Income Households]

Program Objectives:

- [Objective 1]
- [Objective 2]
- [Objective 3]

Theory of Change (TOC) Summary:
[Briefly describe how the program's activities will lead to desired outcomes and impact.]

2. Indicators and Metrics

Program Goal	Outcome/Impact Indicator	Definition	Baseline Value	Target Value	Data Source	Frequency
[Goal 1]	[Indicator 1]	[E.g., % of beneficiaries accessing loans]	[E.g., 20%]	[E.g., 50%]	[E.g., Financing records, surveys]	[Quarterly]
[Goal 2]	[Indicator 2]	[E.g., % of businesses reporting profit increase]	[E.g., RM100 avg. profit]	[E.g., RM300 avg. profit]	[Financial reports]	[Bi-annually]

3. Data Collection and Management

A. Data collection Methods

Primary Data Sources: [Surveys, interviews, focus groups, financial tracking]
Secondary Data Sources: [Government statistics, bank records, program documents]

B. Data Collection Tools

Digital survey tools [SurveyMonkey, KoboToolbox]
Financial management system for tracking microfinance
Monthly field reports

C. Data Storage and Security

Where data will be stored: [Cloud-based system, Excel database]
Confidentiality measures: [Encrypted storage, anonymization]

4. Evaluation Strategy

Evaluation Type	Evaluation Questions	Methodology	Responsible Party	Timeframe
Baseline Assessment	What is the initial situation of beneficiaries?	Surveys, interviews	IFI	Start of Program
Mid-term Evaluation	Are we on track to meet our objectives?	Difference-in-Differences (DiD), Case Studies	External Evaluator	Midterm
Final Impact Evaluation	What has changed due to the program?	Randomized Control Trial (RCT) (if feasible), Beneficiary Surveys	External Evaluator	End of Program

5. Roles and Responsibilities

Stakeholder	Role in M&E	Key Responsibilities
IFI	Data collection and analysis	Ensure timely reporting, quality assurance
Field officers (Implementation partner)	Data gathering and beneficiary engagement	Conduct surveys, monitor implementation

IFI	Oversight and decision-making	Use M&E insights for program adaptation
External Evaluator	Independent assessment	Conduct midline and final evaluations

7. Reporting and Communication Plan

Report Type	Content	Audience	Frequency	Responsible Party
Monthly Progress Reports	Key indicators, challenges, updates	Internal teams	Monthly	IFI
Quarterly Performance Reports	Outcome trends, success stories	Board, implementation partners	Quarterly	IFI
Final Impact Report	Overall program effectiveness, recommendations	Public, policymakers	End of Program	External Evaluator

Feedback Loops: Quarterly review meetings to adjust strategy based on M&E findings
Stakeholder Engagement: Community consultations, implementation partners briefings
Knowledge Sharing: Publish impact reports, webinars

8. Budget for M&E Activities

Activity	Estimated Cost (RM)
Data Collection (Surveys, Field Visits)	RMXX, XXX
Staff Salaries & Training	RMXX, XXX
External Evaluation (Midterm & Endline)	RMXX, XXX
Technology & Data Management	RMXX, XXX

9. Risk Management and Exit Strategy

Capacity building: Train implementation partners to continue M&E processes
Post-program impact tracking: Follow-up survey one year after program completion
Integration into policy and systems: Collaborate with local government for ongoing monitoring.

Appendix 5: Stakeholder Engagement

A. Stakeholder Analysis

Stakeholder Group	Role in the Program	Level of Influence	Key Interests	Potential Impact on Program
Government & Regulators	Set policies, regulate financial institutions, oversee compliance	High	Financial inclusion, economic development, regulatory compliance	Can support or hinder program expansion through policies and regulations
IFIs	Provide capital, manage financial services	High	Profitability, risk management, social impact	Ensure program sustainability but may limit outreach based on risk assessments.
Beneficiaries	Receive financial services, start or expand businesses	Medium	Access to affordable credit, financial stability, economic empowerment	Direct impact on poverty reduction and community development
Philanthropic Organizations	Provide funding and grants	High	Social impact, measurable outcomes, transparency	Can drive expansion but may impose specific reporting or outcome expectations.
Foundations, NGOs & Community Groups	Provide capacity-building, financial literacy, advocacy	Medium	Community development, financial inclusion, gender equality	Strengthen outreach and ensure social impact alignment
Technology Providers	Enable digital payments, alternative credit scoring	Medium	Innovation, market expansion, user adoption	Can improve efficiency and accessibility of financial services
Academia & Research Institutions	Conduct impact studies, provide data insights	Low	Knowledge generation, policy advocacy	Contribute to evidence-based policy and program improvements
Media & Advocacy Groups	Raise awareness, influence public opinion	Medium	Transparency, social justice, accountability	Can shape public perception and influence policy changes

B. Stakeholder Engagement Approach

Stakeholder Group	Engagement Strategy	Frequency	Engagement Tools
Government & Regulators	Policy alignment meetings, compliance workshops, advocacy engagement	Annually	Policy briefs, regulatory consultations
IFIs	Collaborations, risk-sharing models, impact reporting	Bi-Annually	Working groups, impact reports, roundtables
Beneficiaries	Training sessions, feedback surveys, peer learning networks	Ongoing	Workshops, surveys, focus groups
Philanthropic Organizations	Regular reporting, funding updates, field visits	Bi-Annually	Impact reports, stakeholder roundtables
NGOs & Community Groups	Capacity-building partnerships, local advocacy forums	Bi-Annually	Community dialogues, collaborative projects
Technology Providers	Co-develop digital solutions, integrate financial tools	As needed	Joint innovation labs, pilot projects
Academia & Research Institutions	Impact studies, data-sharing partnerships, knowledge dissemination	Annually	White papers, research collaboration
Media & Advocacy Groups	Public awareness campaigns, storytelling, press releases	As needed	Social media, news articles, podcasts

Appendix 6: Reporting Template

Microfinance Impact Report
Reporting Period: [Start Date – End Date]

1. Introduction
Provide a brief overview of the microfinancing activities and outcomes.
- **Objective:** To support underserved communities and small businesses through accessible financing.
- **Theory of change:** Describe input, activities, output and outcomes.
- **Alignment with Maqasid Shariah:** Brief explanation.

2. Key Highlights (Summary)

Metric	Unit	Value	Change YoY
Total Microfinance Disbursed	Currency (RM)	[Value]	[% Increase/Decrease]
Number of Beneficiaries	Individuals/Businesses	[Value]	[% Increase/Decrease]
Average Microfinance Size	Currency (RM)	[Value]	[% Increase/Decrease]
Repayment Rate	Percentage (%)	[Value]	[% Increase/Decrease]
Number of Women Beneficiaries	Individuals	[Value]	[% of Total Beneficiaries]

3. Social Impact
Provide qualitative and quantitative insights on how the microfinancing program has improved livelihoods.
Impact Areas:
- **Employment Generation:** [Number] of jobs created or sustained.
- **Empowerment of Women:** [Percentage] of total beneficiaries are women.
- **Access to Education:** Describe any linkages between microfinancing and increased access to education for beneficiaries' families.
- **Community Development:** Provide examples of community-level improvements facilitated by microfinancing (e.g., infrastructure, local business growth).

4. Economic Impact
Contribution to Local Economies:
- Total funds disbursed to micro and small enterprises: [Value].
- Increase in local economic activity: [Brief description of observed impacts].

Case Studies (Optional):
Provide 1-2 brief case studies highlighting successful microfinance stories.

5. Environmental Considerations
Outline efforts to promote sustainable practices among microfinance beneficiaries.
- **Financing for Green Businesses:** [Number/Percentage] of financing disbursed to eco-friendly enterprises.
- **Training on Sustainability:** [Description of programs offered].

6. Stakeholder Engagement

Key Stakeholders Involved:

- [List key stakeholders, e.g., community organizations, local government, NGOs].
- Methods of engagement: Surveys, workshops, partnerships.

7. Challenges and Lessons Learned

Briefly outline any key challenges faced during the reporting period and how they were addressed. Include lessons learned for future improvement.

8. Conclusion and Next Steps

Summarize key findings and outline future targets.

Future Goals:

- Increase microfinance disbursement by [X]% over the next year.
- Expand financial literacy programs to [X] more communities.
- Pilot sustainable microfinance products in [X] regions.

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