

Social Performance is not Subjective !

Understanding and Monitoring Social Performance Management Standards



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DISCLAIMER & CLARIFICATION

What is Incofin ?



Leading international impact investor: USD 700m of assets under management. (Top 10 worldwide)

Provides equity and debt in emerging countries

Our mission is to invest in double bottom line financial institutions in order to increase financial inclusion, while generating an attractive financial return to our investors.

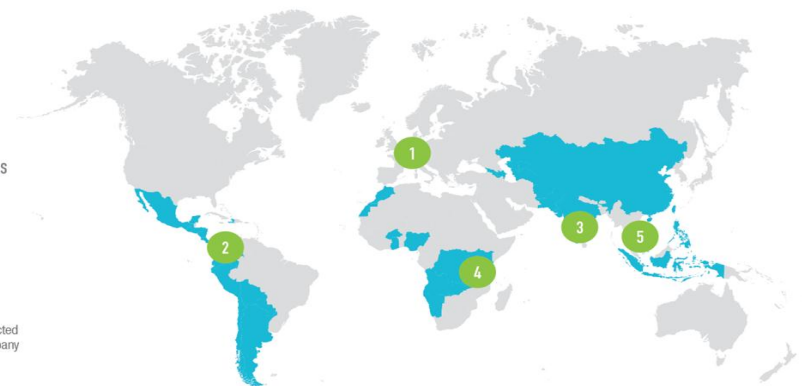
Global presence: (Belgium (HQ), Colombia, India, Kenya and Cambodia)

www.incofin.com

INVESTMENTS OFFICES

- 1 BELGIUM (ANTWERP) HEADQUARTERS
- 2 COLOMBIA (BOGOTÁ) OFFICE
- 3 INDIA (CHENNAI) OFFICE*
- 4 KENYA (NAIROBI) OFFICE
- 5 CAMBODIA (PHNOM PENH) OFFICE

*An independent advisory team contracted under a domestic private limited company



What is the Social Performance Task Force ?



- SPTF is a global membership organization
- +2,600 members in 127 countries
- Representing every stakeholder group in the global microfinance industry

The vision of the SPTF is that social performance management (SPM) is standard business practice and considered fundamental to achieving the social promise of responsible inclusive finance

What you will be able to say at the end of this workshop :

“I now know what the Standards for Social Performance Management are, and how they can be useful for my institution.”

“I now know what the tool called SPI4 is, and how I can use in my organization in order to evaluate my SPM practices”.

“I will never say again that social performance management is subjective and impossible to be rigorously measured!”

What is social performance management and why is it important?



The Universal Standards for Social Performance Management



- Released in 2012, the Universal Standards is a comprehensive manual of best practices in SPM.
- ***The Universal Standards are the first and only resource that draws on the many processes in the field to create a unified structure and language for social performance management***
- Globally accepted standards based on best practices from leading organizations
- Developed for and by the people in microfinance (regulators, investors, microfinance services providers, raters, auditors)
- Also a resource **for investor due diligence** and monitoring



There are 19 standards, organized into **6 dimensions**.

They incorporate learning from many initiatives in our sector.



The Universal Standards: State of Practice

- According to a 2014 survey conducted by SPTF, the MIX, and the Global Appeal for Responsible Microfinance
 - **90% of stakeholders** are ‘aware’, ‘familiar’ or ‘very familiar’ with the USSPM
 - **SPM change is happening:** after learning about the USSPM, financial service providers (FSPs) develop action plans, report to MIX, or conduct self-assessment
 - **Barriers for implementing:** Only 20% of FSPs began implementing additional SPM practices after learning about the USSPM due to lack of capacity
- To support the implementation of the Universal Standards the SPTF has developed free online trainings, a detailed implementation guide, and collected several examples of real practice from institutions

Measuring Social Performance Management

Dimensions

Standards

Essential
Practices

Indicators

Evaluate an
MFI's level of
implementation
of the essential
practices.

The screenshot displays the SPI4 - Social Performance Indicators web application. At the top, logos for CERISE, smart, and miX are visible, along with the text "Beta version 1.1.0 (Sept. 2014)". The main heading is "SPI4 - Social Performance Indicators". Below this, a note states: "The SPI4 assesses the ability of an institution to achieve its social mission. Structured around the six Dimensions of the Universal Standards for Social Performance Management, which include the Client Protection Certification Standards, the SPI4 is also compatible with MIX social performance data collection requirements." A language selector is set to "English". The interface is divided into five numbered steps: 1 - INDICATE YOUR CONTACT INFORMATION, 2 - ADAPT TO YOUR MISSION FOCUS..., 3 - IMPORT FROM OTHER TOOLS, 4 - FILL IN THE INFORMATION, and 5 - SEE THE RESULTS. Step 1 includes fields for Date of completion, Contact person from the FI, Position, Organization, Country, Tel, Email, Type of assessment, and Name & organization of auditor. Step 2 contains a paragraph about the SPI4 questionnaire and a "Smart Campaign Assessments" button. Step 3 has a "Please select the additional modules" section. Step 4 includes buttons for "ORGANIZATION INFORMATION", "QUESTIONNAIRE", "UNIVERSAL STANDARDS", and "CLIENT PROTECTION STANDARDS". Step 5 is currently inactive. A large blue box with the text "SPI4.xlsm" is overlaid on the right side of the interface.

Measuring Social Performance: What is the SPI4?

- The common data collection and assessment tool for the Universal Standards
- A social audit tool that allows financial institutions to analyze their current SPM practices in a way that fits their budget and preferences
- A customizable tool that can be tailored to the institution's mission through optional modules on poverty, gender, and environment
- A reporting tool

Why is it important to assess social performance management?

- Without assessment, it is virtually impossible to identify all areas of weakness
- Assessment facilitates effective action planning based on the results
- Several assessments allow an institution to track its progress over time
- Improved SPM helps the institution **to achieve its mission**

¿What is the SPI4 ALINUS?

- A reduced version of the SPI4 tool, developed by a group of social investors – with just 80 common indicators
- A tool for social due diligence and monitoring
- As more investors implement the SPI4, investors will have a common database for benchmarking of data in the sector
- Common use of the tool will also mean reduced reporting burden for FSPs
- Currently being piloted by the ALINUS investor group

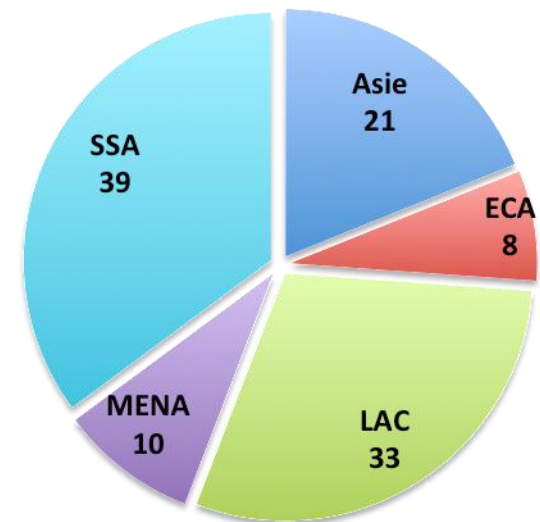


Use of the SPI4

Data as of July 2015:

- Over **700 individual users** have downloaded the tool
- Cerise has received **70 completed assessments**
- Representing **over 50 countries**
- With **40 assessments in process**
- Estimating over 120 completed assessments by year end
- **170 people have been trained** in the tool

Audits SPI4 by region
(completed, underway, pipeline)



To download the SPI4

CERISE

ENGLISH

FRANÇAIS

ESPAÑOL

FAQ

CONTACT



DOWNLOAD SPI4



CONDUCT AN AUDIT



GET TRAINED

POWERED BY SQUARESPACE

- Download the tool for free on the Cerise site: <http://www.cerise-spi4.org/>
- To access the ALINUS tool – just chose the “ALINUS” option on the welcome page of the tool
- Email for questions : spi4@cerise-microfinance.org

CASE STUDY : BFSP MFI

BFSP Description & Mission

As of December 2014

GLP: USD 95m

Active clients: 330,000

PAR 30: 0.15%

Av. loan size: USD 330

Net profit: USD 4m

ROA: 3.1%

APR : 34%

Corporate mission:

To help **large numbers of poor people** to **improve their living standards** through the delivery of **appropriate** and **viable** microfinance services”.

*Let's grade BFSP practices on
DIMENSION 1 !*

BFSP Description & Mission

Corporate mission:

To help **large numbers of poor people** to **improve their living standards** through the delivery of **appropriate** and **viable** microfinance services”.

BFSP Social Dashboard

Year	2008	2009	2010	2011	2012	2013	2014
Breadth of Outreach							
Number of total client	189,390	218,256	251,365	280,195	312,989	371,921	410,142
Number of rural borrowers	188,696	217,477	250,930	275,251	291,859	323,828	329,760
Number of Voluntary Savers	1,702	1,770	2,781	8,924	29,910	58,642	95,281
Number borrower with saving account					8,780	10,549	14,899
Number of Money Transfer Transactions	-	-	-	1,676	78,655	165,107	312,460
Number of Villages	4,762	6,253	8,032	9,152	10,116	11,358	12,075
% Village Penetration	36%	45%	57%	65%	72%	81%	86%
% Household Penetration	7%	8%	9%	10%	10%	11%	11%
Depth of Outreach							
% New Group Clients in Bottom 2 Quartiles (Rel. Poverty)	50%	51%	N/A	47%	46%	52%	57%
% New Group Clients below RFPL	76%	56%	49%	55%	45%	48%	42%
% ID POOR I and II Client					33%	39%	37%

BFSP Social Dashboard

Adequacy of Products

Number of Loan Products/Product lines*	5	5	13	14	14	17	17
Client Retention	76%	65%	69%	74%	73%	77%	77%
% Loans < USD 300	89%	91%	94%	94%	91%	69%	60%
% Group Loan Clients Graduating to Individual Loans	4%	3%	1%	1%	2%	1%	3%
% Borrowers with Savings Accounts					3%	3%	5%
% Voluntary Savers who also Borrow					29%	18%	16%
Average Loan Size/GNI	22%	22%	22%	26%	30%	35%	39%

Transparency

Borrower Awareness Score		0.73	0.74	0.77	0.70	0.72	0.79
Number of Client Hotline Calls				717	2,517	7,020	23,535
Number of Grievance Calls to Hotline		5	9	48	55	147	242
% of Client Grievances Calls that were Complaints				6.7%	2.2%	2.1%	1.0%

Staff Satisfaction and Exit

Staff Satisfaction Score	3.5	3.7	3.7	3.5	3.5	3.5	3.65
Female Staff Satisfaction Score				3.47	3.49	3.55	3.66
Total Staff	565	767	844	973	1,187	1,444	1,740
% Female Staff	21%	21%	20%	24%	27%	28%	29%
% Female Management Staff	30%	22%	21%	29%	27%	38%	38%
Avg. Staff Length of Service	21 mos.	29 mos.	31 mos.	34 mos.	37 mos.	37 mos.	37 mos.
Number Staff of Voluntary Turnover	36	35	78	113	128	190	265
Voluntary Turnover Rate	6%	4%	8%	10%	10%	12%	13%
% Expressed Dissatisfaction in Exit Interview (dissatisfaction with line manager/work)			29%	40%	35%	47%	8%

Client Protection

% Borrowers with Multiple Loans	21%	27%	20%	21%	22%	39%	48%
% Borrowers with Informal Sector Loans	12%	15%	9%	6%	5%	7%	5%
% Clients Experiencing Repayment Problems	18%	16%	10%	5%	5%	3%	8%
At least one positive comment	85%	86%	57%	93%	89%	93%	92%
At least one negative comment	12%	8%	7%	14%	11%	21%	15%

*Let's continue grading BFSP
practices on DIMENSION 1 !*

YOUR TURN NOW!

Listen to the interview of BFSP CEO and grade BFSP practices on

DIMENSION 2 :

“ENSURE BOARD, MANAGEMENT AND
EMPLOYEE COMMITMENT TO SOCIAL GOALS”

&

DIMENSION 3:

“TREAT CLIENTS RESPONSIBLY”

CONCLUSIONS

CONCLUSION # 1:

Any institution interested in improving its SPM can use SPI4 for self assessment, internal monitoring strategic decision making, and external reporting.

SOCIAL MISSION

To help large numbers of poor people improve their livelihoods options through the delivery of appropriate and viable microfinance services.

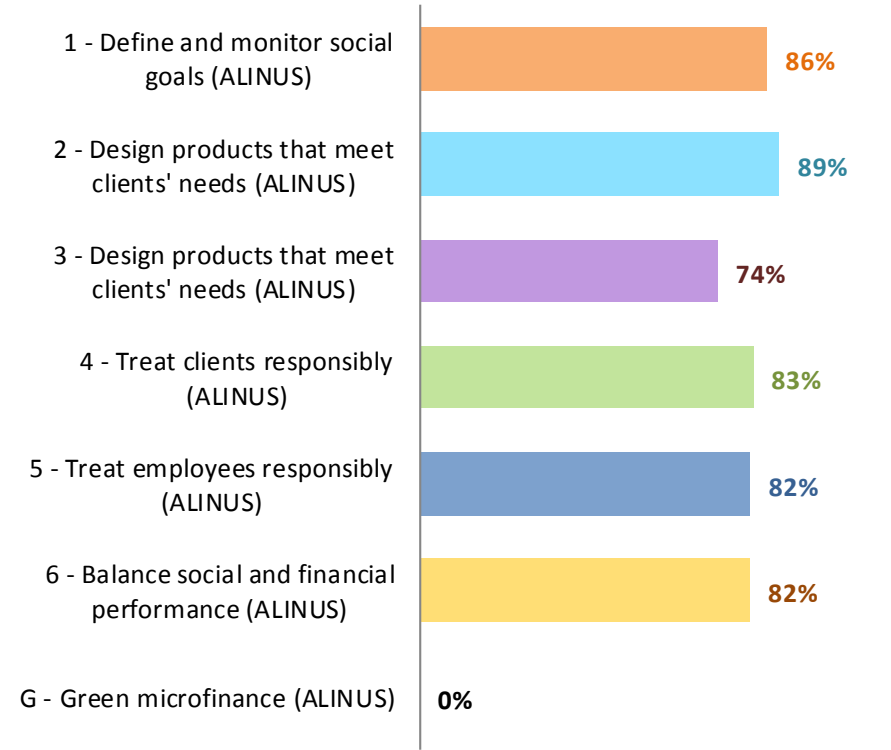
SOCIAL OBJECTIVES

Increased access to financial services

Poverty reduction

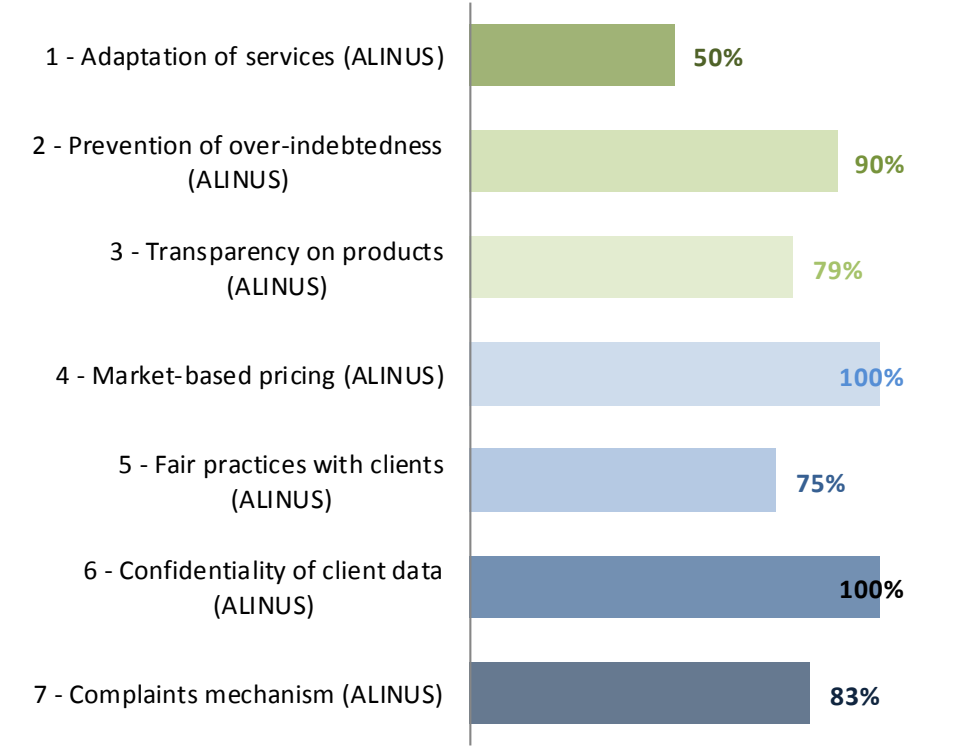
ALINUS SCORES IN SOCIAL PERFORMANCE:

80%



ALINUS SCORE IN CLIENT PROTECTION:

81%



CONCLUSION #2:

Monitoring and improving SPM
does not have to be costly, all
tools and resources are
publicly available on the SPTF
website

Use the Social Performance Resource Center

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Featured Items

Universal Standards Implementation Guide

The Universal Standards Implementation Guide offers comprehensive guidance to financial institutions on how to implement the practices found in the Universal Standards for Social Performance Management.

Human centered design toolkit

This open-source toolkit walks users through the human-centered design process and supports them in activities such as building listening skills, running workshops, and implementing ideas — all of which can generate insights into clients' lives that can be turned into effective product design.

Microfinance index of market outreach and saturation

The Microfinance Index of Market Outreach and Saturation is an analysis of credit market capacity using the Global Findex dataset, offered by Planet Rating.

SP14 Assessment Tool

The CERISE SPM is a social audit tool that can be used for reporting and performance management, to assess level of implementation of the Universal Standards.



Dimension 1:
Define and monitor social goals

1. Strategic management toolkit handbook
2. Imp-Act Indicators practice note



Dimension 2:
Ensure board, management, and employee commitment to social goals

1. Governance guidance



Dimension 3:
Design products and services that meet clients' needs and preferences

1. Portfolios of the poor



Dimension 4:
Treat clients responsibly

1. Avoidance of over-indebtedness: Guidelines
2. Calculating transparent pricing tool
3. Client complaint

CONCLUSION # 3:

In order for our industry to truly be double bottom line, similarly to the way we track financial performance and institutional performance, we equally need to track social performance.

Thank you for your attention!



For further information, please contact SPTF at
info@sptf.info

Resources and more information

- Universal Standards for SPM Manual:
<http://sptf.info/spmstandards/universal-standards>
- The Implementation Guide:
http://sptf.info/images/usspm%20impl%20guide_english_20141217.pdf
- The Resource Center:
<http://sptf.info/resources/resource-center>
- The TA database can help you find a SPM consultant:
<http://sptf.info/resources/ta-providers>
- Case examples of good practice from the Implementation Series: <http://sptf.info/online-trainings/universal-standards-implementation>