

Social Performance 2nd series

SOCIAL PERFORMANCE of micro finance institutions continued

19 November 2004, Bern

Most important international actors in the area of development of social indicators

- SEEP
- CGAP and MIX
- Imp-Act Programme
- Acción International
- Opportunity International
- CERISE
- MicroSave

Main international actors

<i>Name of the organisation</i>	<i>Based in</i>	<i>Type</i>	<i>Tool</i>
SEEP (The Small Enterprise and Promotion Network)	US, Washington www.seepnetwork.org	Group of 50 US and Canada based private organizations. USAID supported	Five 'AIMS /SEEP' tools for impact assessment and marketing research
CGAP (Consultative Group to Assist the Poor)	US, Washington. Secretariat housed by the World Bank www.cgap.org	CGAP- Group of Multilateral and Bilateral Donors	'Poverty Assessment Tool' and Social Indicators Initiative (MDGs linked)
MIX (Microfinance Information Exchange by internet)	US, Washington, located in WB www.themix.org	MIX was created by CGAP and manages the Micro Banking Bulletin (MBB)	Leading MFIs report on financial performance; SP reporting yet to be developed
Programme Imp-Act	Tree universities, UK-based www.ids.ac.uk/impact	Programme implicating 30 MFIs	Qualitative tools for improving social performance

Main international actors (continued)

<i>Name of the organisation</i>	<i>Based in</i>	<i>Type</i>	<i>Tool</i>
Acción International	US, Boston www.accion.org	Network of Latin American MFIs	Assessment of level of poverty of clients
Opportunity International	US, Illinois www.opportunity.org	Faith based organization Global network of autonomous partners	Three tools 1. Poverty Wealth Ranking 2. Impact Survey 3. Client Exit Survey
CERISE Comité d'Échanges, de Réflexion et d'Information sur les Systèmes d'Épargne et de Crédit	Paris www.cerise-microfinance.org	Group of four French NGOs (CIDR, CIRAD, GRET, IRAM)	Reporting on MFI Social Performance
MicroSave Africa	Kenya, Nairobi www.microsave-africa.com	Centre of action-research & training supported by UNDP, UNCDF/DFID	Easy to manage participatory tools for needs assessment and product development

The AIMS/SEEP tools

- The Impact Survey administered to a sample group of clients and a comparison group (incoming clients).
- The Client Exit Survey administered to a sample of clients who have left the program.
- Loan Use Strategies Over Time: Studies through in-depth individual interviews on how the client has used his/her loans and business profits over time .
- Client Empowerment: Focus on women and empowerment. Makes use of in-depth interviews and other participatory methods and techniques.
- Client Satisfaction Survey: Focus on clients' opinions and experiences through group discussions

Imp-Act Programme

***Improving* the impact of
microfinance on poverty
reduction:**

an *Action* research programme

Imp-Act Programme

- 30 MFIs across 20 countries
 - Selected through a process of proposals and appraisal
- 3 UK Universities:
 - Bath; Sheffield; IDS, Sussex
- Funded by Ford Foundation
- 2001-2004

Imp-Act Social Performance Management

(from Imp-Act Policy Note ISPN: 1 85864 849 1.number one.2004)

Six core questions:

1. What are the MFI's social performance goals?
2. How does the MFI **monitor** who uses & who is excluded from using its services?
3. How does the MFI **monitor** & **assess** the effects on current clients?
4. How does the MFI **monitor** & **assess** the reasons why some clients leave?
5. How does the MFI **use** social performance information to improve its services and achieve its social goals?
6. How does the MFI **review** & improve the quality of the systems and processes through which it answers these questions?

Imp-Act Social Performance Management

- An important shift in thinking about impact assessment, is to recognise that we can think about impact assessment
 - ◆ *systems* rather than *studies*, and
 - ◆ *processes* rather than *events*.

New thinking on impact assessment (Imp-Act approach)

- **When is IA done?**

Old: One-off cross-sectional study

New: Long-term process, longitudinal study and impact monitoring

- **Who is involved?**

Old: External consultants

New: Clients, staff, all stakeholders

- **Methodology**

Old: Quantitative survey

New: Participatory process – mostly qualitative

- **Scope**

Old: Micro-business only

New: Individual, household, business, community, wider impacts

- **Purpose of outputs**

Old: Justify donor funding

New: Management information to improve practice

CGAP Financial System Vision

(adjusted from CGAP presentation)

Microfinance = financial services for the poor

Diverse Institutions (Transformed NGOs, Savings&Credit Coops, Postal Banks, Commercial Banks)

providing permanent access to

a wide **variety of financial services**

for

a broad range of poor and their low income households and enterprises.

Note KV: *'Down scaling' commercial banks are expected to become the main MF providers in 5 years from now. It is too early to say how well they will perform socially and economically.*

CGAP Social Indicators Initiative

Focus on MFI clients welfare.

It tries to :

- Determine depth of outreach
- Monitor social and economic changes in clients

Complementary to the Imp-Act approach, but geared towards external reporting and link to MDGs. Pilot testing of model will start soon.

Illustrative List of Possible MDGs related Industry Indicators (CGAP Social Indicators Initiative)

Reaching the poorest

- Percent of clients below \$1/\$2 per day
- Percent of clients below national or absolute poverty line

Alleviating poverty and hunger

- Improvements in housing
- Increases in assets (landownership or any simply measurable asset)
- Food security/consumption smoothing (especially in lean season)

Schooling

- Primary school attendance (% of eligible children)
- Secondary school attendance (% of eligible children)

Access to health care

- Children's immunization
- Use of modern medical facilities (eg. doctor or maternal care)

Women's empowerment

- Legal awareness (e.g. divorce, inheritance)
- Women's involvement in public sphere activity (e.g. elections, local adjudicating body)
- Women's networks (development of social networks outside kin group)

CERISE framework

**The four dimensions of social
performance and indicators**

See presentation by Cécile Lapenu

The MF Industry needs institutionalised systems and tools

which enable MFIs to have cost-effective, data collection and processes in place to monitor and manage their social performance

which enable MFIs to report reliably on social performance to external stakeholders

which enable donors and social investors to be well informed about the social orientation and performance of MF providers

Frameworks and tools to be further developed for industry-wide acceptance

On the basis of the Imp-Act Programme, the CERISE Social Performance, and the CGAP Social Indicators initiatives, and possibly inputs from other sources

three interrelated and mutually supportive systems and tools can be designed for use by the 'industry'

- 1. For ongoing, self-assessment by MFIs of their social performance (SP)**
- 2. For external SP reporting by MFIs (complementary to financial performance reporting)**
- 3. For external 'social auditing' to satisfy donor and investor demand**