

SWISS CAPACITY BUILDING FACILITY - SCBF

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Rating of Social Performance Management of Microfinance Institutions and Cooperative Banks

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Savings and Credit Forum, SDC

About us | MicroFinanza Rating

- Global rating agency specialized in responsible inclusive finance.
- First specialized microfinance rating agency licensed by a central bank (Ecuador in 2007) and now also in Bolivia and the Philippines
- MFR has conducted more than 1,600 assignments in 98 countries
- Headquarters are in Milan (Italy) with 5 offices and 3 annexes in 4 continents
- Other rating agencies include MicroRate (USA) and M-Cril (India)

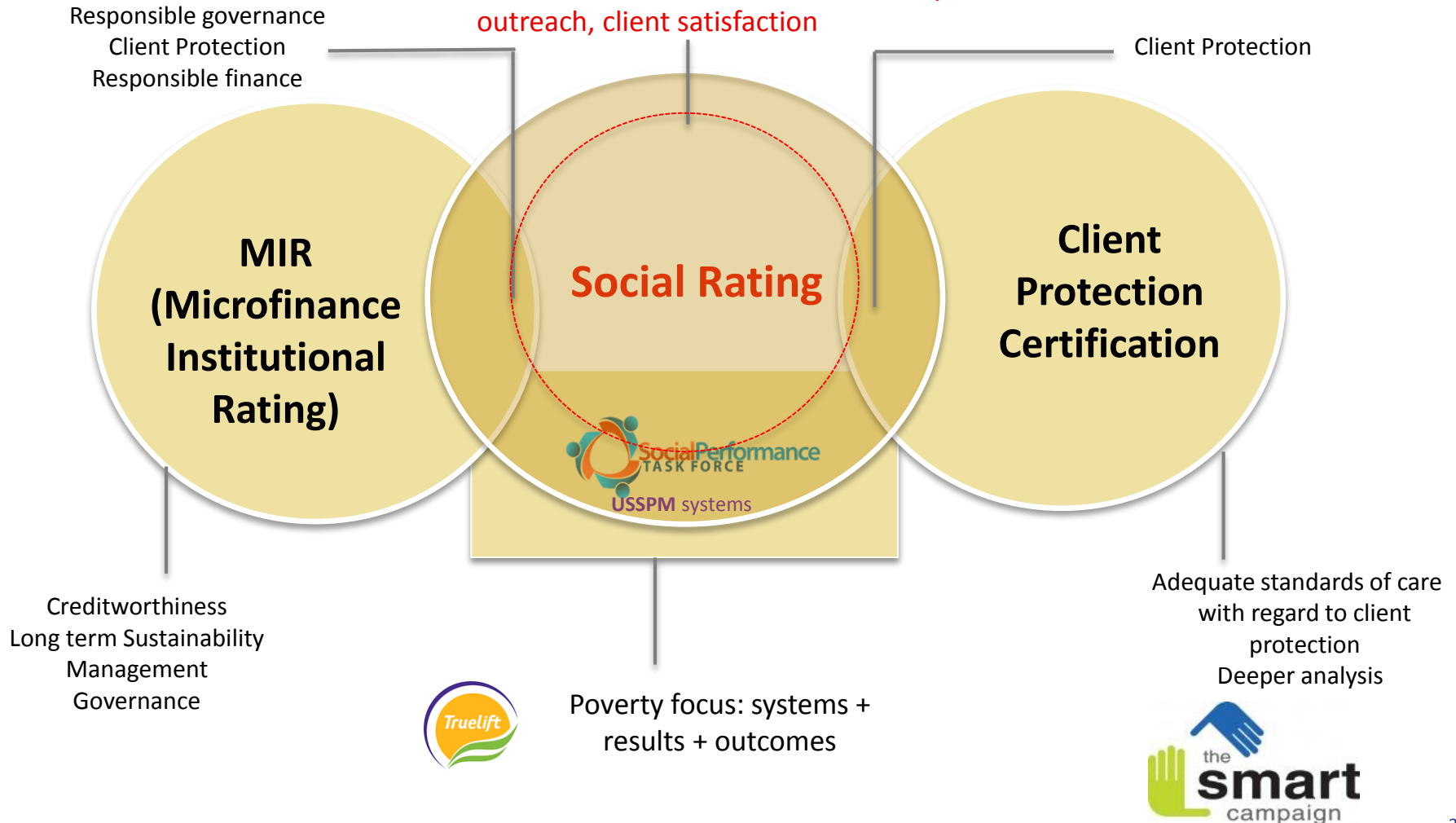
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Type of assignments	Number
Microfinance Institutional Rating	570
Social Rating and other social performance assessments (social roadmap, SPI4, PPI, Truelift, Code of Good Conduct)	240
Credit Rating	345
Client Protection Certification (including CPC check-in and pre-certification)	73
Pre-Rating institutional and social assessments	177
Other Evaluation & Advisory Services	123
Trainings	80
Total	1,608



Social Rating | Product map

- ✓ **Systems:** capacity to achieve mission, social strategy, HR alignment to the mission
- ✓ **Results:** Financial inclusion, Poverty outreach, client satisfaction



Social Rating | Definition

Is the FI
achieving the
mission?

Does the FI reach the
poor and excluded as
the mission states?

Are clients
protected?



Is there a risk
of mission
drift?

Are social and
financial goals
balanced?

Which FI is the
best partner for an
investor project?

Definition: a Social Rating is an expert opinion on the social performance of an MFI and the likelihood that an MFI meets social goals in line with accepted social values. The rating provides an opinion on the MFI's capacity to achieve its social goals by putting its social mission into practice.

Social Rating | Area of analysis

SOCIAL PERFORMANCE MANAGEMENT SYSTEM

Mission, Governance and Strategy

Social and Financial Balance

Tracking and Monitoring System

HR alignment to the mission

CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

Social Responsibility towards Personnel

Client Protection

Green Index , Responsibility and Community

OUTREACH

Areas of Operations

Target Reached

QUALITY OF THE SERVICES

Variety of the Services

Quality of the Services



Context

Social Rating | Social Performance management

Social Rating – Area of analysis	USSPM
Mission, Governance and Strategy	<ol style="list-style-type: none">1. Define and Monitor Social Goal2. Ensure Board, Management, Employee Commitment to Social Goals3. Design Services and Channels That Meet Clients' Needs
Social and Financial Balance	<ol style="list-style-type: none">6. Balance Financial and Social Performance
Tracking and Monitoring System	<ol style="list-style-type: none">1. Define and Monitor Social Goal
HR alignment to the Mission	<ol style="list-style-type: none">2. Ensure Board, Management, Employee Commitment to Social Goals

Social Rating | Client protection and Social Responsibility

Social Rating – Area of analysis	USSPM
Social Responsibility towards Personnel	5. Treat Employees Responsibly
Client Protection	4. Treat Clients Responsibly
Green Index and Social Responsibility and Community	7. Green microfinance

Social Rating | Outreach

Social Rating – Area of analysis	USSPM
Area of Operations	1. Define and Monitor Social Goal
Target reached	1. Define and Monitor Social Goal

The service can be further enriched with:

- **survey on clients and focus group discussions** to measure the outreach and quality of the service at the client level or
- **client outcome measurement** to obtain indicators of the change in client lives from the MIS, loan files and an ad-hoc survey of clients

Social Rating | Quality of the Service

Social Rating – Area of analysis

USSPM

Variety of Service

3. Design Services and Channels That Meet Clients' Needs
4. Treat Clients Responsibly

Quality of the Service

3. Design Services and Channels That Meet Clients' Needs
4. Treat Clients Responsibly

Social Rating | Implementation timeline and work plan

AGREEMENT ON TERMS AND CONDITIONS & SERVICE CONTRACT SIGNED

4 weeks

PRELIMINARY PHASE

- Coordination with the FI and organization of onsite visit
- Gathering of data and documents
- Desk analysis

4/7 days

ONSITE VISIT

- Interviews with management, directors, staff and other relevant stakeholders
- Branch visit
- Data verification
- Client Survey and FGDs and Client Outcome
- De-briefing session with the FI to share preliminary findings

45 days

DRAFT REPORT AND QUALITY CONTROL

- Draft rating report, social roadmap, client outcome , client survey and FGDs results
- Internal quality control

7 days

FEEDBACK

- Feedback on the draft report from the institution

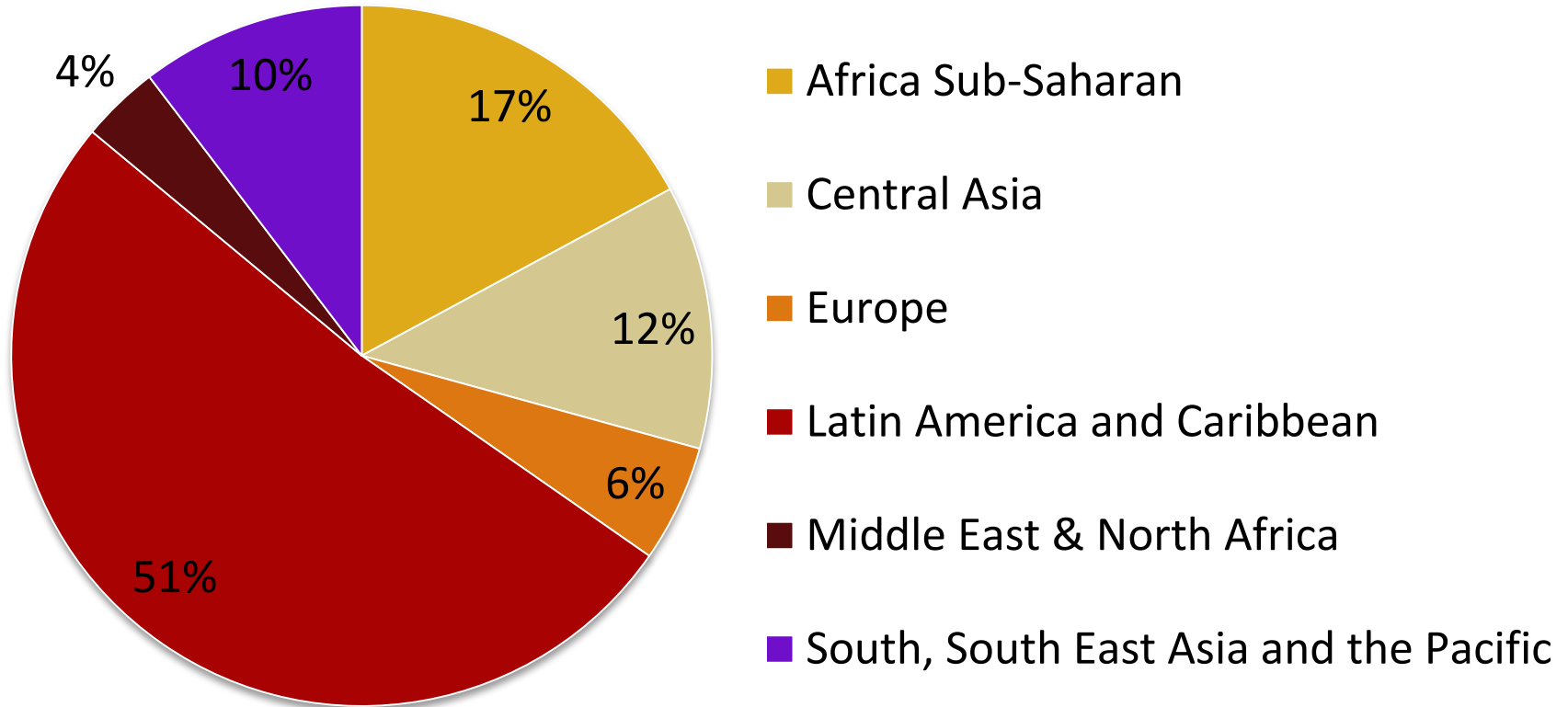
10 days

FINALIZATION

- RCU*: issue of the final rating grade
- Finalization of the report
- Social Rating valid for 18 months from the visit date

8 weeks

Social Rating | Assessment performed per region

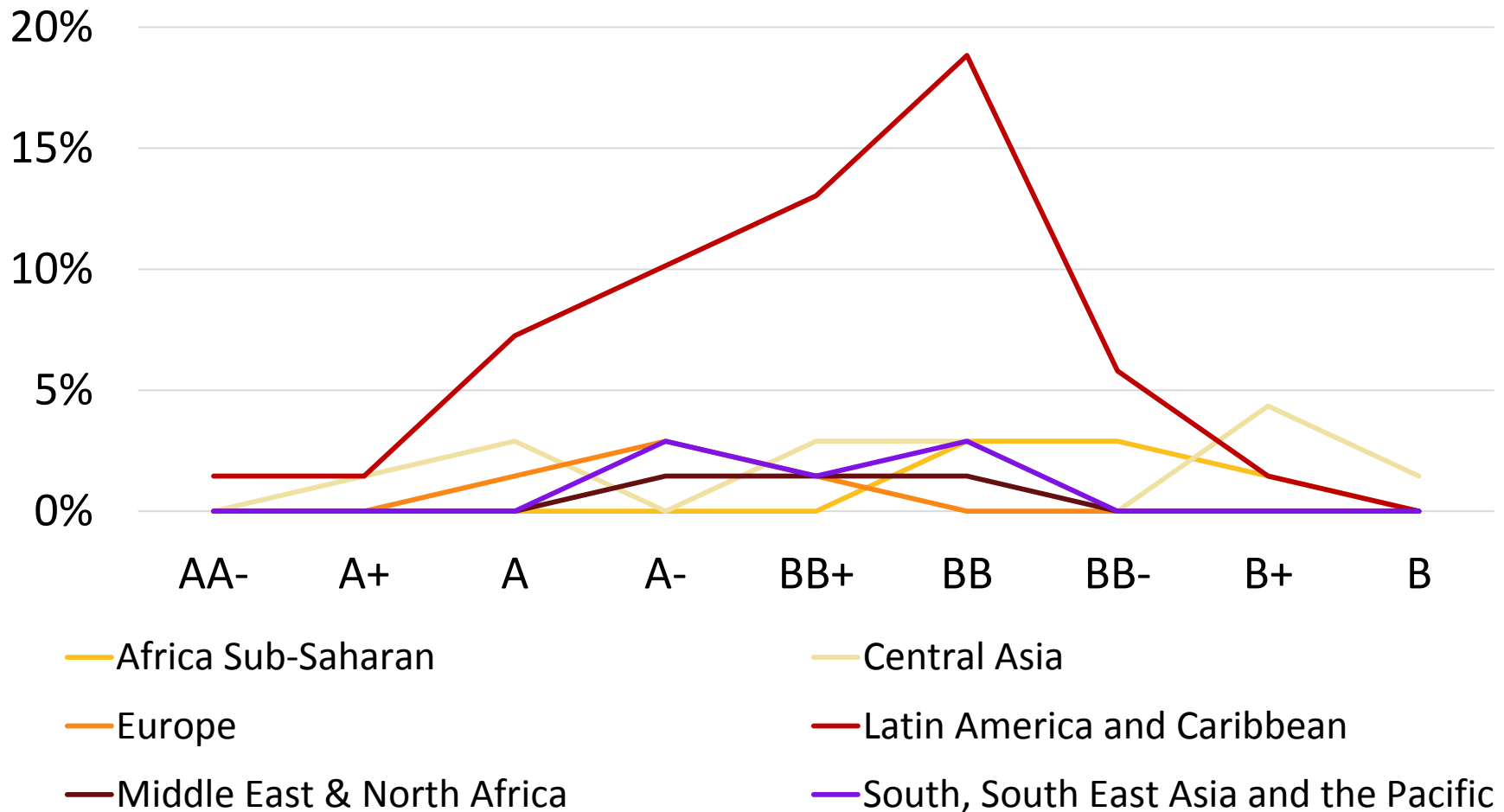


Social Rating | Rating Scale

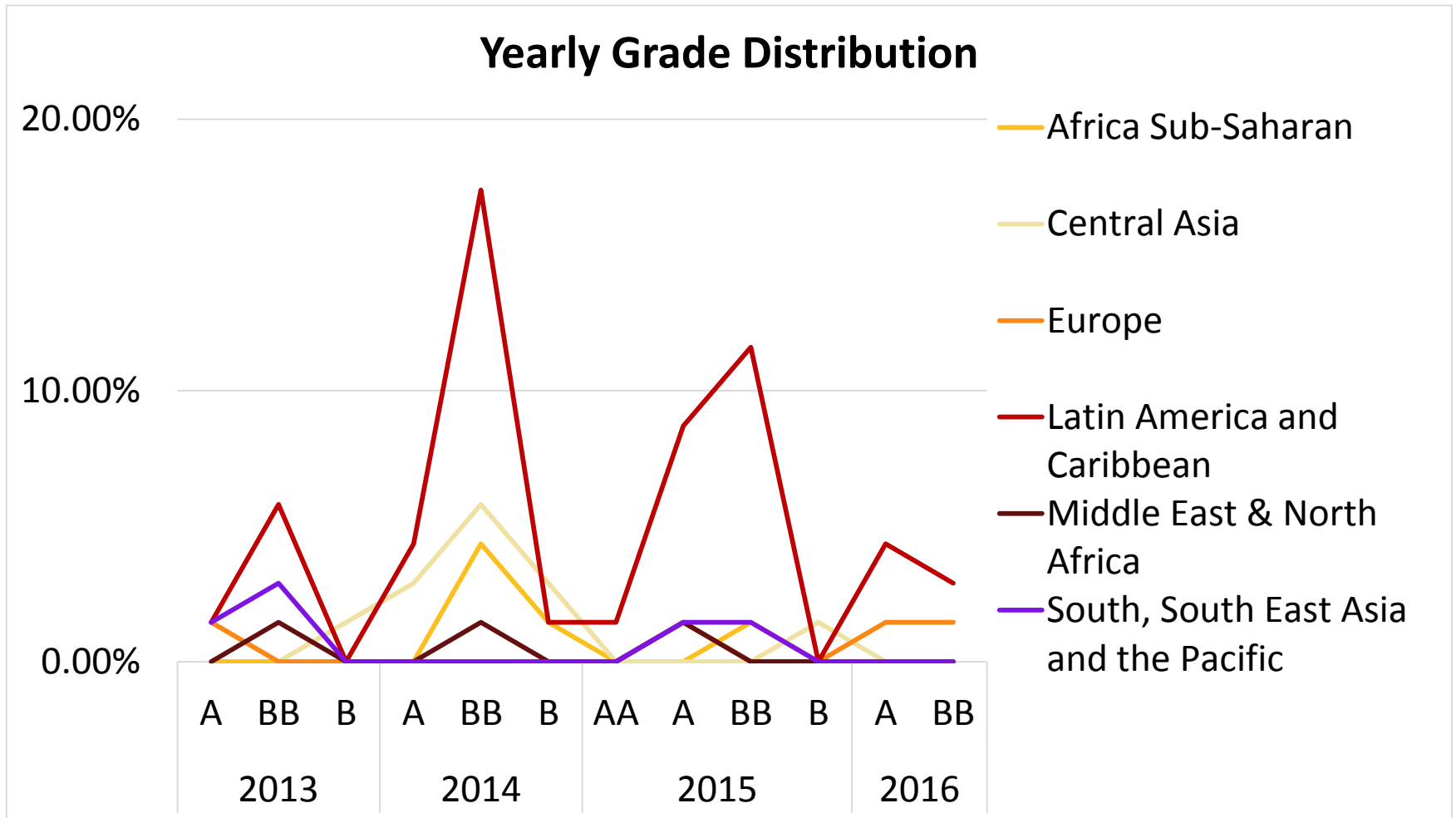
Grade	Definition
^S AA	Excellent social performance management and client protection systems. High likelihood of achieving the social mission.
^S A	Good social performance management and client protection systems. Social mission likely to be achieved.
^S BB	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
^S B	Moderate social performance management and client protection systems. Partial alignment to the social mission
^S C	Weak social performance management and client protection systems. Medium risk of mission drift
^S D	Poor social performance management and client protection systems. Risk of mission drift.

Social Rating | Scoring results by region

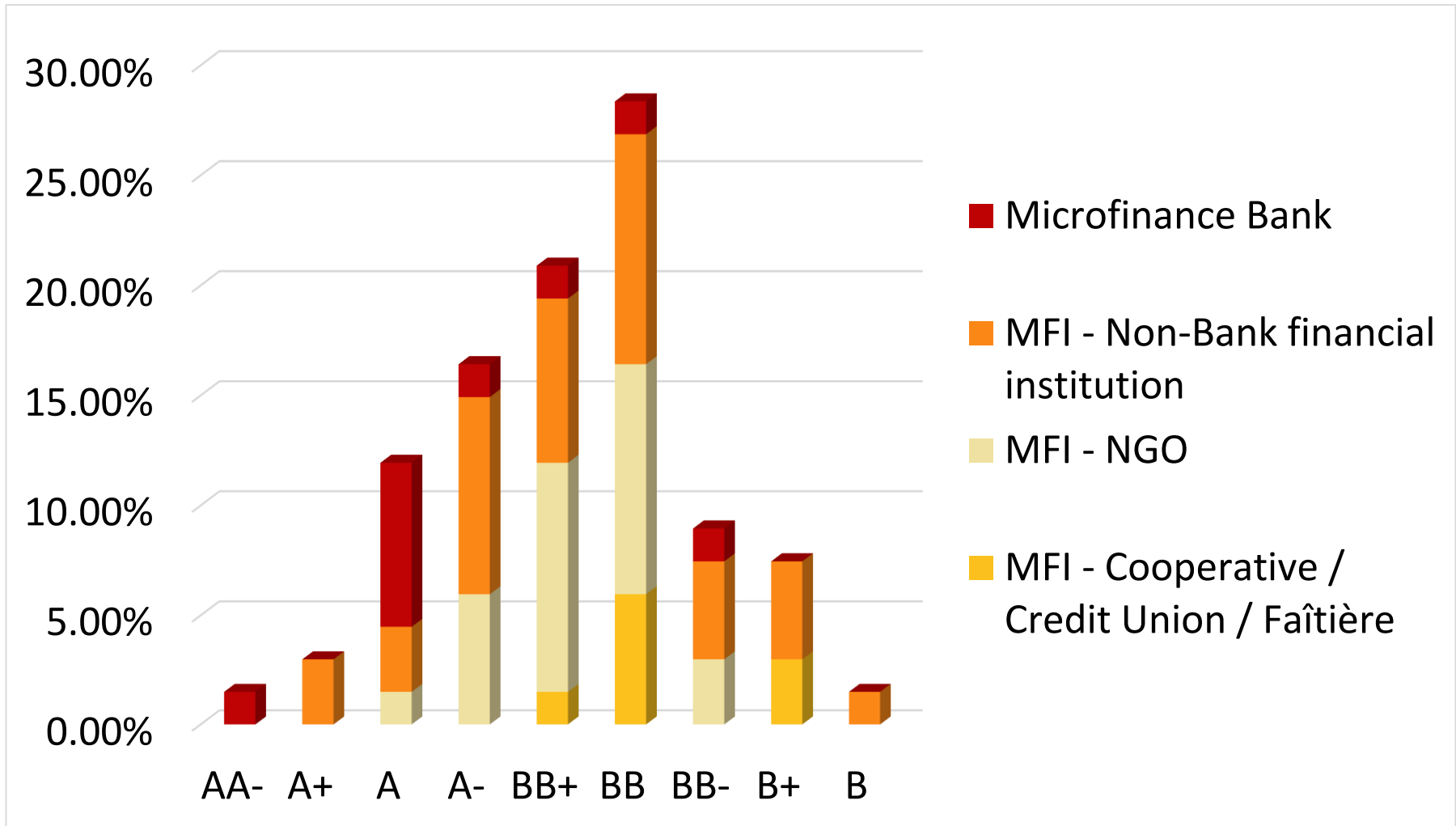
Grade Distribution 2013 - 2016



Social Rating | Scoring results by year



Social Rating | Scoring results by charter type



Thank you!



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