

SAVINGS AND CREDIT FORUM March 16th 2017

Social Performance Management Practices
of
Financial Institutions and Impact Investors

**UNIVERSAL STANDARDS FOR SOCIAL
PERFORMANCE MANAGEMENT – USSPM**

**Value to double bottom line financial
institutions and impact investors**

Jurgen Hammer, SPTF



Inclusive Finance = a model for financial institutions?

Making financial institutions more transparent and accountable to social and environmental

								
 Changement climatique								
 Droits humains								
 Droit du travail								
 Environnement								
 Bonus et rémunération								
 Fiscalité								
 Transparence et redevabilité								

Fair Finance Guide International (FFGI) is an international civil society network initiated by [Oxfam](#), that seeks to strengthen the commitment of banks and other financial institutions to social, environmental and human rights standards.

Who is SPTF?

- The global standard setting body for responsible inclusive finance
- About **300 member** organizations and +3,000 individuals in **127 countries**
- Representing **every stakeholder group** in the global responsible inclusive finance industry
 - Donors (multilateral, bilateral, private), investment managers and asset owners, financial service providers (FSPs), global networks of FSPs, regional and national networks, rating agencies, regulators, etc

SPTF engages with stakeholders to develop, disseminate, and promote standards and good practices that put clients at the center of all strategic and operational decisions of FSPs

Responsible Inclusive Finance

CLIENT PROTECTION

*Applicable to **all** financial institutions*

- **Prevent harm to clients**
- Assures transparent, respectful, and prudent financial services to all clients

SOCIAL PERFORMANCE MANAGEMENT

*Applicable to institutions with a **double-bottom line***

- **Ensures institutional focus on client well-being**
- Measures progress against social goals
- Balances financial and social objectives
- **Includes client protection**

Infrastructure: Going from Intent, to Action... to Measuring Impact

- **1 - Globally accepted social performance standards** (Universal Standards)
- **2 - Common social audit and monitoring tools for FSPs (SPI4) and for investors (SPI4 ALINUS)** aligned with the the universal standards
- **3 - Social ratings** developed and conducted by third parties – also aligned with the standards
- **4 - Outcome measuring and reporting guidelines** for FSPs and investors and **common social outcome indicators in specific areas**

Responsible Finance Infrastructure

- Universal Standards
- Social audit and monitoring tools
- Social Ratings

The Universal Standards for Social Performance Management



- Released in 2012, the **Universal Standards** is a **comprehensive manual of best practices that helps financial service providers put customers at the center of all strategic and operational decisions**
 - Globally accepted standards
 - Integrates best practices practices from leading organizations (e.g., ILO, Smart Campaign)
 - Developed for and by the people in inclusive finance
- Also a **resource for investor** due diligence and monitoring of investees

The Universal Standards

19 standards,
organized into
six
dimensions

They
incorporate
learning from
many
initiatives in
our sector



Standard 2A.

Members of the Board of Directors hold the institution accountable to its mission and social goals.

Standard 2B.

Senior management oversees implementation of the institution's strategy for achieving its social goals.

Standard 2C.

Employees are recruited, evaluated, and recognized based on both social and financial performance criteria



Standard 4A.
Prevention of Over-indebtedness (CCP 2).

Standard 4B.
Transparency (CPP 3)

Standard 4C.
Fair and Respectful Treatment of Clients (CPP 5)

Standard 4D.
Privacy of Client Data (CPP 6)

Standard 4E.
Mechanisms for Complaint Resolution (CPP 7)



Standard 5A.

The institution follows a written HR policy that protects employees and creates a supportive working environment.

Standard 5B.

The institution communicates to all employees the terms of their employment and provides training for essential job functions.

Standard 5C.

The institution monitors employee satisfaction and turnover



Responsible Finance Infrastructure

- Universal Standards
- Social audit and monitoring tools
- Social Ratings

The SPI4 evaluates the Universal Standards based on indicators

Dimensions



Standards



Essential Practices



Indicators

Evaluate the level of implementation of the essential practices

Beta version 1.1.0 (Sept. 2014)

SPI4 - Social Performance Indicators

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.

PLEASE REMEMBER TO ACTIVATE THE MACROS BEFORE STARTING!

Select your language: English

1 - INDICATE YOUR CONTACT INFORMATION

Date of completion:
Contact person from the FI:
Position:
Organization:
Country:
Tel:
Email:
Type of assessment:
Name & organization of auditor:

2 - ADAPT TO YOUR MISSION FOCUS ...

The SPI4 will automatically open to the Core Questionnaire. The Core Questionnaire assesses the Universal Standards (which include the Client Protection Standards). If you have a specific mission focus, you can add modules for a deeper analysis in this area. The current version (1.1.0) includes Green and Gender modules. SPI4 modules and licenses will be finalized in few weeks (version 1.1.1). Instructions and should be available early 2015.

Please select the additional:
SP 3 (CERISE)
POVERTY (True/False)

3 - IMPORT FROM OTHER TOOLS

If you have already filled in other Social Performance Assessment tools that are compatible with SPI4, you can import your answers or scores. Please click on the relevant button to go to a page where you will find detailed instructions.

Smart Campaign Assessments

4 - FILL IN THE INFORMATION

ORGANIZATION INFORMATION
QUESTIONNAIRE

5 - SEE THE RESULTS

UNIVERSAL STANDARDS
CLIENT PROTECTION STANDARDS

SPI4.xlsm

The SPI4: Universal Assessment Tool

- **Data collection and assessment tool** aligned the Universal Standards
- As a **free tool**, it enables FSPs to analyze their current SPM practices in a way that fits their budget
- Can be **customized** to fit the institution's mission
- A **reporting tool** that allows FSPs to define their “**social statements**”

For more information visit cerise-spi4.org

The SPI4 Dashboard

For sample purposes only
social dashboard does not correspond to scores above

SOCIAL DASHBOARD



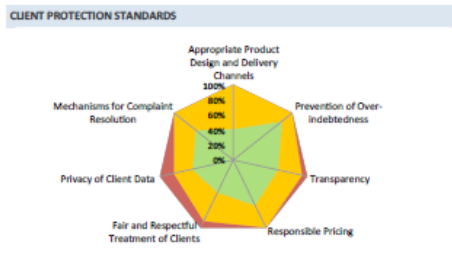
ECIRSA		Peru	
NBFI	For profit	As of date:	31-Dec-14
Type of assessment:	Accompanied Self-Assessment	Organization of auditor:	MF Social Rating

SOCIAL MISSION

The social mission is to provide sustainable efficient financial services to all financial excluded population, specially micro entrepreneurs, and small farmers to contribute to poverty alleviation and to achieve decent life for themselves and their families.

SOCIAL OBJECTIVES

- Increased access to financial services
- Poverty reduction
- Employment generation
- Development of start-up enterprises
- Growth of existing businesses



Comments on your adherence to Universal Standards

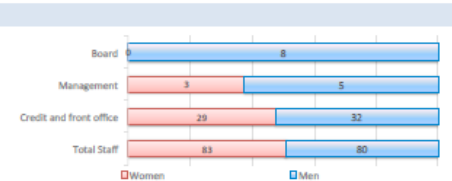
Comments on your adherence to Smart Campaign Principles

CONTEXT & FINANCIAL INFORMATION

CONTEXT & FINANCIAL INFORMATION		Financial data on the date of: 31-Dec-14	
Total number of clients	13	Return on Assets	2%
Number of branches	47 426	Return on Equity	9%
Main segment of portfolio	Individual lending	Financial Expense Ratio (as a % of average assets)	11%
Number of active borrowers	11 610	Operating Expense Ratio (as a % of average assets)	33%
Amount of Gross Loan Portfolio in PEN	22 503 161 068	Operational Self-Sufficiency	107%
Number of voluntary savers	47 426	Portfolio Yield	47%
Amount of total deposits in PEN	10 780 106 040	PAR >30 + rescheduled	3%
Total Assets, volume, PEN	31 789 458 700	Write-offs (during the period)	2%

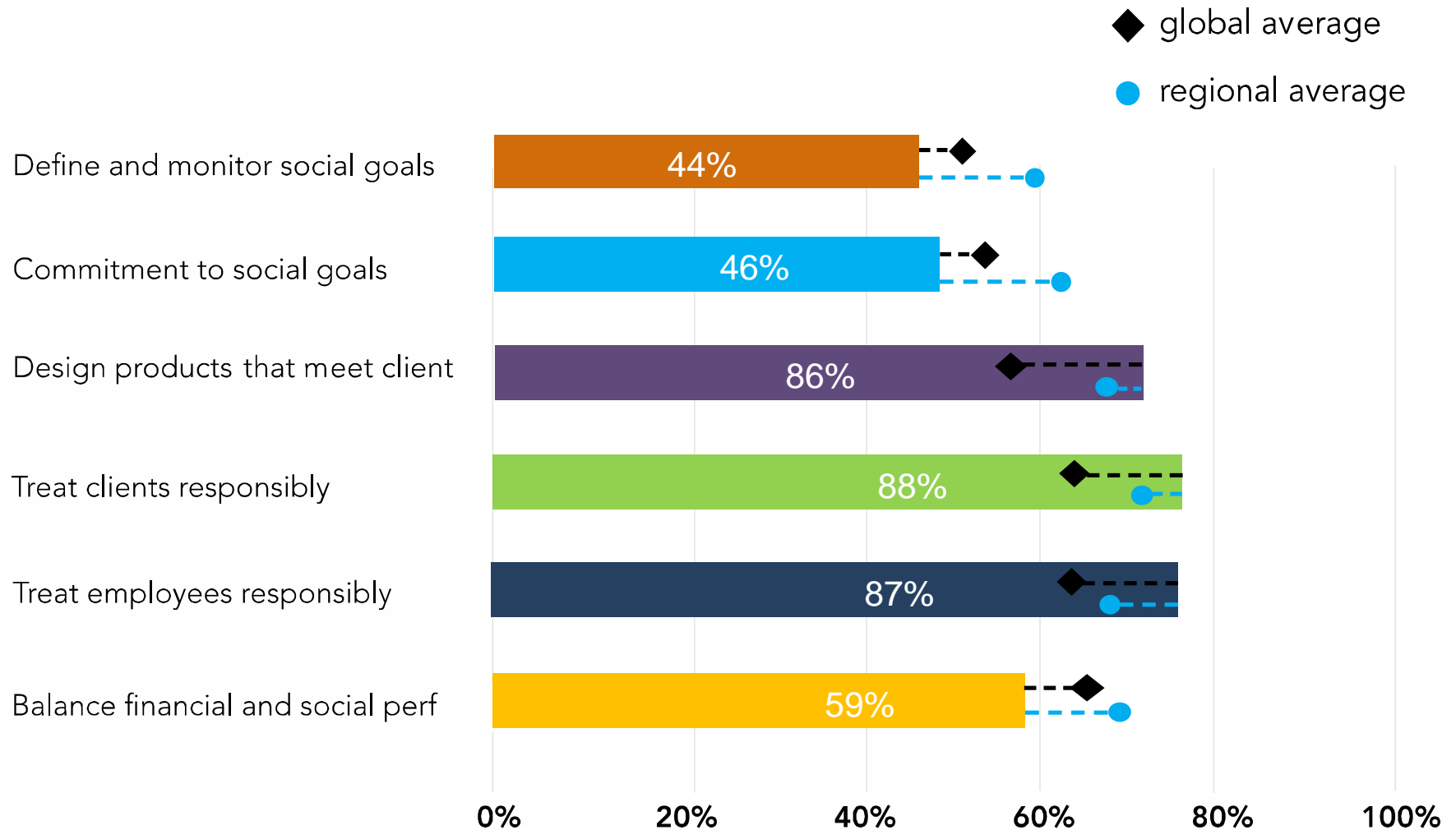
BOARD AND STAFF COMPOSITION

Number of staff	163
Staff turnover rate	6%
Staff productivity	292,1840491
Social performance criteria in employee appraisals	Yes



SPI4 Benchmarks Graphs

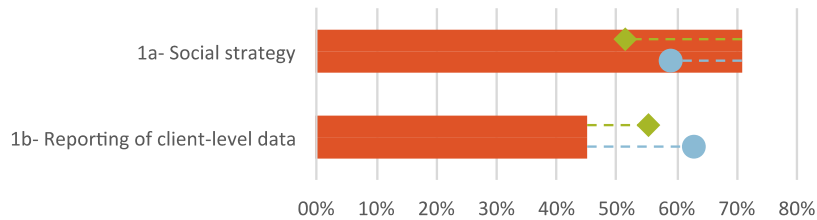
Example of MFI scores compared to global and regional averages



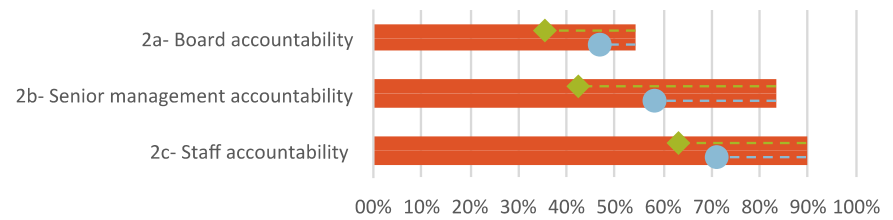
SPI4 Benchmarks graphs - per standards

Example of MFI scores compared to global and regional averages

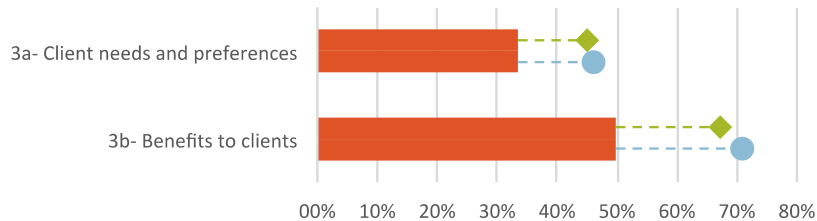
Dim 1: Define and monitor social goals



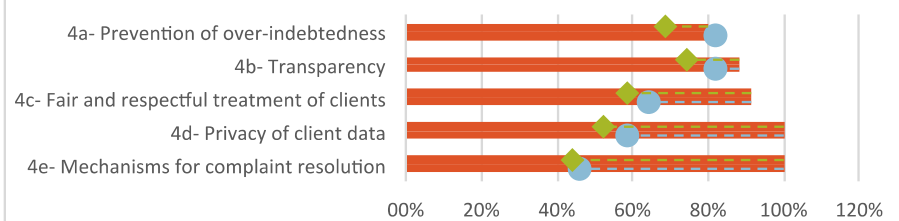
Dim 2: Commitment to social mission



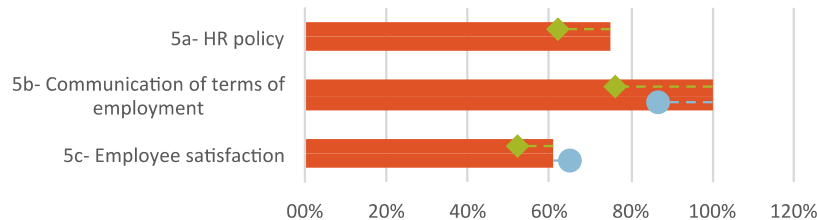
Dim 3: Design products to meet client needs



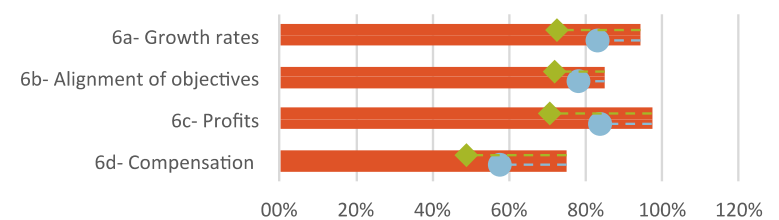
Dim 4: Treat clients responsibly



Dim 5: Treat employees responsibly



Dim 6: Balance financial and social performance



Average of MFI A



Average of REGION (# MFI)



Average of All (109 MFI)

The SPI4 ALINUS

- ALINUS - **AL**igning **IN**vestors due diligence with the Universal Standards
- The SPI4 ALINUS is a **sub-set of the SPI4 tool**, developed by a group of social investors – with just **80 common indicators**
- A tool for social due diligence and monitoring
- Currently being **piloted** by several investors – latest news: Incofin IM decided adoption of the SPI4 as their social due diligence tool



SPI4 ALINUS: Why do Investors Use it?

Speak the same
language

Reduce
**reporting
burden** for
MFIs

Focus on
analysis and
not data
collection

Support
partners in
improving
SPM

Develop
national and
international
benchmarks

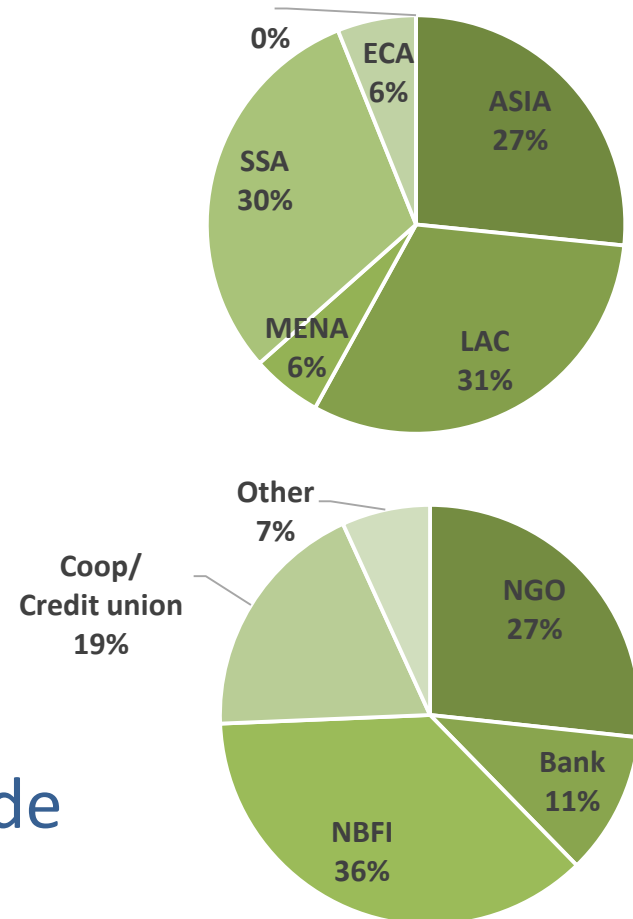
+
the data is already there !

Simplify, convince, and support SPM!

SPI4 gaining traction March 2017

- **313** SPI4 audits completed
- From **88** countries
- **14** underway and **70** in the pipeline
- **71%** are accompanied self-assessments
- **+600** people trained in SPI4 (CERISE & SPTF)
- **83** qualified auditors worldwide

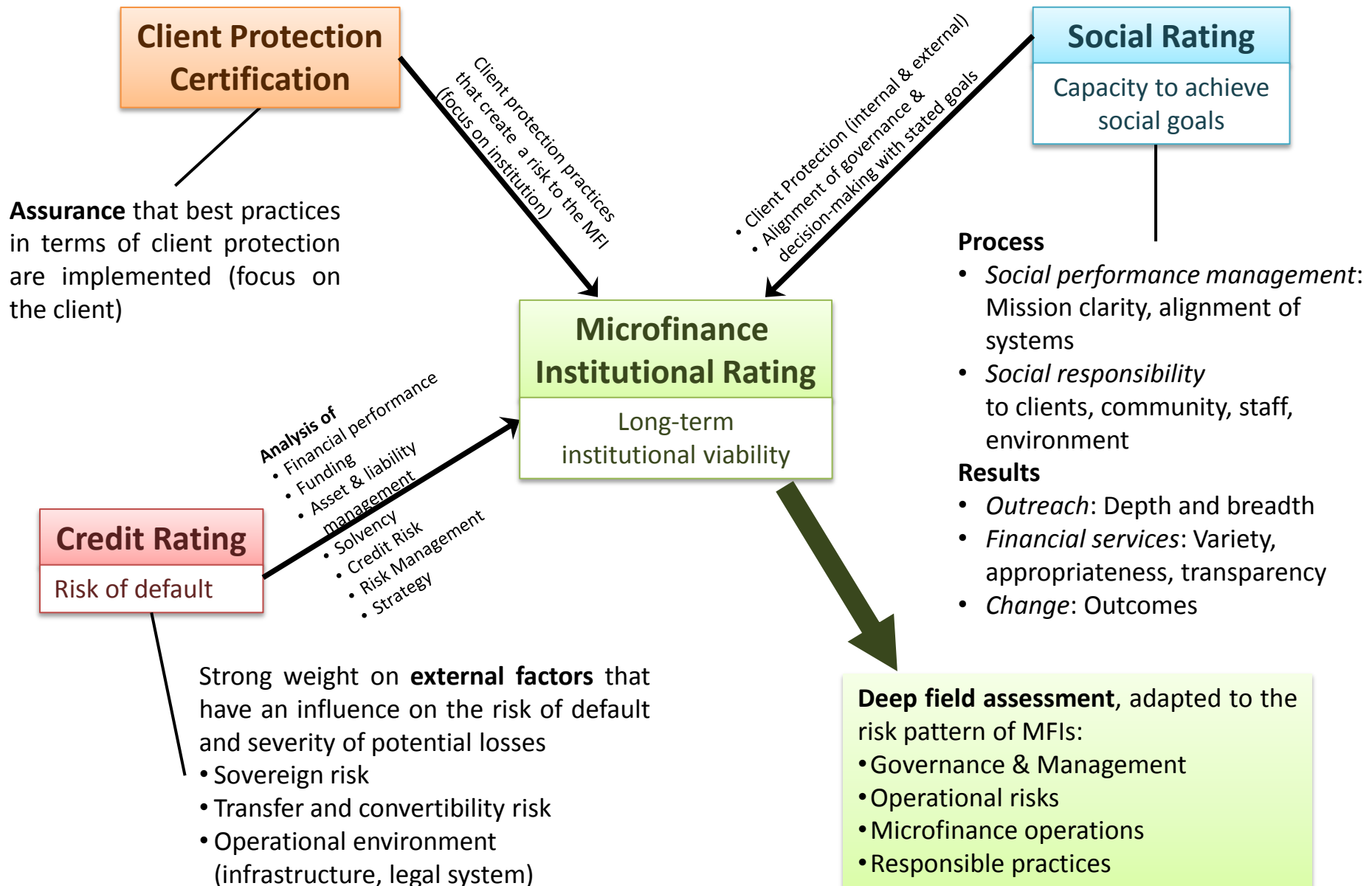
Audits SPI4 by region and legal forms



Responsible Finance Infrastructure

- Universal Standards
- Social audit and monitoring tools
- Social Ratings

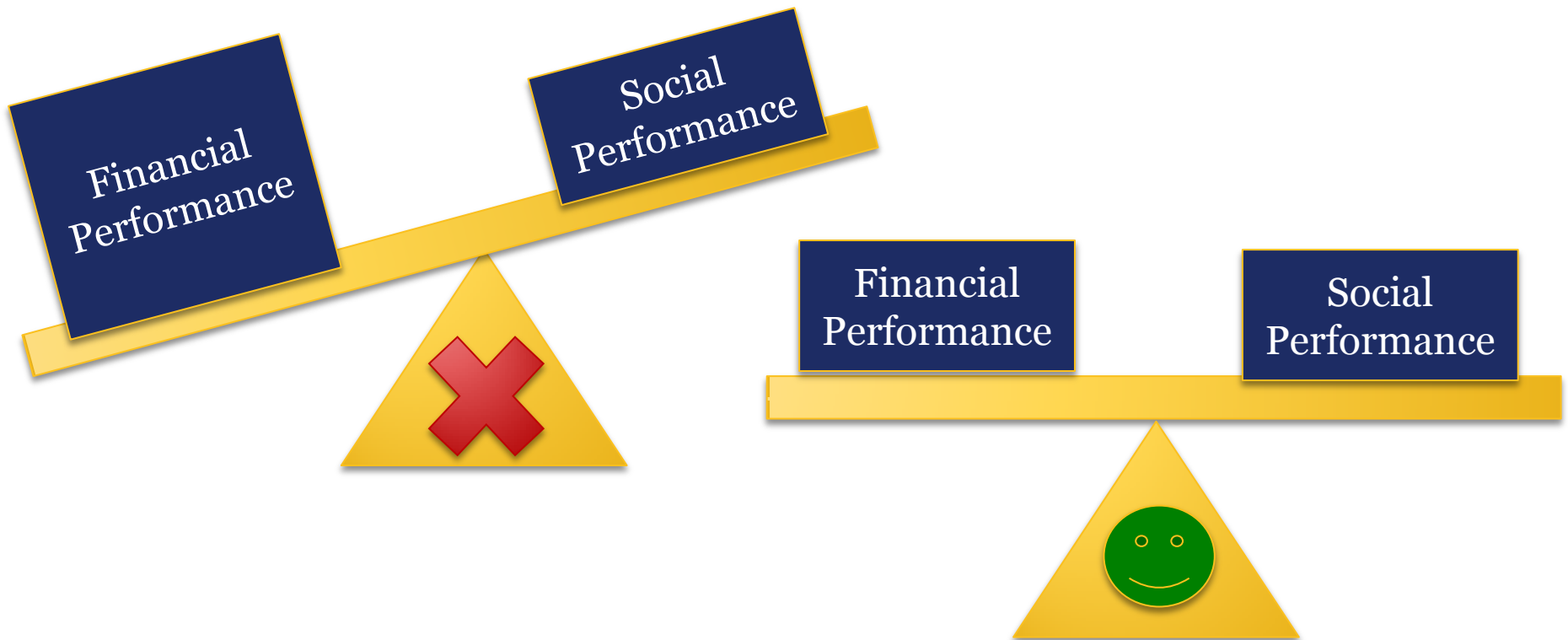
3. Social Rating and External Reporting Tools



Aligning efforts with other investor initiatives

- **SPTF and GIIN** partner to conduct a mapping of and align indicators in the **SPI4** and the **indicators for FSPs in IRIS**
 - White paper & webinars conducted
 - Both organizations committed to increasing alignment – SPI4 2.0 will present increased alignment with IRIS (from 56% to 70-80%)
- **SPTF and GIIRS** also conducted a mapping of alignment of indicators
 - Both organizations committed to increasing alignment
- SPTF is also exploring partnering with **UNPRI (PIIF)** and **IRIS (GIIN)** to develop **mappings of the impact investment industry** (SPTF to focus on financial inclusion)

Conclusion: the Ultimate Goal of our work.....



Thank you!



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