

Social Performance Indicators Initiative (SPI)

**Measuring social performance
of
micro-finance institutions**

The objectives of the initiative

- ✦ Social performance, « raison d'être » of the microfinance institutions
- ✦ Strong pressure on financial performance: what are the risks of mission drift ?
- ✦ Few/no tools to evaluate/follow social performance

⇒ The double bottom line approach:
social/financial

How to measure this mixed approach of the MFIs?

The different steps of the initiative

✦ SPI 1 (June 2002 – Oct. 2003)

- Conceptual framework for social performance
- Set of operational indicators

✦ SPI 2 (June 2004 – Dec. 2004)

- Field testing
- Definition of a tool to assess social performance

✦ In 2005 : Exchanges on the results, dissemination

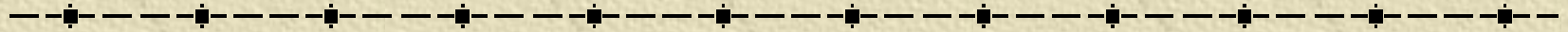
The partners for SPI 1

- ✦ Research team: M.Zeller (Goettingen University, Germany); M.Greeley (IDS-ImpAct, UK); C.Lapenu (Cerise, France)
- ✦ Steering committee: K.Verhagen (Argidius), S.Hashemi (CGAP, USA), R.Chao-Béroff (CIDR/Cerise, France)
- ✦ MFIs : Return on the indicators
- ✦ Funding: Argidius Foundation

The partners for SPI 2

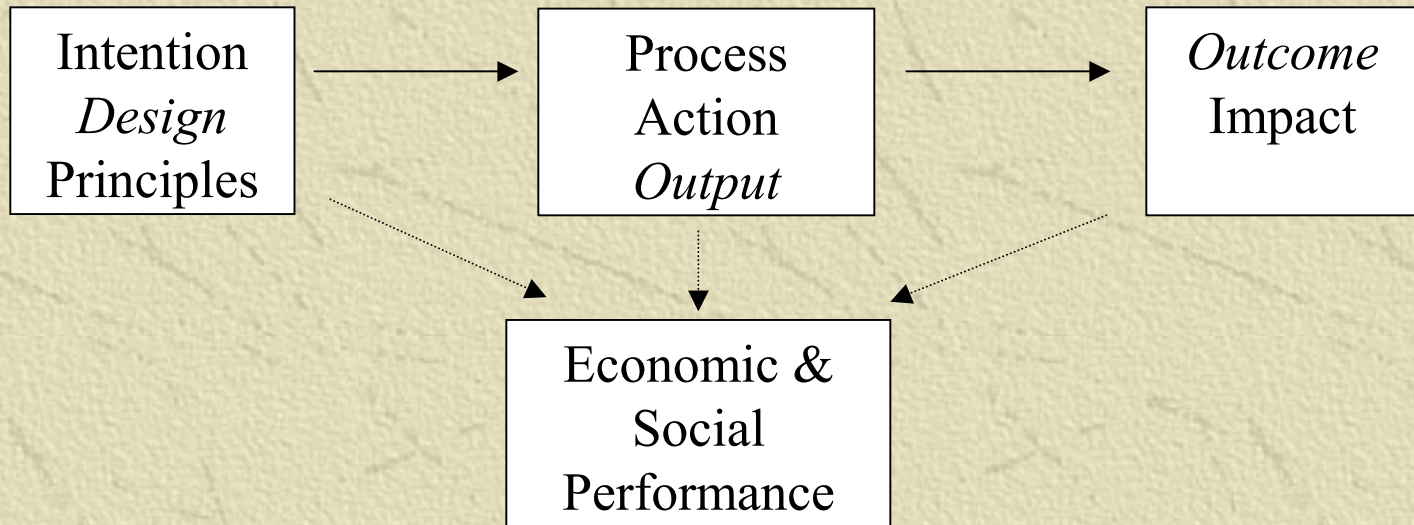
- ✦ SDC & FPH: financial support and contacts with partners MFI for the field testing
- ✦ Partners from SPI 1: follow-up
- ✦ SEEP, MIX : feed back on the tool; discussion on standards & mechanisms of *reporting*
- ✦ European networks: feed back on the tool and partners MFI for the field testing

The organization of SPI 2



- ✦ 25 MFIs in the « core » sample, with external field review => diversity of geographical contexts and methodologies
- ✦ Other MFIs using the tool on their own initiative
- ✦ Feed-back from various partners: MFIs, practitioners, donors, researchers, etc.

Conceptual framework



SPI measure of performance : evaluation of principles, actions and corrective measures

=> Does the MFI give itself the means to reach its social objectives ?

Global Performances of a MFI

	Social issues	Eco / Financial issues
Monitoring	<ul style="list-style-type: none"> . Poverty outreach . Adaptation of services . Social & political capital . Social responsibility 	Portfolio quality, efficacy, productivity, financial management, profitability, etc.
Impact assessment	Employment for the excluded, health improvement, child education, social capital building, etc.	Change in income & expenditure, change in assets & standard of living, food security, employment creation, etc.

Dimension 1

Outreach to the poor and excluded

- ✦ Mission of the MFI
- ✦ Geographic and socio-economic focus
- ✦ Tool for targeting
- ✦ Size of transaction
- ✦ Collateral

Dimension 2 :

Adaptation of the services and products to the target clients

- ✦ Range of services
- ✦ Quality of services
- ✦ Non-financial services accessible to the clients
- ✦ Participation of the clients in the design

Dimension 3:

Improvement of social and political capital of clients

- ✦ Transparency of the financial transactions
- ✦ Clients representatives for consultation, decision-making or control of the MFI
- ✦ Empowerment : social cohesion, voice of the clients with the national or local government

Dimension 4:

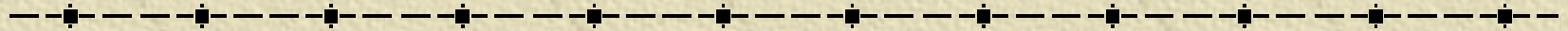
Social responsibility of the institution

- ✦ Human resources policy
- ✦ Social responsibility towards the clients
- ✦ Social responsibility towards the local community

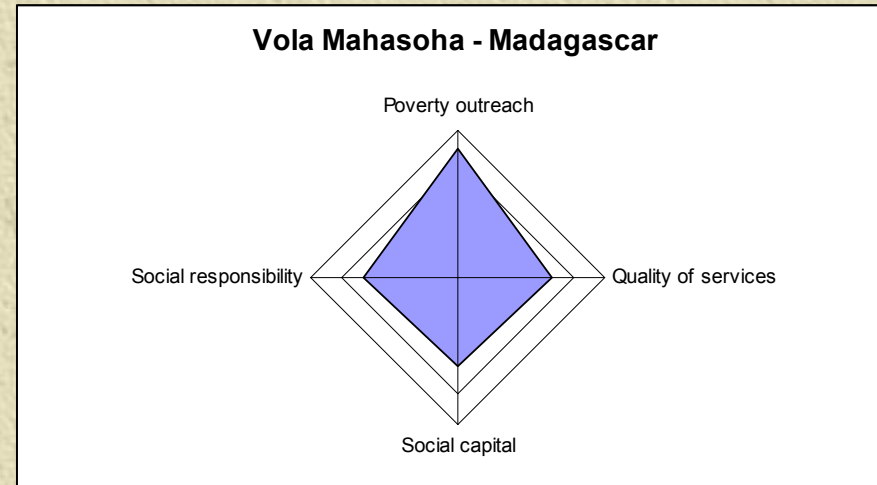
The current process

- ✦ Comparisons of self-evaluations and external reviews
- ✦ Discussions with MFIs and other partners on the interests and risks of the tool
- ✦ Improvement of the questionnaire and definition of a companion guide (dec 2004)
- ✦ Discussion on the results (march 2005)
- ✦ Linkages with the other initiatives (2005)

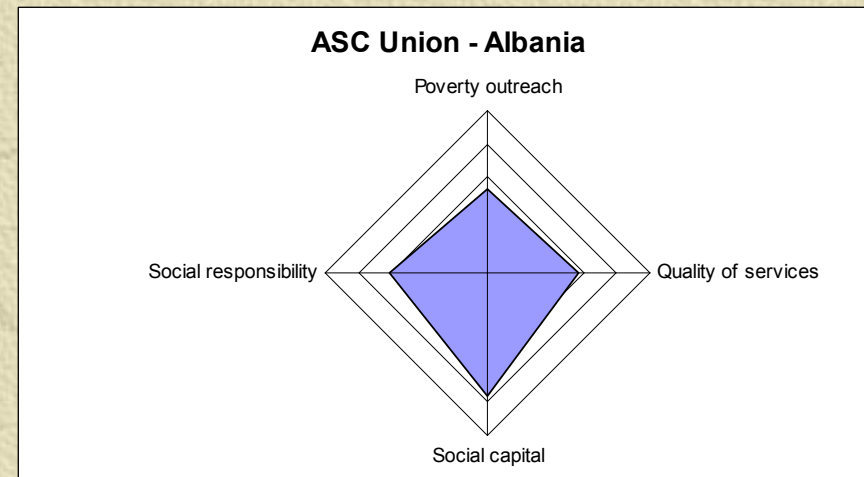
How to use/represent the results?



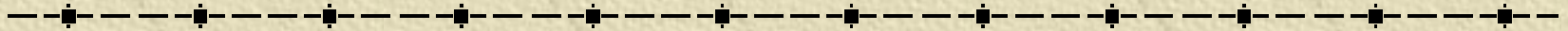
✦ MFI with strong social performance regarding poverty outreach



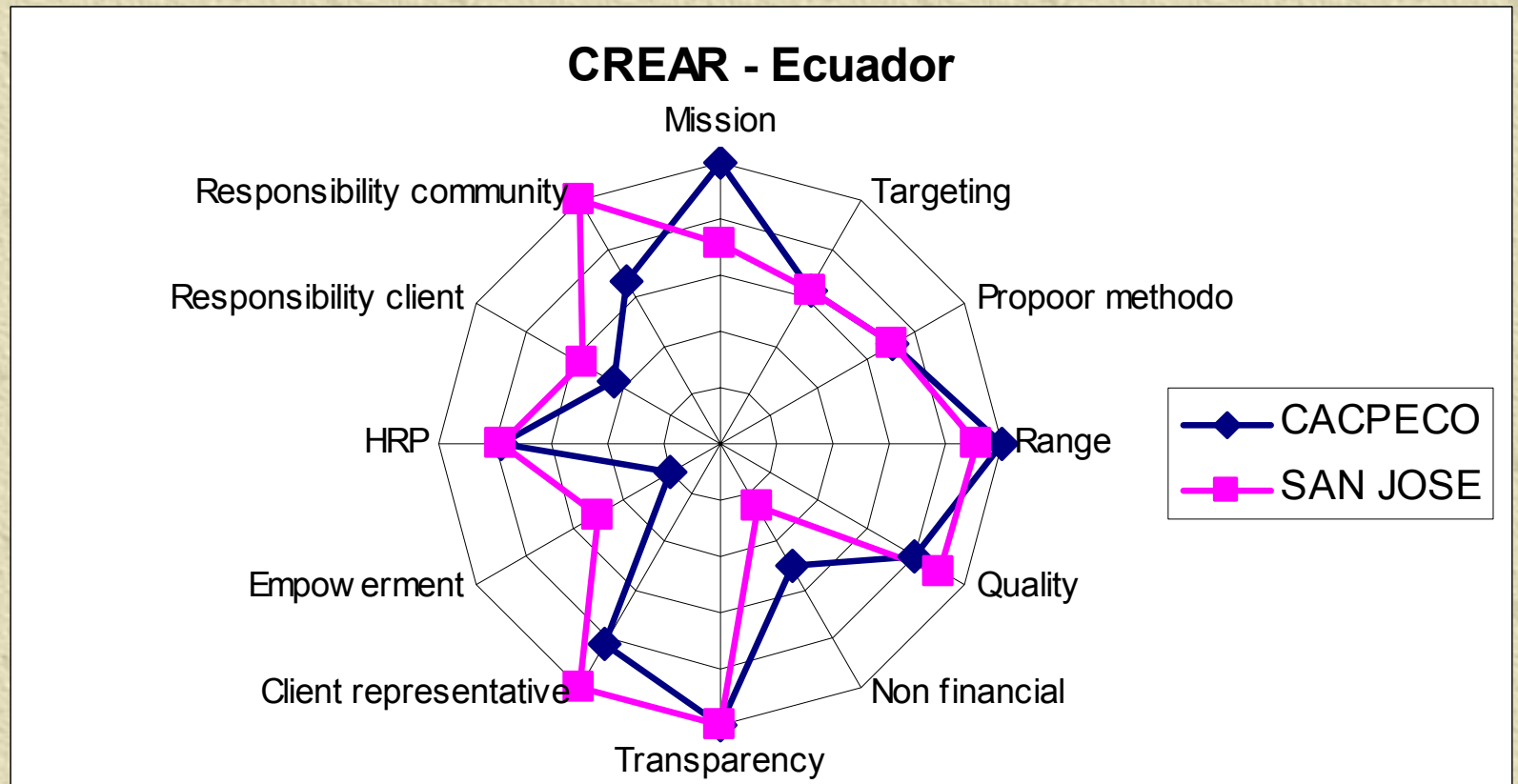
✦ MFI focusing on social capital



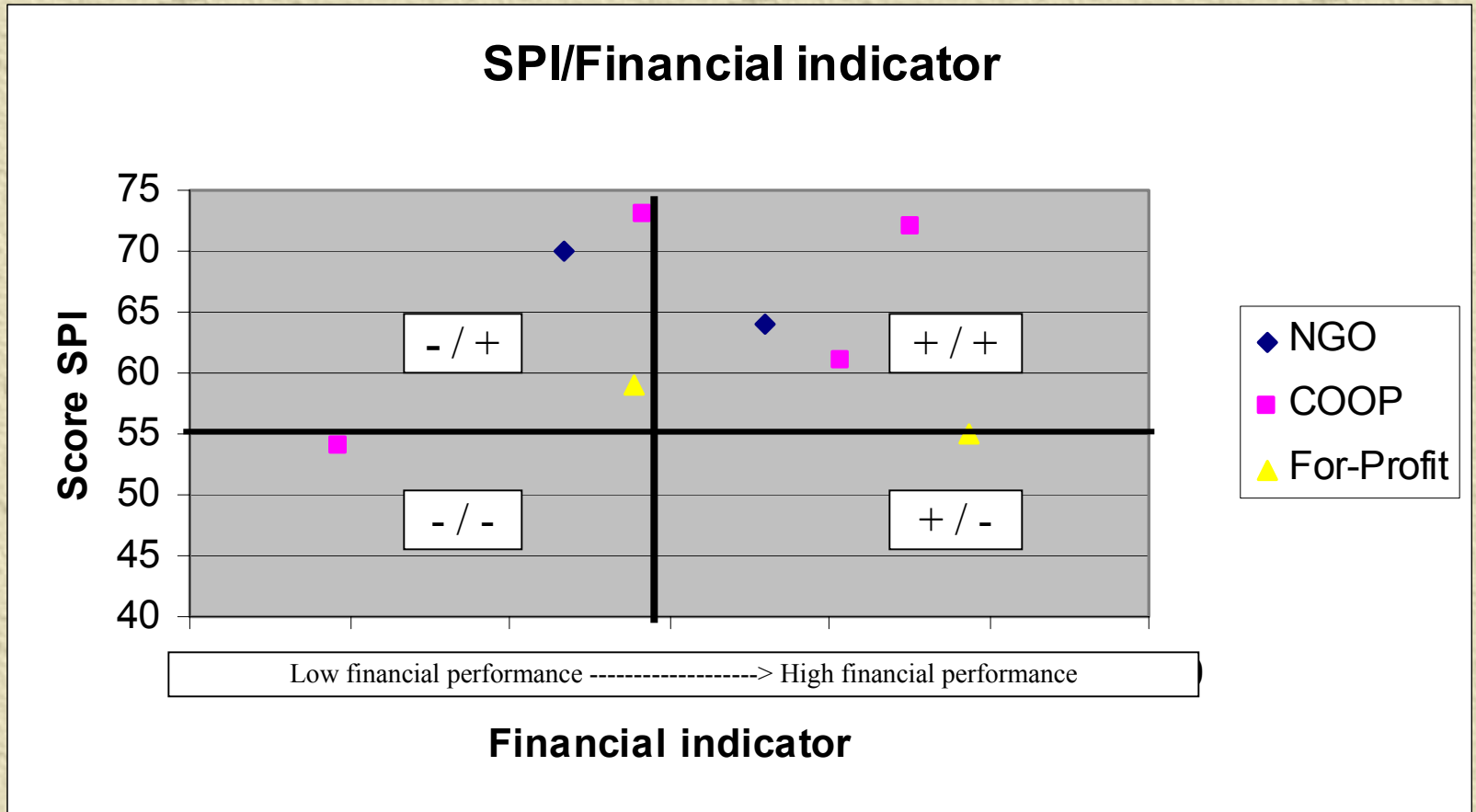
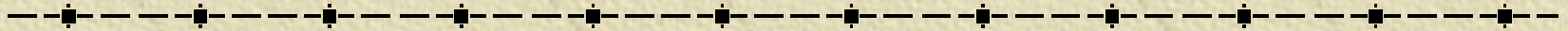
Comparison between MFIs



Same type, same context: Do the differences reflect the reality?



Links between social and financial performance



The current debates around SPI

- ✦ What are the interests and limits of those types of tools?
- ✦ How can the SPI questionnaire be used and promoted?
- ✦ How can we be sure of the quality of its use and objectivity in its interpretation?