

Dear friends,

*This New Year may mark a turning point for the growing importance of social performance in microfinance. As CGAP has demonstrated, commercial investment funds are increasing dramatically and are reaching beyond the leading, 'first tier', MFIs. This trend is being driven by profitability motives, but also concerns of risk mitigation and an increasing demand for socially responsible investments. Indeed, there is a strong tendency among fund clients to require that their assets be dedicated to diversified investments with positive social impact.*

*At the same time, MFIs, both individually and in networks, are innovating to build mechanisms for more and better information on social performance, as well as for improvement of practices in favour of social impact. Let 2008 be the year when both movements meet, opening new opportunities for partnerships to reinforce ethical investment and socially responsible microfinance!*

### **Latin America and the Caribbean**

Within the framework of [ForoLacFr](#), eight work plans for national networks were created during the Oaxaca workshops (April 9-13<sup>th</sup>), where ProsperA was officially launched. Based on these workplans, the networks have carried out dozens of social performance indicator (SPI) evaluations and governance assessments and organised workshops in El Salvador (Oct. 1<sup>st</sup>), Haiti (Nov. 5-8<sup>th</sup>) and Panama (Nov. 6-7<sup>th</sup>).

It is important to mention that several national networks, such as RFR in Ecuador or FINRURAL in Bolivia, are currently moving toward integrating SPIs into their self-regulation systems and RFR published a first [social performance report](#). Moreover, ForoLacFr has improved communications about social performance among its members by creating a [dedicated website](#).

### **Asia**

The [Asian Forum](#), which took place in Manila, Oct. 17-20<sup>th</sup>, spurred new key initiatives on the solidarity based economy from the whole continent. In terms of the microfinance sector, microfinance actors decided to launch ProsperA Asia as a regional network aimed to organize common actions to promote social performance.

A first training workshop on SPI and governance has been organized with networks from the Philippines, India, Cambodia and China. In order to increase participation within ProsperA Asia, next steps will include piloting the implementation of tools and sharing members' experiences.

### **Africa**

The Microfinance African Institutions Network (MAIN) organized a training workshop in Bujumbura (June 4-8<sup>th</sup>) on Social Performance Assessment (SPI tool) and governance analysis.

South African networks held a seminar (Pretoria Oct. 1-3<sup>rd</sup>) to design monitoring systems for social, institutional and financial performance. MAIN's executive director presented the stakes of social performance measurement and outlined key elements of SPI methodology.

Social performance measurement was also discussed during the bi-annual conference of the Africa Microfinance Network (AFMIN), a network of professional associations from 21 countries, in Brazzaville (Dec. 5-7<sup>th</sup>).

Consortium Alafia, started an innovative effort with CARE toward the integration of social performance indicators (based on the input of the SPI tool and CERISE) within the management information systems of the main Beninese MFIs.

Several SPI evaluations have also been carried out in Mali, Cameroon, Guinea, Benin, Niger, Ethiopia, Madagascar, etc.

### **Europe**

The European Microfinance Week (Luxembourg, Nov. 27-29<sup>th</sup>) brought together numerous investors, policy makers, NGOs, researchers, etc. The issue of social performance was given prominence thanks to several ProsperA members (CERISE, TRIAS, SIDI, AQUADEV, etc.). The [European Microfinance Platform](#) (eMFP) is clearly emerging as a major instrument for mainstreaming social performance by providing better coordination between European actors, particularly investors.

An international seminar on the financing of agriculture (Paris Dec. 4-6<sup>th</sup>), was organized by [FARM Foundation](#), with the collaboration of CERISE and several other partners. Debates revealed that a major challenge was the building of innovative alliances between stakeholders (private and public sector, producer organizations, etc.) to ensure sustainable solutions. As a result, [CERISE](#) and FARM are developing an operational guidebook for building partnerships between MFIs and farmer organizations.

On the methodology front, CERISE has applied the SPI tool with [ADIE](#) and analysed the profile of clients based on scores of exclusion. This shows how Social Performance Assessments can be successfully adapted to microfinance in Northern countries.

### **Coming soon: a new version of SPI!**

A new version of the SPI tool is being developed and will soon be shared among ProsperA members for discussion. After two years of implementation, the tool will be modified to reflect user feedback and suggestions and to ensure complete compatibility with MIX indicators on social performance that are being tested with SPTF.

## Integrating Social Performance Indicators within MIX Reporting

In 2005, the [Social Performance Task Force](#) (SPTF) was created to better coordinate different social performance initiatives. The SPTF promotes more transparency in social performance (shared definition, common framework for reporting, etc.). Today, SPTF is working on selecting a set of indicators to integrate into [MIX Market](#) reporting, which will then be pilot tested. As a main actor within the SPTF, ProsperA has committed itself to support the implementation of the core indicators with seven members from Latin America, Africa, Asia and Europe. This work has already started in Albania with ASC Union since last November, and should begin with other partners in January. Results and analysis will be shared during the next SPTF meeting.

### What is ProsperA?

ProsperA is an operational network of microfinance actors that aims to promote a culture and practices of social performance, based on the experience and the initiatives of its members, via capacity-building of MFIs and local networks.

ProsperA seeks to promote social performance through several objectives: targeting of the poor and the excluded; improving services to meet the needs of target groups; building the capacity of clients, especially in terms of social capital, and; promoting social responsibility toward workers, clients, the community and the environment.

ProsperA coordinates exchanges and joint action on the basis of the SPI tool and the initiatives of its members, particularly with respect to governance, impact and social performance assessment.

### ProsperA members (dec. 07)

#### Networks

FORO LAC FR, Latin America ; Alpimed, El Salvador ; FINRURAL, Bolivia ; RFR, Ecuador; Colmena Milenaria, AMUCSS, Mexico; KNFP, Haiti ; CIF, Burkina-Faso; Consortium Alafia, Benin; APIFM Madagascar; CERISE, PAMIGA, France.

#### MFIs

Crecer, Promujer, Bolivia ; Finca, Peru; Pilarh, Honduras; Sefia, Mexico ; REFI-COM-CDRO, Fafides, Guatemala; ASC Union, Albania ; ASHI, VEDCOR, Philippines ; CCSF, Cambodia ; CRG Guinea ; INMAA, Morocco

#### Support Organisations

CSR-SME, Philippines, FIDEV, Madagascar ; AQUADEV, TRIAS, Belgium; CIDR, CIRAD, Entrepreneur du monde, IRAM, IRC, GRET, SIDI, France

#### Partner Donors

Swiss Cooperation (SDC), IFAD, Argidius, FPH, etc.

Other networks and MFIs, from Asia particularly, have agreed in principle to join ProsperA soon.

### Recent Documents

SPI Discussion papers (available on CERISE's website)

DPN<sup>01</sup>: [Stakes of measuring social performance](#)

DPN<sup>02</sup>: [Social strategy and impact: improving impact analysis](#)

DPN<sup>03</sup>: [A proposal for joint evaluation of social and financial performance](#)

Publications on Social Performance Assessment

ACCION: [Insight No. 24 - Guidelines to Evaluate Social Performance](#)

CGAP: [Focus note No. 44 - Beyond Good Intention: Measuring the Social Performance of MFIs](#)

ForoLacFr: [Boletín de desempeño social \(No. 1 & 2\)](#)

SEEP Network: [Social Performance Progress Briefs \(No. 1 to 4\)](#)

USAID: [MicroLinks No 43 - Note from the Field: Improving Microfinance governance](#)

### Links

ACCION: [www.accion.org](http://www.accion.org)

ADIE: [www.adie.org](http://www.adie.org)

Asian Forum: [www.asianforum2007.net](http://www.asianforum2007.net)

CERISE: [www.cerise-microfinance.org](http://www.cerise-microfinance.org)

CGAP: [www.cgap.org](http://www.cgap.org)

eMFP: [www.microfinance-platform.eu](http://www.microfinance-platform.eu)

FARM Foundation: [www.fondation-farm.org](http://www.fondation-farm.org)

ForoLacFr: [www.forolacfr.org](http://www.forolacfr.org)

Mix Market: [www.mixmarket.org](http://www.mixmarket.org)

SEEP Network: [www.seepnetwork.org](http://www.seepnetwork.org)

SPTF: [www.microfinancegateway.org/resource\\_centers/socialperformance](http://www.microfinancegateway.org/resource_centers/socialperformance)

RFR : [www.rfr.org.ec](http://www.rfr.org.ec)

### For more information, please contact ProsperA's steering committee

Cerise 00 33 (0) 1 40 36 92 92 [www.cerise-microfinance.org](http://www.cerise-microfinance.org) [cerise@globenet.org](mailto:cerise@globenet.org)  
Or regionally : Foro Lac Fr ([informes@desempenosocial.org](mailto:informes@desempenosocial.org)) for Latin America, FIDEV ([crazaka1@yahoo.fr](mailto:crazaka1@yahoo.fr)) for Africa, CRS SME ([benqjr117@yahoo.com](mailto:benqjr117@yahoo.com)) for Asia