

What is Social Performance?

- Social performance measures how well an institution has translated its social goals into practice

(CGAP Workshop Paris 8 October 2004)

- Social performance is measured through the principles, the actions and the corrective measures implemented

(SPI final report Phase 1, Oct. 2003; CERISE coordinated)

Social Performance Goals

(adapted from SPI Final Report Oct. 2003, CERISE coordinated)

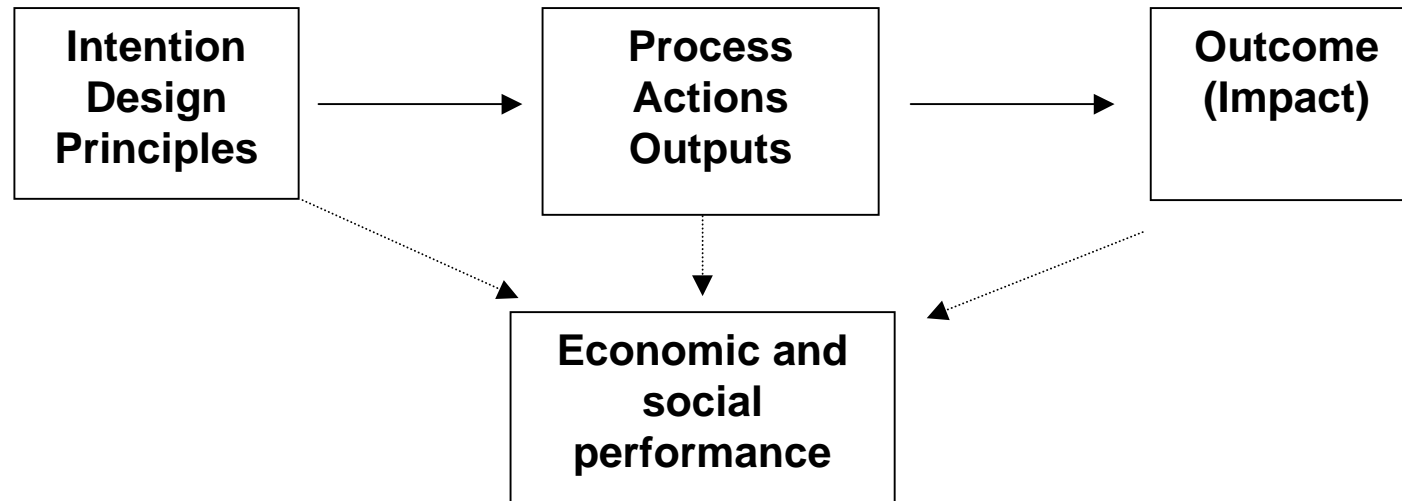
Structure ▶ Conduct ▶ Performance ▶ Impact

(Impact on clients/non-clients, communities, etc. in various dimensions)

Social performance, thus conceived, precedes impact and leads to impact

Conceptual frame

(adapted from SPI Final Report Oct. 2003, CERISE coordinated)



In the CERISE approach:

Performance = Results obtained in terms of design, action and outcome

Impact = Changes among clients, non-clients (and communities) imputable to MFI activities.

Measuring social performance implies evaluation of principles, actions, outputs, some elements of outcome, and corrective measures

Impact measurement is too demanding, complicated, costly etc. for average MFI. Some proxy indicators for impact might be added

Conceptual frame

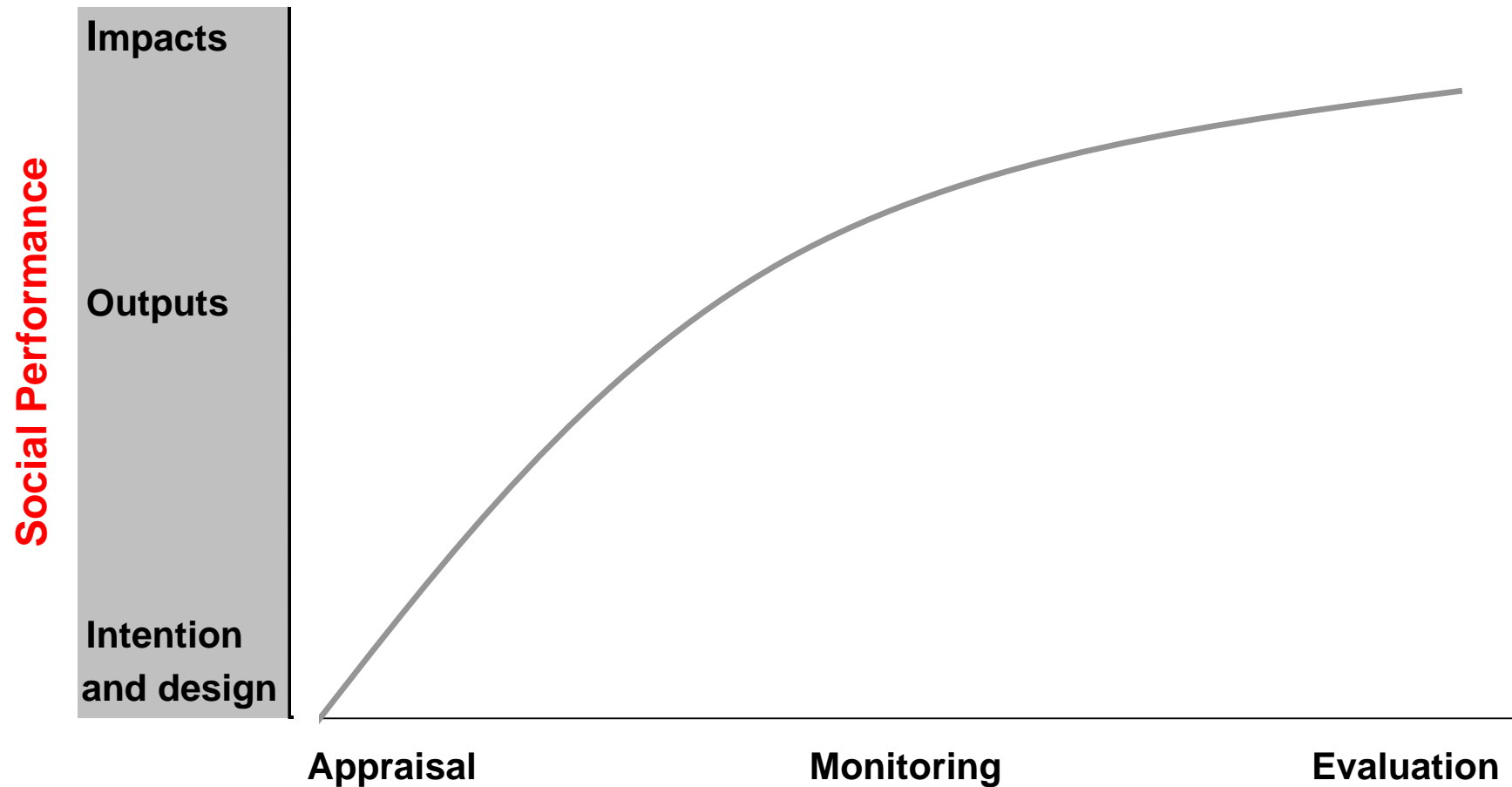
For example

- Output : Number of loans and savings accounts, and average size (relatively easy to monitor and assess)
- Outcome: Improved money management at household level (assessable)
- Impact : Effects on income, education, nutrition etc. (more complicated to assess)

Note: CGAP definition of social performance is wider than the CERISE approach - see next slide)

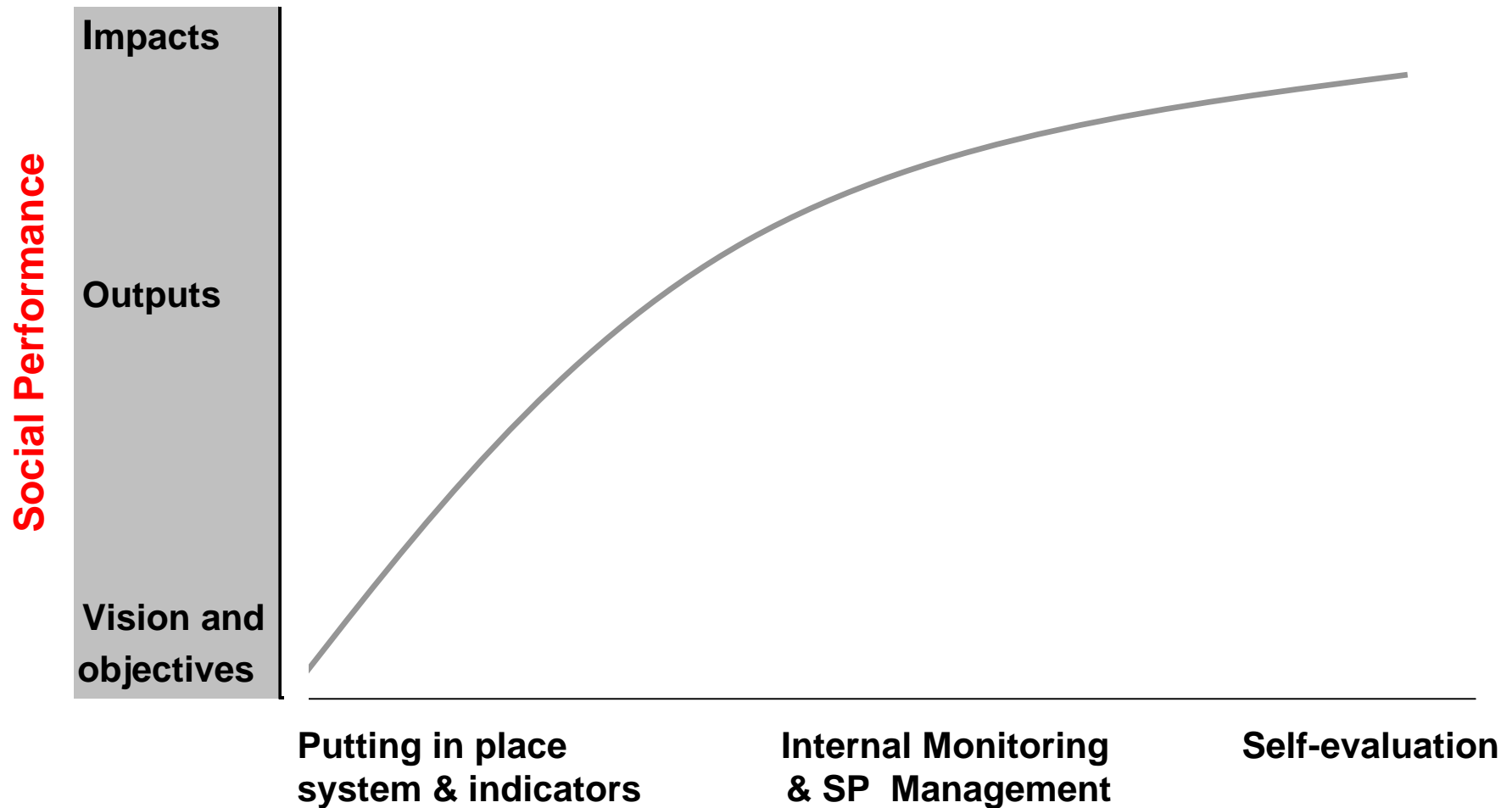
Social Performance: The Donor Perspective

(CGAP Workshop Paris 8 Oct. 04)



Social Performance: The MFI Perspective

(adapted by KV from previous slide)



Social Performance Goals (CGAP)

Workshop Paris 8 Oct. 04)

- Serve increasing numbers of poor people sustainably.
- Improve the quality and appropriateness of financial services available to poor people.



- Improve the lives of poor clients and their families.
- Widen the range of opportunities for communities.

Microfinance is serving ‘the poor’

We may distinguish:

- *vulnerable non-poor* clients are in a household above the poverty line but vulnerable to slipping into poverty;
- *moderate poor* clients are in the top 50 percentile of households below the poverty line;
- *extreme poor* clients are in the households in the bottom 10 to 50 percentile below the poverty line; and
- *destitute* clients are in the bottom 10 percent of households below the poverty line

Small enterprises : where are they ?

Questions:

- *Where is the upward boundary of microfinance ?*
- *What about entrepreneurial **low income clients**, regarded as **non-poor** by any standards; yet with no or difficult access to bank facilities ?*
- *Small enterprise impact on employment creation. Should it/can it be taken into consideration in SP assessment ?*

CGAP Financial System Vision

(adjusted from CGAP presentation)

**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.**

A great challenge for MFIs

CGAP: 'Down scaling' commercial banks are expected to become the main MF providers in 5 to 10 years from now.

BUT: How well will they perform socially and economically ?

RELEVANCE of SP reporting:

No comparison will be possible between individual providers and categories of providers and without globally (or nationally) **accepted standards for SP reporting ?**

We need approaches, 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**