

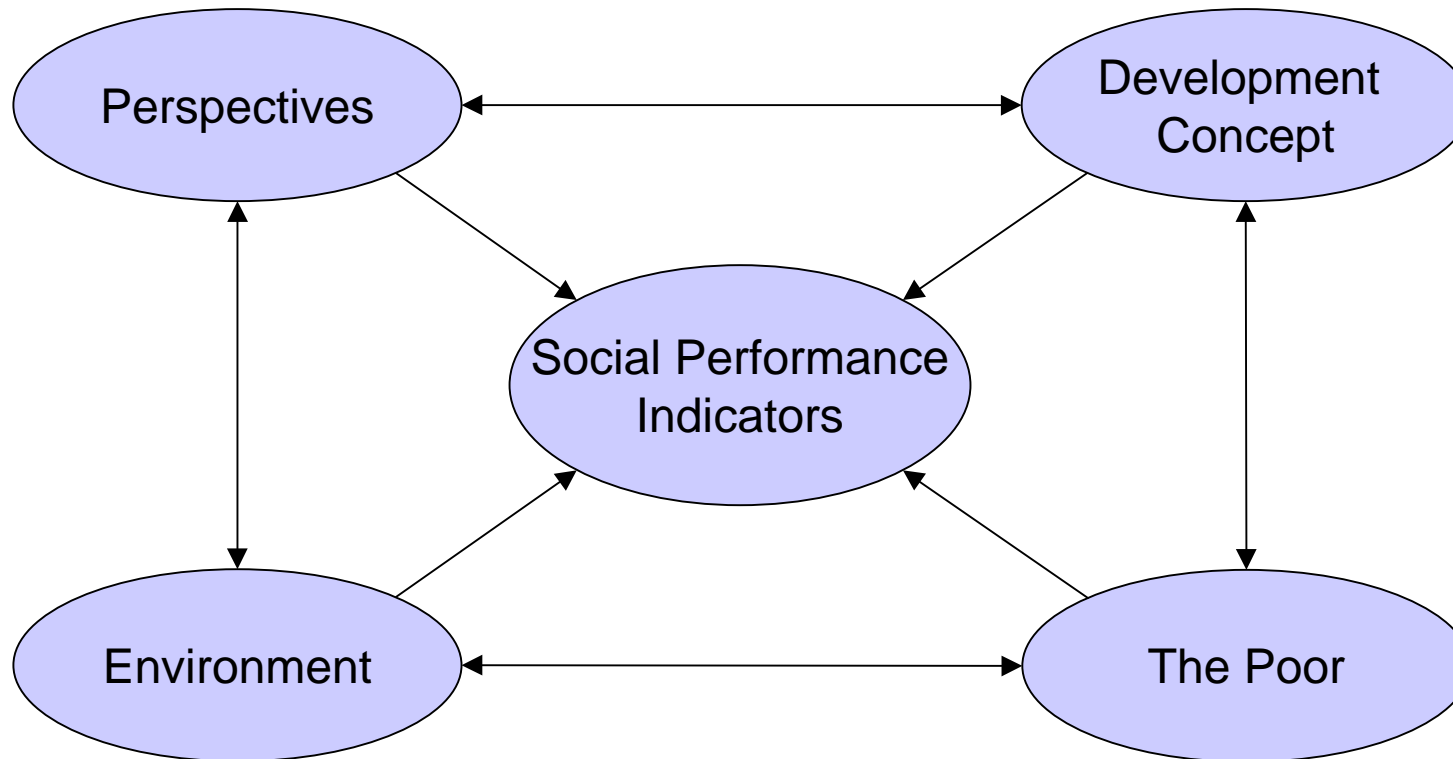
SOCIAL PERFORMANCE & MICROFINANCE

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SHAPING FACTORS



2 PERSPECTIVES

● Industry

- MF is an emerging & promising business
- The poor is potential client & finance worthy
- Focus: organizational & financial development
- Rule of the game: unilateral, supply driven, one fit for all

● Development

- MF is a strategic instrument to empower the people
- The poor is subject of their own change
- Focus: better life quality of the people, fulfillment of their right
- Rule of the game: multilateral, demand driven



DEVELOPMENT CONCEPT

- First Generation

- Assumption: poverty is caused by lacking of social services and infrastructure.
- The poor is the have not and object of assistance
- Main programs: basic social services, infrastructure development
- Challenges: not sustainable and creating dependency instead of capacity.



DEVELOPMENT CONCEPT

- Second Generation

- Assumption: poverty is caused by lacking of financial access.
- The poor is the have little and able to use money wisely. Women is very strategic and reliable client.
- Main programs: various finance services such as saving, credit, payment, insurance
- Challenges: do not address systemic and structural problems.



DEVELOPMENT CONCEPT

- Third Generation

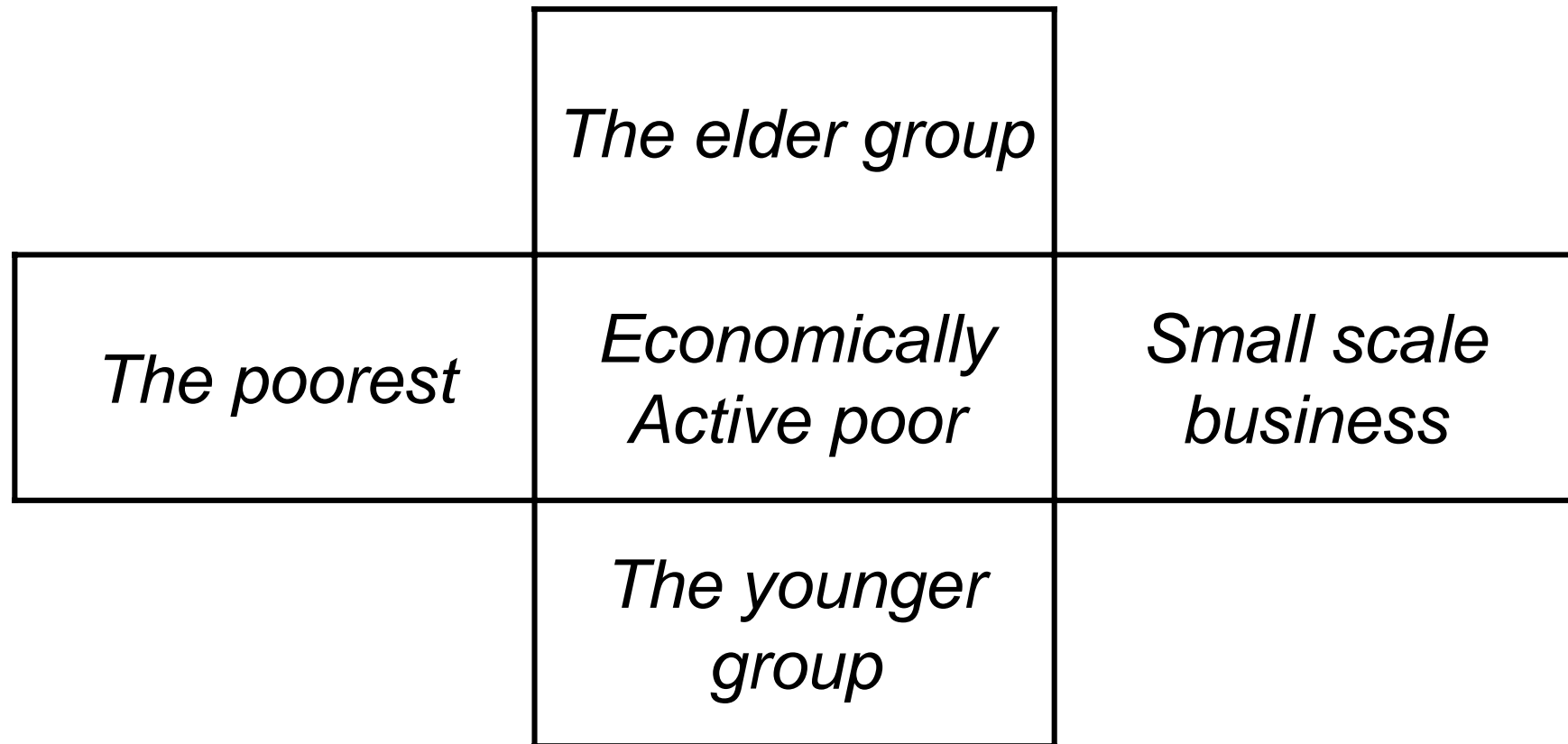
- Assumption: poverty is caused by inter-related actors and imbalance power relationship.
- The poor is the master of their own changes, they have capitals.
- Main programs: mixing of 1st & 2nd generation selectively, empowerment, social mobilization
- Challenges: developing collective action and mobilizing resources/capitals.

ENVIRONMENT

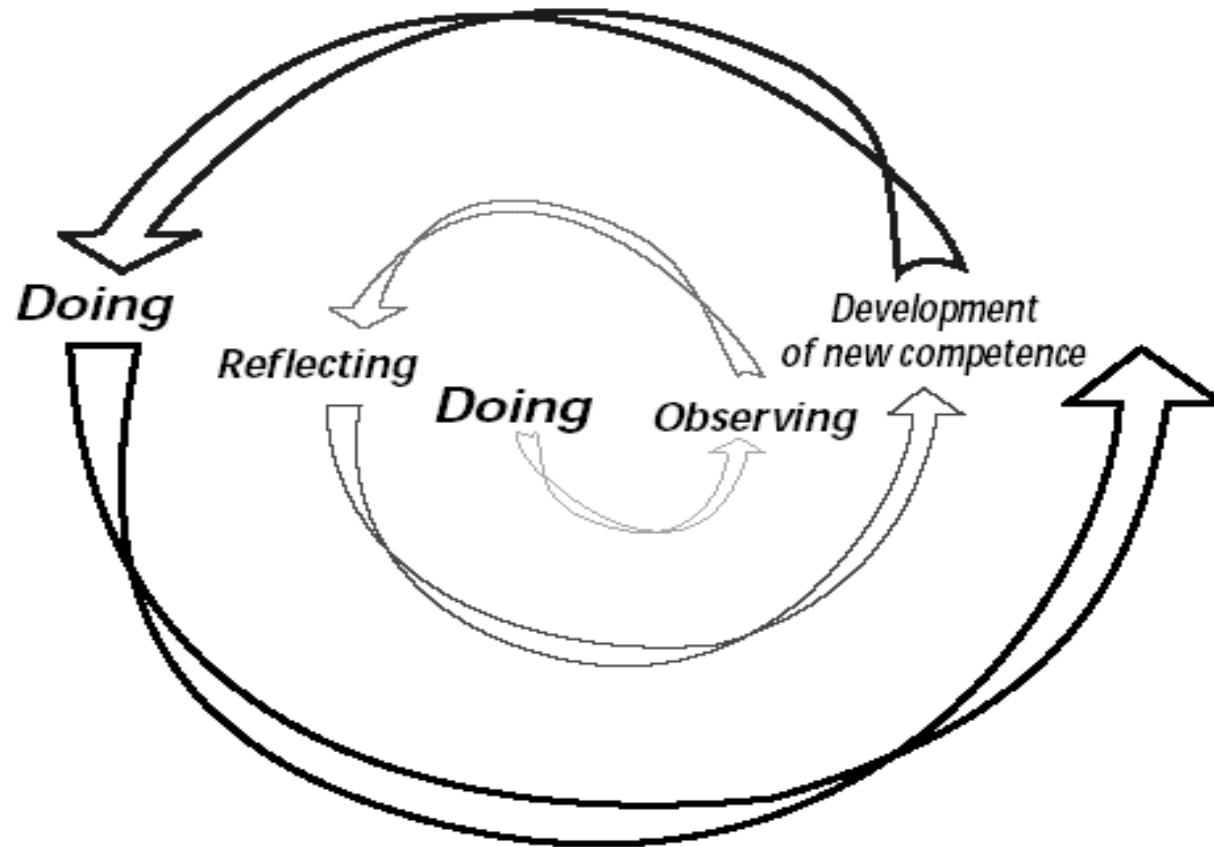


- Is the existing or coming Legal & regulatory framework will encourage MFIs to develop SPI?
- Is there any demand from the stakeholder to MFIs showing social performance?
- Is there any support/incentive for MFIs to develop SPI and showing social performance?
- Is the competition of micro finance sector lead to the use of SPI as competitive advantage?

THE POOR



SPI as part of learning cycle



Source: Honey, Peter and Mumford, Alan (1992) *The Manual of Learning Styles*, p. 3, ISBN 0-9508444-7-0.
Adapted version.

Impact of SPI to Bina Swadaya

- Accelerating internal reflection
- Significant effort to harmonize different tendencies: financial vs social, long-term vs short term, economic development vs political development
- The result: separation of microfinance activities
 - Center of microfinance development (finance only)
 - Center of civil society studies & development (finance & empowerment)