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Employment + Income Division

SDC E + I Division, Financial Sector Development

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Financial Sector Development (FSD) and Social Performance Assessment (SPA): Perspectives for the next steps of the SPI tool



1. SPA: Rationale, objectives, expectations ...

- There's a renewed awareness in SDC with respect to poverty reduction and "accountability for results" (e.g. financial and social performance!).
- Indicators to assess financial performance are largely available; impact studies have rarely been undertaken by SDC. SPA as a pragmatic way to be transparent on "results", in the interest of both the FI and donor.
- Serving the poor and excluded requires value-orientation by FIs and SRIs – and instruments to measure "social performance".



- SDC sees "social and political capital" as an important outcome of FSD programmes which should be monitored.
- Partnership orientation: Importance of dialogue on results, on "who benefits" (target-group orientation).
- SDC intends to promote SPA in its FSD-partnerships; we are also interested in the facilitation of a process to build social performance into the reporting of microfinance investment funds.



2. Important parameters for SDC

- Diversity
- Partnership
- PCM Processes
- Principles of poverty orientation, empowerment, gender



3. Principles

- Let's put it (or key elements of it) into practice
- Pragmatism and flexibility – without being "beliebig"
- Disseminate the tool and communicate clearly its strengths and limitations
- Embed into PCM-system and clarify position vis-à-vis Imp-Act and CGAP-MDG-tool
- Ascertain mechanism for quality, transparency and knowledge mgt.



4. Concrete steps for the future

- Finalise tool (questionnaire and manual) based on the Paris meeting of March 2005
- Agree on "guardian" of the tool who ensures quality and allows "benchmarking" (an MBB for SPA)
- Partner with multipliers in the South and East (networks, training institutions)
- Integrate and differentiate among various tools (Imp-Act, CGAP)