

**Minutes of the CERISE Thematic Meeting
15-16 March 2005
Social Performance Indicators Initiative
Report on Phase Two (SPI2)
FPH - Paris**

I – PARTICIPANTS

Surname	First Name	Organisation	Country
Amouroux	Philippe	FPH	France
Bakx	Frank	Rabobank Foundation	Netherlands
Bederrecats	Florent	AMUCSS	Mexico
Bouquet	Emmanuelle	IDDR	France (*)
Bryune (de)	Bart	TRIAS	Belgium
Chao-Béroff	Renée	CIDR/CERISE	France
Chaze	Catherine	ADIE	France
Clerc	Anne	AFD	France
Couderé	Hugo	AlterFin	Belgium
Creusot	Anne-Claude	GRET/CERISE	France
Dauner Gardiol	Isabelle	Intercoopération Suisse	Switzerland
Dayesso	Teshome Yohannes	Buusaa Gonofa MFI	Ethiopia
Diallo	Laramana Sadio	CRG SA	Guinea
Doligez	François	IRAM/CERISE	France
Dommel	Henri	FIDA	Italy (*)
Faber	Véronique	ADA	Luxembourg
Granger	Benoit	MicFin	France
Hadamou	Amadou	Kokari	Niger
Hashemi	Syed	CGAP	USA (*)
Huot	Sokha	AMRET	Cambodia
Javoy	Emmanuelle	PlanetRating	France
Konini	Zana	ASC Union	Albania
Koxha	Adriana	ASC Union	Albania
Lapenu	Cécile	CERISE	France
Le Bihan	Katel	University of Rennes	France
Marcon	Dominique	SIDI	France
Mees	Marc	SOS Faim	Belgium
Mercado Bunker	Mila	ASHI	Philippines
Nègre	Alice	PlanetRating	France
Pfeiffer	Hansruedi	SDC	Switzerland
Poursat	Christine	GRET/CERISE	France
Primahendra	Riza	Bina Swadaya	Indonesia
Quinones	Benjamin	CSR SME Asia	Philippines
Razakaharivelo	Charlot	Vola Mahasoa	Madagascar
Reboul	Carine	University of Paris	France
Velasco	Carmen	ProMujer	Bolivia
Verhagen	Koenraad	Argidius	Netherlands
Wampfler	Betty	CNEARC/CERISE	France

Zeller	Manfred	University of Goettingen	Germany
Interpreters (Fr/En)			
Bowring	Tom	Mercury Languages	Belgium
Herbiet	Géraldine	Mercury Languages	Belgium
Hoyois	Christophe	Mercury Languages	Belgium

(*) Apologies received

II THE PROGRAMME

TUESDAY 15 MARCH : RESULTS AND NEW QUESTIONNAIRE

Moderator: Benoit Granger

Morning

9h15-9h30 *Welcome to participants*

9h30 - 10h45 *Introduction*

Origins of the initiative	K. Verhagen - Argidius Foundation	15 mn
Social performance assessment: Objectives & expectations	H. Pfeiffer - SDC	15 mn
Links with the Solidarity Finance workshop	P. Amouroux - FPH	15 mn
Links with European networks	B.de Bruyne - Trias / Belgian forum	10 mn
	F. Bakx - Rabobank / Dutch forum	10 mn
Questions	Explanations	10 mn

10h45 - 11h15 *Coffee break*

11h15 - 12h30 *Presentation of the SPI initiative - Principles of social performance*

Social performance: Continuum principles - action - impact	K.Verhagen - Argidius Foundation	10 mn
The needs of the MFI in terms of social performance assessment	C. Velasco - Promujer	15 mn
	Partner MFIs	5 mn
The principles of the SPI questionnaire	R. Chao-Béroff - CIDR/CERISE	10 mn
The design of the questionnaire	C. Lapenu - CERISE	5 mn
Discussion	Round table discussion: What are participants' expectations?	30 mn

Afternoon

14h00 – 16h00 *The results of the SPI initiative*

The results of the tests with the MFIs	C. Lapenu - CERISE	30 mn
The process of using the SPI questionnaire	B. Quinones - CSR/Finsol	15 mn
Expectations and the answers provided by the questionnaire	Z. Konini - ASC Union	15 mn
	Partner MFIs	10 mn

Discussion		50 mn
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16h00-16h30 *Coffee break*

THE NEW VERSION OF THE QUESTIONNAIRE

For each dimension, quick overview of the questionnaire, indicators that can pose problems, suggestions for improvement.

16h30-17h00 *First part of the questionnaire*

Overview of the first part of SPI	C. Lapenu - CERISE	10 mn
Discussion	The context of social performance assessment	20 mn

17h00 – 17h30 *Second part - Dimension 1 : targeting the poor and the excluded*

Overview of dimension 1	B. Wampfler - CNEARC / CERISE	10 mn
Discussion	Hypothesis and indicators	20 mn

17h30 – 18h00 *Second part - Dimension 2: adaptation of services*

Overview of dimension 2	A-C. Creusot - GRET/CERISE	10 mn
Discussion	Hypothesis and indicators	20 mn

WEDNESDAY 16 MARCH: USEFULNESS & PROSPECTS

Morning**9h00-9h40** *Second part - Dimension 3: Improvement of clients' social capital*

Overview of dimension 3	R. Chao-Béroff - CIDR/CERISE	10 mn
Discussion	Hypothesis and indicators	30 mn

9h40-10h20 *Second part - Dimension 4: The MFI's social responsibility*

Overview of dimension 4	F. Doligez - IRAM/CERISE	10 mn
Discussion	Hypothesis and indicators	30 mn

10h20 – 10h45 *Third part of the questionnaire*

Overview of the 3rd part	C. Lapenu - CERISE	10 mn
Discussion	Links with financial performance	15 mn

10h45-11h15 *Coffee break***11h15-12h30** *The tool's contribution and perspectives: The MFIs' point of view*

The conditions for the use of these tools	C. Razakharivelo - Vola Mahasoa	15 mn
Integration of social indicators in MIS	F. Bedecarrats - Amuccs	10 mn
Experience of ASHI - Philippines	M. Mercado Bunker - ASHI	15 mn
Use of the SPI tool in the North	C. Chaze - ADIE	10 mn
Discussion		25 mn

Afternoon**14h00-16h00** *The prospects for the future of the SPI tool*

Social investors' needs	H. Coudere - Alterfin	15 mn
Rating agencies' needs	E. Javoy - Planet Finance	10 mn
The SDC's expectations	H. Pfeiffer - SDC	10 mn
Proposal from the Argidius Foundation	K. Verhagen - Argidius Foundation	10 mn
The donors' point of view	S. Hashemi - CGAP	10 mn
A long term view of the SPI initiative	M. Zeller – University of Goettingen	15 mn
Discussions	Participants' points of view	50 mn

16h00 – 16h30 *Coffee break***16h30-18h00** *Next steps and timetable*

Overview of the meeting and prospects for the future	Individual thought	15 mn
Point of view by type of actors: MFIs, practitioners, donors	What prospects? Which programme? Which partners?	60 mn
Wrap-up	K. Verhagen – Argidius Foundation	15 mn

III – MINUTES OF DISCUSSIONS

Discussions over the two days were fruitful and constructive, with all participants feeling directly concerned and involved in the use and improvement of the tool. It would be too ambitious to resume everything here.

A significant proportion of comments made specifically on the tool will be used in the final versions of the four SPI reports:

- Summary Report,
- Supplementary Report No 1 – The Questionnaire
- Supplementary Report No 2 – Guidance on the Questionnaire
- Supplementary Report No 3 – Results of the Testing Phase.

Please refer to these for more detailed information on technical discussions.

Aims of the Meeting

Since 2002, the CERISE network has been working together with various partners in Europe, the United States and Southern countries on the definition of a tool to measure these performances. Today, after a period of extensive testing with MFIs in Africa, Asia, Latin America and Europe, an updated questionnaire has been created and results obtained for social performance measurement.

The meeting provided a space for discussion and exchanges of views on the usefulness, limits and follow-up for tools such as this by presenting different partners' experiences and looking at the detail of the questionnaire and its indicators.

Type of Participants

Participants in the SPI meetings had been involved in the initiative, whether closely or at a distance, through its various phases. They had received information from the Restitution Forum organised by CERISE at the end of 2004 in order to show the state of progress in the second SPI phase. This allowed the topic of the conference (social performance and the usefulness and limits of the SPI tool) to be approached directly.

Representatives attended from development and research organisations, from donors (France, Belgium, Switzerland, The Netherlands, Germany and Luxembourg), and from microfinance institutions (four African, two Latin American, four Asian and two European MFIs). This made a total of 36 attendees.

Points of Agreement in the Discussions

The basic principles and concepts underlying the Social Performance Indicators (SPI) Initiative were accepted.

General agreement was reached on the following points:

- the importance of the issue (with reference to the 11th principle of microfinance adopted by G8 leaders, which gives the same weight to social performance indicators and monitoring¹ as to financial indicators);

¹ "Accurate, standardized, and comparable information on the financial and social performance [of MFIs] is imperative" (from: the 11th key principle of Microfinance. The 11 principles were adopted by the G8 World Leaders in June 2004.

- the four dimensions of social performance evaluation: (i) targeting the poor and excluded; (ii) adapting products and services to clients' needs; (iii) improving clients' social and political capital; and (iv) the MFI's social responsibility;
- using SPI for (i) evaluation and internal discussion (as a tool for training and the exchange of knowledge), (ii) as a base for drawing up reports (both internal and external), and (iii) for social auditing; and
- the need to continue improving and distributing the tool.

Southern MFIs' enthusiasm was remarkable. Their involvement in the SPI initiative and their use of "the CERISE tool" was in all cases an opportunity for discussion and consideration of social performance within the MFI, even if the questions asked in the questionnaire were not always perfectly suited to the local situation.

Issues of Discussion

Participants in the detailed review of the questionnaire pointed out that there were still weaknesses in the way indicators were defined and in the marking system, and that these should be dealt with in future stages.

One particular question that remained on hold was that of the questionnaire's ability to be used for rating and benchmarking at this stage. Since there was no broad agreement in the microfinance sector on ratings and indicators, any work on rating would have to take the form of a test aimed at improving the tool.

However, there was strong demand both from MFIs and from donors and investors for tools allowing institutions' development to be compared and monitored over time. Testing and improvement therefore needed to continue.

There were some hesitation and questions raised over dimension three (social and political capital): this could hamper broad acceptance of the tool by actors in the sector who are more interested in targeting than in the social and political dimension of microfinance. This dimension would be retained at this stage, but all the discussions over it would be included in the guide.

Other discussions raised that needed further investigation and testing were as follows:

- Was a high level of MFI standardisation needed for the SPI tool, or a high degree of flexibility? MFIs particularly discussed the need for flexibility in order to take account of regional contexts, local legal and political conditions, etc.
- How could one avoid bias in favour of one kind of model (e.g. client involvement and the cooperative model), or in favour of large MFIs (which could provide a large number of services that all counted as positive points for social performance), or conversely against MFIs that were constrained by the context in which they operated (limits to savings mobilisation, client involvement, etc)?
- Was it possible to reduce the current body of (around 60) indicators down to a few key ones that would meet with broad approval and could be used for reporting?

The Future

- Final versions of questionnaire and guide (end of April 2005): the questionnaire will only include marginal changes around the indicators; however, the guidance notes for the questionnaire (guide) will include all debates and discussions from the meeting and those raised in discussion with participants in the initiative in order to clarify the

limits and margins of flexibility in the questionnaire; the guide will clarify the concepts and contain a section on the purpose of the tool.

- Participants can always pass on their comments and proposals for improvements, and these will be gathered together by CERISE (cerise@globenet.org). Those received before the end of April may be included in the guide; those received later will feed into debate in the third SPI phase.
- Documents will be made available online on the CERISE website (<http://www.cerise-microfinance.org>), including the SPI Report and documents used in the meeting (PowerPoint presentations, documents from participants). This will take place in May 2005.
- Third phase of SPI (2005-2007?): creation of an "SPI Resource Centre" to collect the results from the new questionnaire (MFIs' results and their comments on the new version), which should allow improvement of the tool to continue and analysis of results on the usefulness of measuring social performance. On this basis it will be possible to continue promoting the SPI tool to microfinance actors. When the work programme has been fleshed out in more detail, it will be distributed to participants in previous SPI phases.
- Reporting format: a format for reporting and for definitions would need to be developed in collaboration with rating agencies, social investors and MFIs
- Sharing and dissemination of information to other microfinance actors to promote the importance of evaluating social performance (during 2005). There will be several meetings and discussion phases for each continent to allow this dialogue: meetings of African, Asian, Latin American and European networks on the issue of microfinance in general and sometimes more particularly on measuring social performance.
- Contact will be made, strengthened and formalised with other initiatives developing tools and approaches to measure and strengthen social performance: ImpAct (*SP Management*), CGAP (evaluating poverty and changes in clients' living conditions linked to the Millenium Development Goals), others (cf. minutes of 17 March meeting).