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NEWS

Sector strengthening through SPM support

SPM case study of The Microfinance Council of the Philippines (MCPI), Philippines

This case study, published by the MFC in cooperation with MCPI, describes the development and promotion of social performance management (SPM) in the Philippines by The Microfinance Council of the Philippines (MCPI). The case describes the first social performance products which the network offered, the challenges it faced in terms of building staff capacity, how they were ensured member commitment for social performance reporting, and lessons learned from six years of work on SPM.

Among lessons learned by MCPI are:

- Social performance management is a natural fit for its members, who are mission-driven organizations.
- Being SPM-focused facilitates better dialogue with important external stakeholders, because MCPI is perceived as a more trustworthy partner.
- Being involved in the global SPM dialogue has brought MCPI into contact with a range of different organizations, which has led to the development of key institutional partnerships.
- MCPI's SPM work has opened the door to new funding opportunities for its programs.
- Being able to collect and aggregate information about social performance from its partners puts MCPI in the position of being able to talk about the positive outcomes created by microfinance — which is important in a the context of a global crisis of confidence in the industry.

Read the full case study here: <http://www.mfc.org.pl/sites/mfc.org.pl/files/Case%20Study%20on%20MCPI.pdf>

Consultations on Universal Standards for Social Performance Management

The consultation process on the Universal Standards for Social Performance Management (USSPM) continue apace. Networks are encouraged to participate in the process through organizing consultations with their members — MFI practitioners. To make the process of collecting feedback easier, the SPTF has created an online survey available in English: <https://www.surveymonkey.com/s/SBT2RZM>

MFI feedback will be consolidated and discussed by the Steering Committee of SPTF in May 2012. The final version of the USSPM will be launched by the SPTF in June 2012.

Please note: the deadline for submitting feedback is **30 April 2012**.

GRANTEES & PROJECTS

New technologies to support awareness-raising around social performance

One of the key issues for Russian Microfinance Centre/National Partnership of Microfinance Market Stakeholders (RMC/NAMMS) members is the readiness of Russian MFIs for foreign investment.

In preparing for a social performance awareness-raising workshop, the RMC team identified the theme of social investment as one that was most interesting to members. The idea of inviting representatives of social investors was mooted, so that they can directly answer the questions of RMC's members. The aim was to discuss with industry experts, as well as investors' associations, MFI standards for financial performance reporting and environmental and social disclosures, and to identify areas in which social performance and financial outcomes may be connected for Russian MFIs.

The challenge in achieving this was that all of the investors were based outside the country, and bringing them in for the meeting was out of question.

In response, RMC decided to approach its partner – the World Bank. As a result, the Bank's premises in 4 different countries were made available to hold a video conference. Thus, on 20th February, prior to the social performance awareness-raising workshop for its members, **RMC facilitated a video conference entitled: *Reporting practices and microfinance investors: New questions, new role.*** Participants included representatives from ResponsAbility, Incofin, Symbiotics, and BlueOrchard. During the event, representatives of networks promoting social performance were present (including AMFA and MFC) to present their experience on the advantages of developing SPM — including reporting as a means to strengthening sector performance and transparency. Industry experts (including Bob Bragar, Legal Risk Strategies for Impact Investors and Agharazi Babayev from the MIX) described how and when the reports to MIX should be prepared and what data is interesting for social investors.



The event covered the following topics: what is (and what is not) social performance management, the role of social investors in promoting social performance, the criteria of social investors which MFIs must meet, and the role of social performance in analyzing overall MFI performance.

One of the strongest messages delivered to RMC's members during the event was that MFIs which are about improving social performance benefit not only from more loyal and satisfied clients and a higher return rate, but also an ability to demonstrate social outcomes to external stakeholders, including social investors.

Overcoming challenges: AMIR experience

Challenge: commitment of MFIs' leadership

In December 2011, as part of its plan to support social performance management (SPM) scale-up, the Association of Microfinance Institutions in Rwanda (AMIR) organized an SPM awareness-raising workshop for its members; senior managers, in order to discuss the concept of social performance in the context of Rwanda and to gain the buy-in of key decision-makers for increasing social performance transparency in the country. Despite their efforts to invite senior managers and board members, not many of them eventually participated in the actual event. In the face of this, AMIR learned that the real challenge was that, given a poor general understanding of SPM, the MFI leadership would not commit seriously to SPM work to make it a priority. This absence of clear leadership, in turn, undermined AMIR's entire effort to scale up SPM within the country.

In order to address this challenge and raise awareness among those crucial players, the network decided to postpone the next planned event (training on social performance reporting), and instead focus on individual meetings with MFIs and their leadership.

Solution: individual meetings

In all, AMIR visited 15 MFIs between January and March 2012 (which is 100 % of all MFIs supposed to participate in the project). During each meeting, participants discussed social performance concepts as well as individual missions and goals of each institution. The discussions allowed AMIR to provide recommendations on how to improve each MFI's mission statement, or how to create clear social objectives. It also gave AMIR an insight into the challenges that MFIs face in terms of operationalizing their social mission. With operation managers, the AMIR

team discussed social performance reporting, and explained the MIX reporting template. Each MFI was also asked to fill in the MIX report before the next training. These meetings allowed the AMIR team to better understand the nature of each member institution and its functioning.

Result: improved quality

This revised approach to awareness-raising prompted AMIR to adapt the rest of the project plan according to the reality of their partners on the ground. As a result, the social performance reporting workshop was postponed for two months. However thanks to the fact that MFIs had already provided a basic level of information about their social performance, the actual reporting training could focus more on verification of reports and clarifying questions, rather than starting from square one.

Introducing our grantee: Centre for Microfinance, Nepal (CMF)



The Centre for Microfinance in Nepal was established in 1998, as a continuation of efforts initiated within the framework of "National Savings and Credit Development Project" (SA/CRED) by the Canadian Centre for International Studies and Cooperation (CECI). CMF was registered as a private company in 2000, at which time its Board of Directors decided that CMF profits should be deployed for the development of the microfinance sector and poverty alleviation programs. CMF's mission is to promote and strengthen microfinance services through capacity building, training, knowledge management, research, policy lobbying, advisory services and networking with mutual trust and cooperation among member MFIs, services receivers, practitioners and stakeholders.

CMF's goals are to:

- Strengthen its member microfinance institutions (MFIs) serving the poor, especially those focused on women and excluded groups,
- Enhance the service delivery capacity of development partners promoting the microfinance sector.

CMF has various types of institutional members: 9 microfinance development banks, 2 microfinance associations, and 25 individuals, 2 financial intermediary NGOs and 24 women-owned and -governed cooperatives or credit unions. The individual members are microfinance experts in Nepal who have broad experience in the microfinance sector. CMF members represent about 56 percent of the formal microfinance market in Nepal. CMF provides trainings, technical assistance and consultancy services to its members. It is also involved in advocacy, as well as research on various aspects of the microfinance sector in Nepal.

Background

There are a number of MFIs mushrooming in many parts of the country. Social performance is a burning issue for Nepalese MFIs, who have historically concentrated on financial targets, and lack awareness and information around social performance issues. CMF also sees a broad failure for MFIs to address client needs though adapted service design and delivery. Finally, the lack of a central credit bureau has led to an environment where over-indebtedness is a growing concern.

Rationale for SPM

Currently, some of CMF's MFI members are interested in improving their social performance, which will ultimately support their financial sustainability in the longer term. Taking this into account, CMF's approach will be to support some of the larger MFIs in the country to effectively manage their social performance, which will provide an important "demonstration effect" for smaller MFIs, who will get involved as best practice is more understood and the regulatory environment adapts to facilitate SPM scale-up.

Project plans in brief

CMF's targets for SPM support are to:

- Increase the number of members reporting to MIX on their social performance to 50%,
- Have 20% of MFIs using the social performance information in their decision making process,
- Have at least 25% of MFIs which have included social performance in their design and strategic plan.

They also plan to focus on improving client protection by providing trainings and assessment to MFIs. This will help MFIs to self-assess their own organization in terms of how well they are implementing the client protection principles in their operations.

To date, CMF has conducted awareness-raising workshops for members on social performance, which were linked with training on social performance reporting. The network also organized its first member assessments and

trainings on client protection. In total, 61 people from 20 MFIs have participated in the trainings, and 19 MFIs have submitted to the CMF the first draft of their social performance reports for verification.