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## NEWS

### SP Start-up fund in numbers: Project midpoint

SP Start-up Fund and its grantees are in the middle of their work. The so far outputs are exciting:

- **13** national microfinance networks implementing SPM support activities
- **11** sets of awareness-raising workshops delivered
- **219** MFIs participated in awareness-raising workshops, with **377** representatives of MFIs trained by networks
- **11** sets of SPS reporting trainings delivered
- **18** network staff and **12** external consultants involved in activities such as trainings, consultations

### First meeting of all SP Start-up Fund Grantees

4 June 2012 in Jordan

This June, representatives from each SP Start-up Fund Grantee (12 networks in total) meet in Jordan for the first time all together. This will be a unique opportunity for sharing practical field-level experience and learning between networks, who have been working intensively on SPM for the last 8 months.

Participants will have an opportunity to share good practice and strategies to overcome challenges in raising awareness about SPM, gaining members' commitment to SPM and facilitation of SPS Reporting.

The meeting is by invitation only. Contact [SPFund@mfc.org.pl](mailto:SPFund@mfc.org.pl) for more information.

### Want to stay tuned to the latest developments in SPM?

A number of online resources for practitioners and supporters will help you learn more about current issues and good practice in SPM:

**The SPM Network** is an online community connecting individuals and organizations that are committed to managing and achieving the social mission of microfinance. This is also a space for practitioners to share experiences, common challenges and key lessons learnt around social performance management (SPM). You can follow various debates around good practice social performance management, join thematic groups, find out more about the network community, and check upcoming events related to SPM.

Go to [www.spmnetwork.net](http://www.spmnetwork.net).

**The Social Performance Management (SPM) Resource Centre** is a comprehensive and dynamic source of practical guidance on all aspects of the SPM integration process. The SPM Resource Centre offers tips and checklists for each technical area, policy templates which can be download and adapt for MFI, downloadable worksheets to help define SPM approach, pages on how to manage key performance issues, such as client vulnerability and

exclusion case studies from microfinance institutions. The SPM Resource Center is an initiative of the *Imp-Act* Consortium. The Consortium unites 12 organizations from around the world — including the MFC, who is a founding member of the *Imp-Act* Consortium.

Go to [www.spmresourcecentre.net](http://www.spmresourcecentre.net) .

## GRANTEES & PROJECTS

### Sharakeh: first MFI SPS reports to be submitted and validated

After delivering social performance management awareness-raising and SPS training events, Sharakeh encouraged all participants to submit their draft SPS reports for the MIX within a month of the workshop. Unfortunately, the majority of MFIs were not able to meet the deadline, because the reports were not given enough attention and priority by management. To address this, Sharakeh contacted senior managers to identify and address any internal obstacles and confirmed commitment from MFIs. Within another month, all 10 MFIs submitted the SPS reports as planned.

Sharakeh's first review of the draft reports revealed the need for further input and improvements. The most common mistakes were in section one (Mission and Social Goals), section four (Social Responsibility to Clients) and section eight (Poverty outreach). For some MFIs the questions about social Responsibility to Clients and Poverty Outreach were not clear. Some of the difficulty in reporting seemed connected with the fact that the MFIs did not have clear definitions of their target groups, or thought "target group" equaled "all clients", or they had no clear mission statements or social goals.

In response, the Sharakeh SPM coordinator visited all 10 MFIs to support them in filling in the reports, answering their questions as well as using the opportunity to validate data by seeking the evidence — i.e. in human resources (HR) manuals, poverty outreach indicators, loan approval process, and talking to the staff (HR, internal audit, loan officers).

To capture the main findings of the process (as well as help MFIs in future), Sharakeh plans to prepare a country-level report to provide recommendations for MFIs on effective SPS reporting. The report will be presented during Reporting Lessons Learnt Workshop organized by the network for its members.

#### Sharakeh's lessons learnt:

- Without the commitment of senior management, social performance management and reporting does not take priority within MFIs
- On average, the network needs 1.5 days to assist an MFI to produce a good-quality first draft SPS report, and individual meetings with staff are beneficial in terms of supporting them and understanding the organizational culture and problems they face.

Learn more about grantees at <http://www.mfc.org.pl/en/content/grantees-2011>.

### Introducing our grantee: The National Confederation of Cooperatives (NATCCO) in the Philippines



The National Confederation of Cooperatives (NATCCO) was established in 1977 as a regional co-operative federation. NATCCO's vision is to be the most trusted, world-class financial co-operative network.

The institution's mission is to deliver superior, relevant and ethical financial and allied services, anytime, anywhere

#### Members and services

NATCCO currently has around 1.6 million individual members, coming from several co-op federations and around 406 rural- and urban-based co-ops, serving around 1.7 million individual members. The majority of the member co-operatives are located in rural areas. Seventy-seven per cent of NATCCO's member co-operatives offer savings and credit products.

NATCCO services its members by offering:

- treasury and credit
- trainings and consultancy on financial literacy, loan portfolio management, governance, human resources management
- Microfinance Innovation in Cooperatives (MICOOP): a special project to extend the ability of co-op

microfinance services to reach those poorest of the poor who desire to engage in micro-, small- and medium-enterprises, but have no access to formal lending institutions and/or are dependent on informal lenders who charge usurious loan rates

- cash management services
- stabilization fund - form of “solidarity fund” where cooperatives contributes to it. Member cooperatives in financial distress have access to emergency funding and technical assistance to weather a crisis.

## Background

Despite the long history of co-operatives as microcredit providers in the Philippines (as early as 1960s), many of them (70%) have remained small (with assets of less than US\$ 70,000). Because of the small size of many co-operatives, priority is given to financial operations, and maintaining the financial bottom line. For many, as long as new recruits of individual community members remains high, members are saving, borrowing and paying their loans, and there is net surplus at the end of each year’s operation — then the co-operative is fine.

Given this, is deliberate attention paid to social performance management. Indeed, the common perception is that it is difficult and costly to undertake. Even where a desire to measure social performance exists, the knowledge of how to go about it is very limited.

However, a recent progress in national legislation has prompted cooperatives to start monitoring their social performance. The new Philippine Co-operative Code (approved in February 2009), requires co-operatives to undergo social audit so as soon as the implementing rules and guidelines are finalized by the government regulatory agency, expected in 2012.

## Why SPM?

NATCCO, as a national cooperative federation, feels that it should be able to anticipate the needs of its members in terms of providing guidance and support. The opportunity to apply to the Social Performance Start up Fund came at a time when NATCCO sought ways to build its capacities to promote and support SPM among its members.

## SPM project plans in brief

Within the project with SP Start-up Fund, NATCCO’s targets are:

- 9 Cooperatives trained in SPM and SPS Reporting
- 9 Cooperatives provide SPS reports to the MIX by September 2012
- 4 Cooperatives improve social performance-related practice during project implementation
- 6 staff and consultants build capacity to support SPM
- 150 and 450 Co-ops and individual members (respectively) informed about social performance

To date, NATCCO has organized 3 sets of trainings on social performance management, which were linked with trainings on social performance reporting. 40 people from 12 co-ops participated in these events. 8 of these, after drafting SPS reports for the MIX, participated in 2-day events in order to share their experience, ask questions and clarify difficult or unclear issues around social reporting. Some participants admitted that, through filling in data for the reports, they identified institutional gaps and/or weaknesses.

During these events, the experience of COOP Lamac MPC on developing its social performance management system was presented to participants. It was shared how SPM was able to help Lamac realize that they have not fully achieved their goal of fully helping their members.

As a result of the project activities, some co-ops are in the process or reviewing their missions or strategic objectives. NATCCO’s own mission statement was reviewed and revised by the board, as well as some key performance indicators (KPIs). All KPIs will be now reviewed further by management staff. All co-ops participating in the project agreed to finalize their SP reports by mid-May, for subsequent review and verification by NATCCO and submission to the MIX.

The last meeting of co-ops participating in the project will take place in October 2012, when they will share their experience from improving institutional SPM practice, and plan next steps related to strengthening SPM.

Learn more about grantees at <http://www.mfc.org.pl/en/content/grantees-2011>.