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NEWS

Universal Standards for Social Performance Management (USSPM) launched!

This June, the **Universal Standards for Social Performance Management (USSPM) were launched** during the annual Social Performance Task Force (SPTF) meeting in Jordan.

The USSPM were developed to establish a global common understanding of what adequate double-bottom line performance management consists of. The standards provide a complete check-list of good MFI practice to ensure effective social performance management.

The standards are organized into 6 categories:

1. Define and Monitor Target Clients and Social Goals
2. Ensure Board, Management, and Employee Commitment to Social Performance
3. Protect Clients' Rights
4. Design products, services, delivery models and channels that respond to Clients' Needs and Preferences
5. Treat Employees Responsibly
6. Balance Social and Financial Returns

Each standard includes a set of “essential practices” – as well as suggestions on “additional good practices”. Meeting the essential standards signifies that an institution has “strong” social performance management (SPM).

The USSPM are available in Arabic, English, French, Russian and Spanish [here](#).

Participants in the SPTF meeting also discussed next steps in terms of implementing the USSPM. Importantly, Task Force members agreed that commitment and collaboration from all stakeholders is needed to ensure that the standards are put into practice. They also highlighted the need to promote the standards to MFIs and document examples of good practice.

During the SPTF meeting, different stakeholder groups created action plans for USSPM roll-out. These are as follows:

MFIs highlighted the need for:

- Communication with staff, management and board on the USSPM to build understanding and demonstrate value of applying the standards

- Self-assessments to check the alignment with USSPM to identify which practices are already in place and which can be easily introduced in short term
- Monitoring the adoption of standards as part of implementation of business plans.

Investors signaled the importance of:

- Communication within their own organizations and with other investors to build buy-in to the standards
- Integrating the standards into reporting formats, due diligence and capacity building of MFIs
- Strengthening the MIVs' role in MFI's governance in the context of USSPM implementation.

Associations discussed:

- Communication campaigns to build understanding and buy-in for the standards
- Assisting members with diagnosis of alignment with USSPM and development of realistic action-plans to adopt the standards
- Monitoring the adoption of the standards among the members over time
- Documenting practical experience on standards implementation by members through case studies.

More on the discussions held at the SPTF annual meeting, including presentations, can be found at www.sptf.info/sp-task-force/annual-meetings.

For more information please visit: www.sptf.info/sp-standards.

Decision Tree – a tool for developing your networks' social performance strategy

Imp-Act

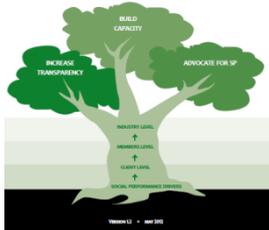
MICROFINANCE CENTRE

CERISE

THE DECISION TREE FOR MICROFINANCE NETWORKS
Empowering Networks to Develop a Social Performance Strategy

One of the keys to effective SPM scale-up in the sector is to get networks involved — and to have SPM included in the networks' strategy. When the network's board is committed to SPM, and it is prioritized at a strategic level, the achievement of the network's social performance goals becomes very realistic.

How can your network develop its SPM strategy?



The Decision Tree for Networks is a practical resource that offers step-by-step guidance to help networks prioritize those SPM issues that are most relevant to their members, and select the most appropriate tools helping members in SP implementation. The underlying premise is that network initiatives should reflect a clear strategy based on local needs and demands. The Decision Tree is designed to empower national and regional networks to support their members in assessing, managing and reporting on social performance.

The guide includes a list of key strategic questions needed to be answer during the process of strategy preparation, case examples of networks that are advanced in SPM, and maps various social performance initiatives in order to put them into context of members' needs. Finally, the guide also describes the process for implementing a 3-day strategic planning exercise, which networks can use to define their SPM strategy. The Decision Tree can be applied by networks themselves, no external facilitator is required.

The Decision Tree was developed by **CERISE** and the **Imp-Act Consortium**, represented by **Microfinance Centre (MFC)**, and was funded by the **Ford Foundation**. Download the tool here: www.mfc.org.pl/en/content/decision-tree

Imp-Act Consortium

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Save the date! Global Learning Meeting at the SEEP Annual Conference

The next Global Learning Meeting for SP Start-up fund grantees will take place at the SEEP Annual Conference. During this meeting, representatives of partner networks will share their achievements and lessons learned from scaling up SPM in their countries, as well as plans for future work. The meeting will be open to all interested organizations.

The SEEP conference will take place on 4-8 **November 2012 in Arlington, VA (USA)**.

The 2012 SEEP Annual Conference will focus on innovations in financial services and enterprise development that address some of the most pressing barriers to meaningful inclusion. In particular, innovations that increase scale and impact are critical for expanding access to the basic tools of economic self-determination.

More information about the conference is available on the SEEP website: www.seepnetwork.org.

GRANTEES & PROJECTS

Grantees meeting at SPTF - Sharing successes and challenges

On 4 June 2012, in advance of the annual Social Performance Task Force Meeting, SP Start-up Fund grantees came together for the first time to share their successes and challenges related to SPM implementation and to discuss their future plans.

Partners identified a number of key success factors that are useful for raising SPM awareness among MFIs, building MFIs commitment, encouraging them to begin SPS reporting to the MIX, and generally work on improving their SPM practice. These are:

- **Demonstrating the links between social and financial performance:** In member workshops, and also when engaging individually with members, networks highlighted examples of how strong social performance can lead to better financial results. Where possible, MFIs that were more advanced in SPM were also asked to identify trade-offs between the two.
- **Engaging non-MFI stakeholders:** Networks found that bringing investors, regulators, social raters and support agencies into the SPM scale-up process strengthened the message to MFIs around the importance of SPM. Also — their collective practical experience helped to “translate” concepts around good practice into specific context of the country.
- **Encouraging regulators to include social performance indicators in MFI reporting requirements:** Some networks established a dialogue around what SPM is, and why it is important. To achieve this, some networks invited national regulators to MFI awareness-raising workshops, or held separate meetings.
- **Using innovative communication tools and training methods:** Networks tried to put a “human face” on SPM concepts for MFIs by using the SPM film by the *Imp-Act* Consortium ([Fulfilling the Promise](#)), or role plays to help them envision the real situation of their target clients.

As more and more MFIs started improving their transparency through reporting, and improving their internal SPM practices, networks quickly identified this as an opportunity to strengthen the image of the microfinance sector within their country, which is particularly important in the wake of recent crises across the world.

Among key challenges highlighted by associations were:

Ensuring the quality of MFI social performance data: To gather accurate and relevant data, some networks had to put more resources than anticipated to help members prepare their SPS reports. Verification of data often required visits to the MFIs. As SPS Reporting is based on self-reporting, networks observed that MFIs tend to overstate their achievements – presented who they wished to be, rather who they are today. For example, they tried to fill in all the data, even if they lacked certain information; or they tried to list more social aspirations than they really had.

Networks also needed to translate the SPS reporting templates to accommodate non-English-speaking MFI staff. In some cases, networks even had to transfer data between hard copy and electronic forms on behalf of the MFI, when they did not have proper databases or software.

Securing the commitment of MFIs leadership for further work on improving SPM practice. In those countries where not many MFIs leaders participated in awareness raising workshops networks organized additional meetings with MFI leadership, included social performance topics in their annual conferences and members meetings, or developed communication tools, such as regular emails.

Convincing investors to “walk the talk”: MFIs take their cue from their investors. If investors claim to support social performance, but MFIs see little evidence of this in the decisions they make (e.g. only checking whether the MFI has a mission, rather than how well they are doing in achieving it), then they will not commit to improving SPM practice.

Helping members to prioritize: After identifying key gaps in SPM practice, networks found that MFIs needed support

prioritizing areas for improvement. At the same time, Networks found they did not always have enough capacity to work with every individual MFI on each step.

Partners observed that in their experience, engaging national regulators is very important to scaling-up SPM implementation. Meeting participants discussed different approaches and experiences of working with regulators. Strategies on how to involve them varied from country to country; in some cases, regulators were invited to each workshop, and even asked to speak during the opening session. In other cases, networks arranged separate meetings for regulators.

Putting the Universal Standards for Social Performance Management (USSPM) into practice

The launch of the USSPM, and the implications for associations, was one of the key agenda points for grantees during the meeting in Jordan. Discussing their role in putting the standards into practice, partners highlighted a number of priorities:

1. Ensuring understanding around the standards

Networks have an important role to play in promoting the USSPM and building MFI awareness. They should work together to develop common messages to key stakeholder groups about why the USSPM were developed, who they are for, and what they contain — to ensure that MFIs and other stakeholders are all on the same page.

2. Diagnosis and prioritization of work

The USSPM take a comprehensive view of good practice SPM. However, MFIs will find it impossible to work on all areas at once. To help prioritize their action plan, MFIs need to understand their SPM strengths, weaknesses and gaps. This diagnosis can be done through internal self-assessment, or as an externally-facilitated process. In this way, networks have a key role to play.

3. Planning the work on USSPM

The plans should include short (1 year) and longer (2-3 years) perspective. There was a common understanding that within a year it would be very helpful for further work to be able to demonstrate some concrete results of implementation of USSPM in MFIs through e.g. presenting concrete solutions how to implement certain standard.

4. Verification

In addition to diagnosing SPM gaps, and helping them to improve practices, networks should also document the solutions that MFIs introduce, as well as outcomes of those changes. In doing so, the network will be able to demonstrate good practice (for awareness-raising) and provide concrete examples to MFIs addressing the same challenge in their own work.

5. Standards mainstreaming

A broader effort by all stakeholders is needed in order to implement the standards across the industry. This includes: networks, investors, and MFIs. Each group of stakeholders needs to commit to work and coordinate their efforts on standards implementation.

Introducing our grantee: Association Professionnelle des Systèmes Financiers Décentralisés de Côte d'Ivoire (APSFDCI)



APSFDCI was established in 1998, founded by 15 MFIs. Currently its membership consists of 27 active MFIs from across the country, the majority of which are credit cooperatives, and the rest for-profit companies. In addition, APSFD-CI has 38 official members that are not currently operating, on account of the political and military crisis, which began in 2002. The current law regulating the national microfinance sector requires all MFIs to become a member of the association (by implication, the law forbids the existence of more than one national association).

APSFDCI's goals are to:

- Promote and facilitate the exchange of best practices among members
- Assist the development of knowledge that ensures the growth and expansion of MFIs
- Develop, promote and ensure compliance with the standards of operational and financial performance that enhance the effectiveness and credibility of the microfinance sector
- Provide technical assistance to MFIs to build their capacity
- Promote and facilitate relationships among members, authorities, banks, donors and all stakeholders in the public or private sector
- Develop and disseminate to members new products and methodologies that allow them to be more effective.

The business model of the network is based on members' contributions and training session fees. In the absence of broader support of donor organizations, the network receives some extra support from its members from time to time.

APSFDCI currently offers 14 training modules, including 5 CGAP modules.

In the face of political and economic risk, combined with the failure of some of MFIs, clients have lost their confidence in microfinance institutions. This is especially true in the context of an immature microfinance market, where MFIs don't always have the capacity to market and explain the products which address the real needs of clients.

Those MFIs that have survived the crisis have themselves suffered from a loss of portfolio quality, and very often the loss of assets due to riots and looting. A lack of access to capital has further exacerbated the situation – neither donors nor investors are willing to risk putting funds into the country. Given this, some MFIs are reporting mission drift.

Within this context, the network considers Social Performance Management to be a key strategy for addressing the challenges facing the sector, and for rebuilding its image among clients and other stakeholders, as well as for increased social responsibility towards clients.

As part of this project, the association focused on developing the transparency and social performance strategies of its members. Building on its strength of training delivery, the network invited its members for a series of awareness-raising events, followed by training in social performance standards (SPS) reporting and strategic workshops, during which the participating MFIs discussed their missions and derived social goals and SMART objectives.

The network aims to submit at least 20 SPS reports to the MIX. Of these, they expect that at least a quarter of members will fully develop their SMART objectives and action plans for improving SPM.

To date, the network has seen a larger-than-anticipated interest in the project from members. According to project team, the key to success was the creative methods for raising awareness and securing members' commitment. This included using role play techniques in training sessions, even inviting some participants to take the role of microfinance clients. Members also appreciated hearing staff and clients stories as related through the *Imp-Act* Consortium film (entitled: "Fulfilling the Promise")*. Finally, members appreciated the practicality of discussions around their missions, which encouraged them to continue with other project activities.

(*) movie in English, French, Arabic and Spanish can be downloaded here: www.imp-act.org/video