

MicroSave

Market-led solutions for financial services

MicroSave's Approach to Social Performance Management



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MicroSave's Involvement (1/2)

- SPM had become dominated by depth of poverty analysis
 - needed to be linked to:
 - The core business to be sustainable
 - An analysis of the quality of products/services offered to clients
- Pilot-tested SPM toolkit with more than half a dozen Indian and Filipino MFIs
- Now rolling out the toolkit with nearly a dozen MFIs in Asia

MicroSave's Involvement (2/2)

- Working with VC Investors on their overall strategy and integrating SPM into basic business approach
- Conducting Client Protection Assessments
- *Imp-Act* Collaboration – SBP and Governance toolkit integration
- Trainings for investors like Ananya and Maanaveeya/Oikocredit
- Implementation of SPM IP project (with Boeing, Deutsche Bank and Michael & Susan Dell Foundation)
- > 25 staff trained and experienced staff in Asia and Africa

MicroSave's Approach



SPM for Whom?

- If it is to be a sustainable and integral part of the business ... and thus lead to real results, SPM has to be more than window dressing and statistics for the donors
- Just measuring depth of out reach ignores
 - Dynamic nature of poverty
 - Variable nature and drivers of poverty in different regions and urban v. rural contexts
 - The real needs of the poor
- This means that traditional SPM measures may show that very poor people are being served without questioning the utility or value of the services being offered
- Clients are reduced to numbers and the staff who serve them are largely ignored
- Quantitative approaches do not yield insights into quality

MicroSave 's **SPM Approach**

- Typically a 5-day visit to perform diagnostic & action planning
- Backed by comprehensive quantitative and qualitative client and staff - level assessment tools
- Quick, low-cost, participative, and *practical*
 - Adapted to the MFI's context, e.g. gender, poverty, etc.
- SPM solutions could be as varied as:
 - Incorporating social goals and indicators into its SBP and tracking them in the MIS
 - Developing comprehensive staff retention plan
 - Adding customer service to staff training
 - Adapting performance appraisal and incentive systems with Social Performance measures

MicroSave SPM Diagnostic Deliverables

1. **Improved Staff Awareness** of Social Performance
2. **SPM Diagnostic Report**
 - Comprehensive assessment of how well the MFI is achieving its Mission
 - Client data on profile, product and service preferences, satisfaction levels, reasons for dropout/not-joining
 - Data on staff satisfaction levels, areas of success/concern
3. **Strategic SPM Action Plan**

Identify ways ('quick wins') to improve social *and* overall performance; ensure better achievement of the Mission
4. **Follow on visits to implement SPM**

What We Do...

- Social Performance Assessment and integration of SPM as a core business principal
- Assessment of poverty levels and implementing Client Protection Principles
- Support in reporting to MIX SPS and Microfinance Transparency and in compliance with codes of conduct
- Support in direct TA on specific areas of functions – for instance, integrating SPM into internal audit and control function, governance, strategic business planning, delinquency management policy – to name just a few

- Conducted SPM diagnostic & action planning in April 2010
- Helped identify and prioritise key areas of improvement & provided concrete steps to enable implementation.

Steps already taken or planned at Asirvad following the SPM visit include:

- raising travel allowances in response to feedback from field staff;
- focusing on hiring more women and ensuring a conducive work environment;
- strengthening human resource management;
- recruiting an SPM 'champion' to liaise with clients, staff and the Board;
- reconfiguring the organisation's MIS to report on a few select social indicators;
- reporting on social performance to the Mix Market.

Beyond these operational changes, some difficult policy challenges were also addressed

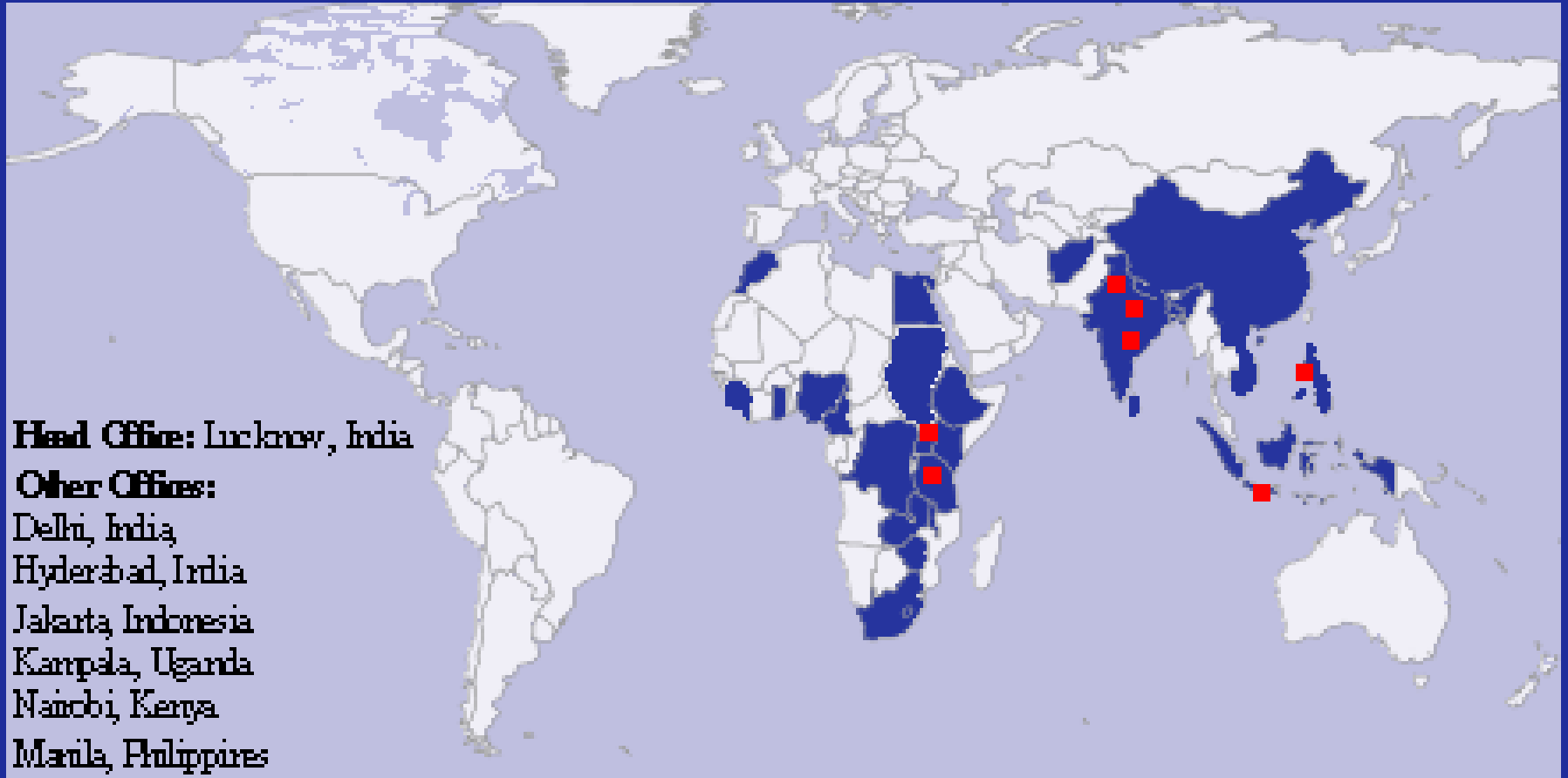
- SPM diagnostic at Nirantara focused more the way forward with actionable recommendations
- The SPM exercise, coupled with follow on technical support, helped Nirantara take steps such as:
 - a more rigorous client assessment and targeting process – which not only helps ensure clients are not over-indebted, but also limits risk to the institution
 - development of a capable, new MIS which allows for analysis of various social indicators, including poverty status and income level, as well as the social status and education level of its clients
 - developed and piloted a new, more balanced staff incentive scheme that places emphasis on quantity and quality

- *MicroSave* conducted a three day workshop with the senior management at TSPI to develop a set of social indicators that can help it track social performance
- Indicators developed based on the ranking of the indicators based on 3 criteria:
 1. usefulness and importance;
 2. data integrity; and
 3. ease of collection
- TSPI is now in the process of finalising the indicators

- Conducted a client protection assessment and integrated that in the internal audit and control function
- Used the qualitative research tools to assess the implementation of the client protection principles at the head office and field level
- Identified the operational and policy gaps for each of the client protection principles
- Action plan was evolved in order to codify and implement a new Client Protection Code of Conduct around
 - drafting a specific code of conduct
 - policy areas to focus on (example collections policy, whistle blower's policy)
 - training and communication to the staff and community
 - monitoring the implementation

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Head Office: Lucknow, India

Other Offices:

Delhi, India

Hyderabad, India

Jakarta, Indonesia

Kampala, Uganda

Nairobi, Kenya

Manila, Philippines

B-52 Kapoorthala Crossing, Mahanagar,
Lucknow, Uttar Pradesh - 226006, India

Email: info@MicroSave.net

Website: <http://www.MicroSave.net>