



GRANDIR

avec nos solutions spécialisées pour la microfinance et ses institutions coopératives

Social performance and a action research program between DID and NATCCO, in the Philippines
 Presentation by: Linda Bergeron, Manager GE-SP Project
 Asian Credit Union Forum 2011, Malaysia






ensemble
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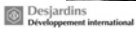
Coming in this presentation . . .

- DID and the Desjardins Group
- Introduction to social performance (SP)
- DID's Gender Equity and Social Performance (GE-SP) in collaboration with NATCCO in the Philippines
- The role of the social audit and process of institutionalization: a few findings from the research project

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**a component of
Desjardins Group**

Desjardins:

Canada's leading cooperative financial group


2010

- Best financial results in its 110-year history
- Surplus earnings of \$1.4 billion
- Total assets of \$172.3 billion
- Capital ratio of 17.7%
- First in Canada for Tier 1 capital ratio
- 4th safest banking institution in North America







Desjardins accessibility in Québec and Ontario



	2010
Caisses in Québec and Ontario	451
Business centres	48
Service outlets	924
ATMs	2652

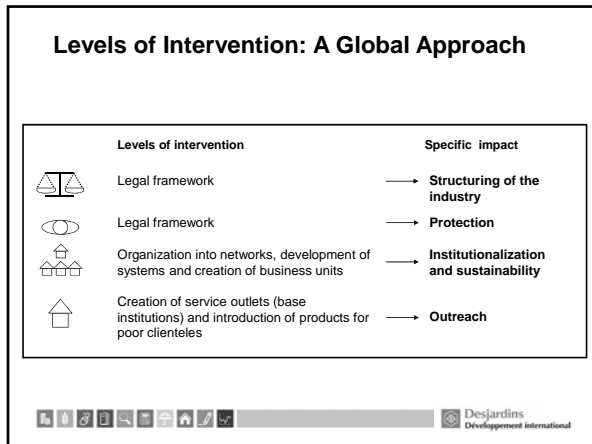



Développement international Desjardins



Our mission
 The DID mission is to empower the disadvantaged in developing countries and countries in transition by developing community-owned and operated financial institutions which will have an impact on the community.



Social performance at DID

- ➔ **A horizontal concern**
Integrated in DID's different projects
- ➔ **Tools and processes intended to improve the management of SP**
SP assessment, holding strategic workshops on SP, institutionalization of SP within institutions, especially those of a cooperative structure without excluding the other forms of structures
- ➔ **Taking a position on SP**
Alignment of DID's human resources on shared values and beliefs in SP

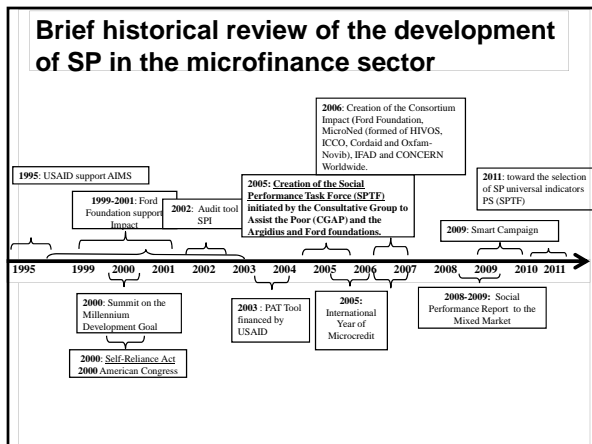
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Social performance – Definition

The SPTF defines social performance as the effective translation of a microfinance organization's mission into practice in line with commonly accepted social values such as:

- ✓ Improving the quality and appropriateness of financial services available to target clients through systematic assessment of their specific needs.
- ✓ Creating benefits for clients of microfinance, their families and communities in terms of: increasing social capital, assets, income, and access to services; reducing vulnerability; and fulfilling basic needs.
- ✓ Serving increasing numbers of poorer and more excluded people sustainably.
- ✓ Improving the social responsibility of the MFI towards its clients, its employees and the community it serves.

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Why has social performance been on the scene in recent years ?

Is it related to certain crises that have been rampant over the past several years?

Is it the clash of different visions about microfinance?

Is it because of the results of major changes in the microfinance sector requiring the players to make readjustments?

Is it the urgency of being concerned about good practices—both financial and social—to counter the possible negative effects of microfinance on often vulnerable population segments?

Is it the fear that other crises might spring up in other parts of the globe?

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Current tools to support SP efforts



The tools to evaluate social performance can be classified into two large categories:

- **Internal use:** Facilitate management activities.
- **External use:** Ensure independence of the results and participate in the transparency efforts.



Social performance management guide



Guide for providing SP management in the different systems of the MFI.

Guides available on the Web:

- **IFAD:** Assessing and managing social performance in microfinance (strong collaboration of IMP-ACT).
- **Imp-Act with the collaboration of the Microfinance Center:** Social Performance Management in Microfinance Guidelines.
- **Imp-Act Consortium first published by the Institute of Development Studies (IDS):** Putting the Social into Performance management: A practice guide for microfinance.



Audit social



A tool that will enable evaluating the MFI in different dimensions with a view toward providing improvements to SP. The social audit first dwells on adaptation between organizational practices and the pursuit of the social mission among the institutions.

Tools available on the Web, the reports of which may or may not be public:

- **DID:** Tool tested within the context of the GE-SP project (internal use).
- **CERISE:** Audit of the social performance of Microfinance Institutions - SPI
- **USAID:** Social audit tool handbook: Using the social audit to assess the social performance of microfinance institutions
- **Microfinance Centre for Central and Eastern Europe and the New Independent States:** Quality audit tool for Managing Social Performance Overview (QUAD) (developed by Anton Simanowitz, Imp-act)



Social rating



Independent evaluation of an MFI's social performance using a standardized rating scale.

Tools not available on the Web, but the reports of which are public:

- **M-crill:** Social Rating
- **Microfinanza rating**
- **Planet Rating:** Rating social performance



Poverty assessment tools



Standard assessment of the clientele's level of poverty taking into account the gross national income. Most of the time these questionnaires are used by the loan officers.

Tools not available on the Web but the reports of which may be public:

- **Grameen Foundation:** Progress Out of Poverty Index PPI
- **USAID:** PAT



Social performance report



Information collection grid offered to all of the MFIs in the sector for the purpose, on the one hand, of achieving greater transparency of the MFIs with regard to their SP and, on the other hand, of obtaining longitudinal data that will allow, among other things, producing analyses on the links between financial performance and social performance.

Information-collection grid available on the Web the reports of which are public:

- **Mix Market:** Social Performance Report



Impact analysis



Studies, questionnaires, focus groups whose methodology is adapted according to the objectives pursued, in line with the effects of microfinance as intervention.

- **MicroSave Africa**
- **AIMS**
- **Probably multiple small and large econometric initiatives.**



SPTF Effort Up Until 2013

Identify the universal indicators that will enable assessing social performance

2011-2012: Consultations and collections of comments on the indicators

2013: Presentation of universal indicators in social performance



Social Performance Standards Reporting



But . . . social performance is a lot more than assessment and standardization tools . . .

➤ **SP as a sectorial concern:** Efforts to achieve a balance between the commercial and social concerns of a sector that has grown more complex: investors, donor agencies, varied structures and approaches, etc.

➤ **SPS as a management concern:** Integration of social concerns in the different systems of the institution in order to ensure it will continuously be taken into account in the institution's different systems, with regard both to managerial strategies and operations, extending to value systems.

➤ **SPS as concerns about groups of humans:** Introduction of a rational perspective about the treatment reserved to: employees, member clients, communities . . .



Sectorial consensus

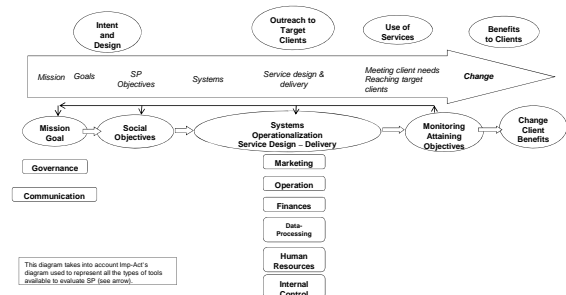
- There is a consensus among the organizations that belong to SPTF to the effect that microfinance seeks to reach the poor population segments excluded from the financial systems.
- There is also a consensus to the effect that microfinance should act on improving the living conditions of the population segments it serves.

and question

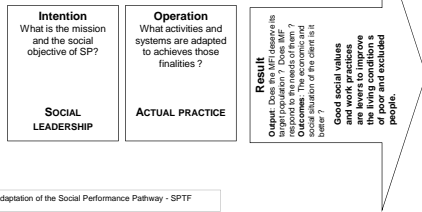
What are the working practices, within the limits of action of the MFIs, that ensure microfinance will have more positive spinoffs socio-economically for its members and clients?



DID is especially interested in the Social Performance management and the process of institutionalization



Intentionality



Adaptation of the Social Performance Pathway - SPTF

Social performance: Example of benefits

The Member/Client

- Products and services designed to meet clients-members needs.
- Better understanding of the financial product (financial education)

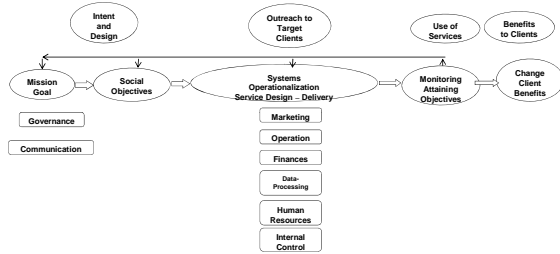
The Institution

- Investing in people brings positive effects in an MFI
- More loyal and satisfied clients - a high turnover of customers decreases productivity and efficiency

The Development Program

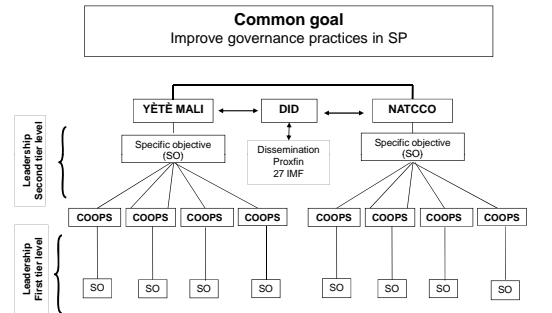
- The ability to demonstrate social outcomes to external stakeholders like the members and including social investors.

The role of the social audit on the process of social performance institutionalization



Gender Equity and social performance (GE-SP) project DID & NATCCO

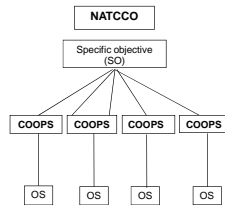
GENDER EQUITY AND SOCIAL PERFORMANCE (GE-SP) PROJECT



Collaboration NATCCO & DID

One of the NATCCO's specific objective:

1. Identify, adapt or design, and adopt a tool to measure GE and SP in 4 partner coops affiliated to NATCCO network;
 - 1.1. To describe each partner coop's current status in relation to awareness on GE and SP;
 - 1.2. To inventory available tool instruments for measuring GE and SP;
 - 1.3. To specify key result areas and indicators which NATCCO partners coops can monitor.



Why has the social audit become the specific object of NATCCO and the point of entry for DID's SP action?

- **For NATCCO and DID:** Points of entry to the institution to take stock of the institution's SP situation
- **For NATCCO:** Coming initiative from CDA

Philippine Cooperative Code of 2008 (R.A. 9520)
Art. 80 "Cooperatives registered under this code shall be subject to an annual financial, performance and social audit. . . the social audit shall be conducted by an independent social auditor accredited by the Authority."

The social audit Tool of NATCCO Keep it simple !

SOCIAL RESPONSIBILITY	3	2	1	0	SPECIFIC NOTES FOR EACH INDICATOR
MEMBERSHIP					
15.0 Mechanisms to avoid member over-indebtedness					
15.1 Explicit guidance regarding borrower debt thresholds					
15.2 Credit underwriting process includes an evaluation of member ability to repay the loan					
15.3 Credit underwriting process includes checks on member's credit history and existing debt					
15.4 Analysis of the repayment capacity larger than the guarantees					
15.5 Members receive training/guidance on evaluating their own debt capacity					
15.6 Mechanisms to ensure a high level of transparency in the communication with the member/client about fees, interest rates, terms, conditions of the financial products					
16.1 Contracts and written information use plain language and provide full disclosure of fees, interest rates, terms and conditions					
16.2 Interest rates (incl. fees, commissions) or other product prices are published, displayed and provided to members					
16.3 Penalty and pre-payment fees are disclosed before loan contracts are signed					
16.4 Amortization schedule in loan contract separates					

8 dimensions & 20 indicators

SUMMARY OF EVALUATION	
DIMENSIONS	Percentage Scores (%)
Governance	
MIS/Monitoring of SP	
Social Responsibility-Member	
Social Responsibility-Staff	
Social Responsibility-Community	
Outreach	
Clientele Products & Services	
Financial Indicators	

Main findings emerging from this experimentation: linked between social audit tool and Institutionalization of social performance

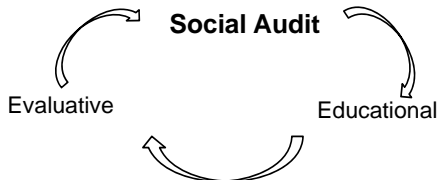


Findings



The social audit tool has two functions and it is important to take it into account at the beginning of the process.

Dual functions of the social audit



Findings



Our experience has taught us that assessing SP is indispensable to the institutionalization process because it makes it possible to take, among other things, a more rational look at the institution's social component.

Each indicator takes a look at different aspects of the MFI

- Information has to be collected with the help of indicators.
- They must reveal relevant aspects of the reality in line with the institution's Social Performance (SP)
- without which, we will never know whether the organizational and commercial practices contribute to the achievement of the institution's social mission.

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Example of questions to challenge a mission

The mission of one of the coop of the project:
For the cooperative to be a prosperous and growing institution to enable raising the socioeconomic conditions of its members with the help of its financial products and services.

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Findings

Assessment with the help of a social audit tool can no longer be considered as an isolated activity but rather as requiring integration in a set of planned activities designed to institutionalize SP.

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Main activities of the project to develop and experiment the social audit tool with 4 primaries coop

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Findings

The more the idea of Social Performance becomes a reality, the more the activities impacting the achievement of the social objective will be integrated into several of the cooperative's systems.

Example:

- Governance:** investments in the community must be included in the management reports and will be discussed at the board meetings.
- Finance:** budget monitoring will be carried out for each of the activities.
- Communication-Marketing:** the work carried out for the community will be reported in the cooperative's bulletins, annual report and at annual general meetings (AGMs), thus working for greater transparency.

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Institutionalization of Social Performance

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Findings



The strategies to manage changes caused by the introduction of Social Performance vary according to the structure of the networks. One thing is certain: they have an important role as a catalyst in promoting SP. Without such an affirmed leadership, it would be unrealistic to hope to institutionalize Social Performance. In other words, we do not think that, in general, leadership will come from the first-tier cooperatives; they are too occupied in operational matters.

The process of institutionalizing SP, a definition

Integration of social performance at all levels of the organization from the most operational level to the highest decision-making level, encompassing the value systems. So it concerns all of the organization's systems, as well as the employees and managers. In a cooperative structure, this process obviously includes all of the elected leaders.

Thank you!
Comments!
Questions?

