

Is my social mission implemented?

Social Performance Management Training

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Why is social performance management important?

Most MFIs have an explicit *social mission*. They may seek to reduce poverty, to reach people excluded from financial services, to empower women or to promote community development. Thus, many questions can arise, i.e. on the level of effectiveness of implementing the social mission, its cost-effectiveness, focusing on social impacts versus financial support, etc.

Answers can be found through social performance

Social performance is an effective translation of an institution's mission into practice. *Social Performance Management* (SPM) is a system an organization uses to track, understand and improve its social performance. It involves an institutionalization process of translating mission into practice, which includes setting social objectives, tracking social performance and using this information to improve practice.

SPM promises many benefits. First it can significantly improve the effectiveness of the organization in reducing financial exclusion and poverty. Effective SPM can enhance your institution's reputation, competitiveness and ability to develop products and services that bring real benefits to poor people. An increasing number of MFIs are now adopting a more client-centered approach, developing services that are responsive to client needs. SPM builds on this, providing an additional focus necessary to help you realize your social objectives. Experience of many organizations, which participated in experimental programs, shows that SPM is a good investment. The financial savings and improved performance that result from the use of SPM systems exceed the time and money needed to establish and maintain them. Savings arising from good SPM include higher client retention and faster growth.

Responding to practitioners' needs – MFC SPM Training

Considering evolving needs of practitioners toward SPM the Microfinance Centre (MFC) for Central and Eastern Europe and the New Independent States currently offers an *Imp-Act*/MFC developed course "Social Performance Management" (SPM).

The course is directed at all microfinance institutions (MFI) eager to install systems supportive of their social mission fulfillment. The training introduces a process of social performance management that can be integrated into the regular operations of MFIs and network support organizations. The training participants are equipped with knowledge and skills in developing SPM systems including such issues as:

- Managing social performance as part of MFI performance management
- Establishing a deliberate strategy to achieve your social mission



- Defining your vision for your SPM system: how will your system be used and by whom?
- Designing your social performance information system
- Using and institutionalizing SPM
- Managing social performance
- Quality control and external reporting

The final decision on the adaptation and use of this model is to be made by you and your organization.

Since SPM concerns all aspects of the organizations, the training is directed at Executive Directors and potential SPM Institutional Champions. To secure efficient planning and implementation of the SPM process it is highly recommended that each institution delegates two staff members.

SPM works in the region!

The first training session was held on January 16-20, 2006 in Warsaw. There were 26 participants from 14 leading regional Microfinance Institutions and National Associations operating in Armenia, Azerbaijan, Croatia, Bosnia and Herzegovina, Georgia, Kosovo, Russia, Serbia and Montenegro¹.

The training first resulted in shortening its length to 3.5 days. Moreover, the training brought very measurable outputs for all the participants who currently are finalizing the concepts of SPM for their institutions. It was noticed that establishing directions for an MFI and aligning all the systems with this will probably result in higher cost-effectiveness as there is no need to do everything at the time. In addition, training participants realized that implementation of SPM is doable even for the small institutions as there is a possibility to build on what you already have in the institution.

Furthermore, the training participants promote the SPM concept locally. The concept was presented by the Association of Microfinance Institution of Kosovo (AMIK) to its member MFIs while Azerbaijan Micro-Finance Association (AMFA) made an SPM presentation at its membership meeting in March. At the FINCA Eurasia Meeting in April, FINCA participants of the Warsaw SPM training made a joint presentation to other country directors on what they learned at the workshop. The meeting gathered programs from seven different countries in the region

The training served as a basis for initiating the work of the Regional Social Performance Working Group to advance social performance management in the region. The members are planning to share their conclusions from the process of the finalization of SPM concepts at the upcoming meeting of SPM Working Group scheduled on June 6 in

¹ A list of participants in alphabetical order:

- Microfinance institutions: Agency for Finance (Kosovo), Aregak (Armenia), AzerCredit (Azerbaijan), Credo (Georgia), Demos (Croatia), Finca (Armenia and Russia), KEP (Kosovo), MDF (Serbia), MikroPlus (Croatia), Prizma (Bosnia and Herzegovina), SEF (Armenia), Women for Women (Bosnia and Herzegovina)
- National networks: Azerbaijan Micro-Finance Association (AMFA), The Association of Microfinance Institution of Kosovo (AMIK)



Budapest, Hungary. Due to their enthusiasm and commitment the Working Group promises a variety of experiences to be shared that will be further disseminated within the industry.

