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The State-of-the-Practice of Social Performance Management in Africa Opportunities and Challenges

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WHERE ARE WE TODAY?

- Current SPM initiatives in Africa:
 - MISION Africa
 - MFC' Social Performance Start-Up Fund for Networks
 - The SMART Campaign – client protection principles
 - Microfinance Transparency's initiative for product pricing transparency
 - The Social Performance Taskforce's Universal Standards
 - The MiX Market' initiative for social performance reporting
- Limited resources and large demand

WHAT ARE THE OPPORTUNITIES

- Universal Standards for Social Performance Management
 - Creates a framework for a balance between financial and social goals
 - Refocuses microfinance on achieving real client impact based on a measurable double bottom line
 - Includes client protection principles and practices
 - Focuses on reporting
 - For national governments, donors, investors, & other stakeholders
 - To improve internal management processes
 - Demonstrates microfinance's outreach and social impact to governments, donors, and investors

WHAT ARE THE OPPORTUNITIES

- Tools now exist to measure the achievement of the social mission
- Tools now exist to effectively target the poor and measure outreach
- Tools exist to measure client satisfaction to improve the range and quality of financial products offered, particularly for poorer households

WHAT ARE THE CHALLENGES

- Universal Standards are necessary but not sufficient
 - All MFIs must be part of the process
 - Must ensure there are real incentives for compliance
 - Need benchmarks based on industry performance
 - Reporting is not enough. We must produce evidence
- Limited financial resources to reach all countries, national microfinance association, and MFIs

WHAT ARE THE CHALLENGES

- Impact measurement is difficult and expensive but must be done
 - Need a broad coalition of partners
 - Need clear, measurable goals for client outcomes
 - MIS must be able to measure and track client progress towards goals

WHAT ARE THE CHALLENGES

- Even in a perfect world the impact of microfinance efforts will continue to be limited by the clients' ability to leverage financial products to improve their lives:
 - There is a critical need for financial education
 - Clients need microinsurance products to mitigate risk
 - Must create sustainable models to deliver technical advice; e.g. extension services
 - Must make business development services accessible, affordable, and adapted to client needs

WHERE DO WE GO FROM HERE?

- Neither the opportunities nor the challenges are unique to Africa
 - However, we have an obligation as microfinance networks, institutions, practitioners, researchers, and government regulatory agencies to do everything possible to provide our aunts, uncles, brothers, sisters, and children with the opportunity to improve their lives and end poverty in Africa once and for all.
- Application of SPM is a large step in this direction
- So do we have the courage to walk the walk and not just talk the talk?