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# Social audits in microfinance: what have we learned about social performance?

# CERISE – The microfinance exchange network

- **Core members:** five French org. (NGOs/center of research)
- **Working areas:** impact and social performance, governance, rural and agricultural finance.
- **Tools :** free access on [www.cerise-microfinance.org](http://www.cerise-microfinance.org)

## PROSPERA– PROMotion of Social Performance

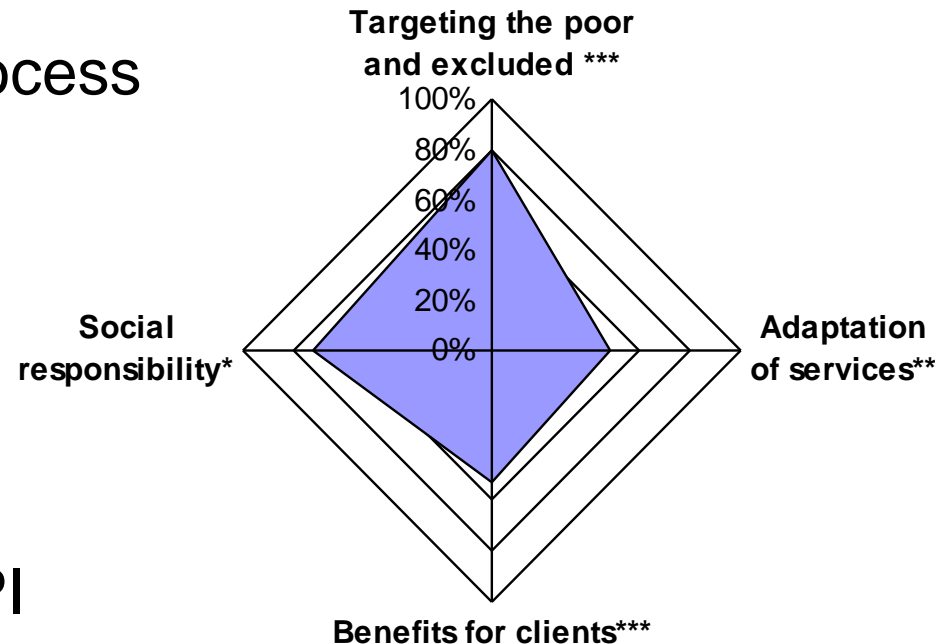
- **Over 60 members** (June 2010): Networks, MFIs, TA providers, investors
- **Collective work** around Promotion of SP/ Use & improvement of SPI tool / SPM

[www.cerise-microfinance.org/-prospera-network-](http://www.cerise-microfinance.org/-prospera-network-)



# The SPI audit tool

- **SPI 3.1:** questionnaire and companion guide for internal or external audit
- Simple, can be a one day process
- 4 dimensions:
  - targeting and outreach,
  - products and services,
  - benefits to clients
  - social responsibility
- Widely used, permits peer analysis. Data from > 300 SPI audit in CERISE's database (March 2010)



# Who uses SPI?

## Social Investors

way to dialogue with partners, raise awareness of SP

Oikocredit, Kiva, Grameen-Crédit Agricole, AFD, Unitus, Sidi, etc

## MFI Networks

Benchmarking SP, standardized reporting, MIS

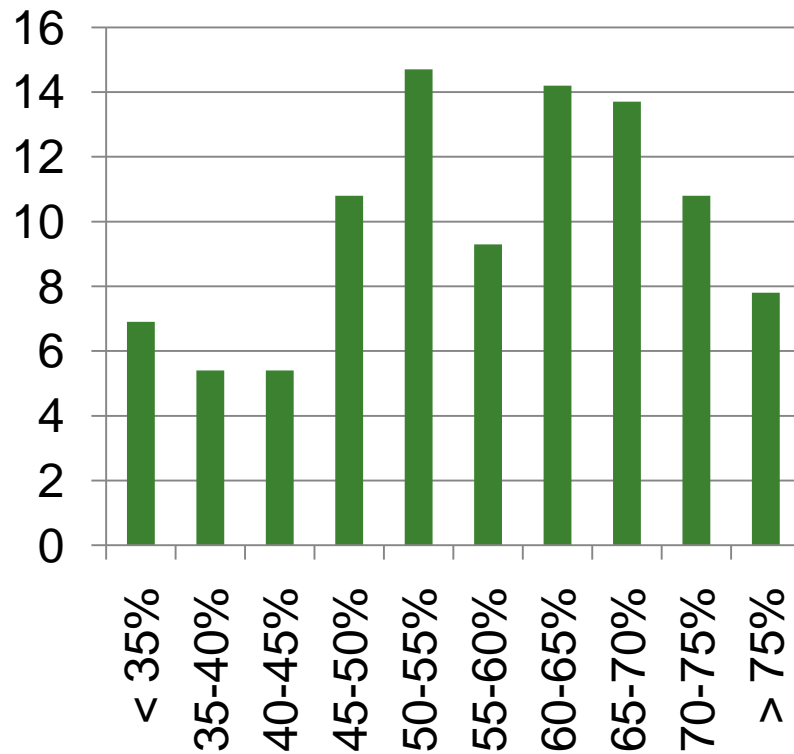
Foro Lac Fr, RFR, Finrural, CIF, Consortium Alafia...

## MFIs

> 300 SPI audits in CERISE/ProsperA database

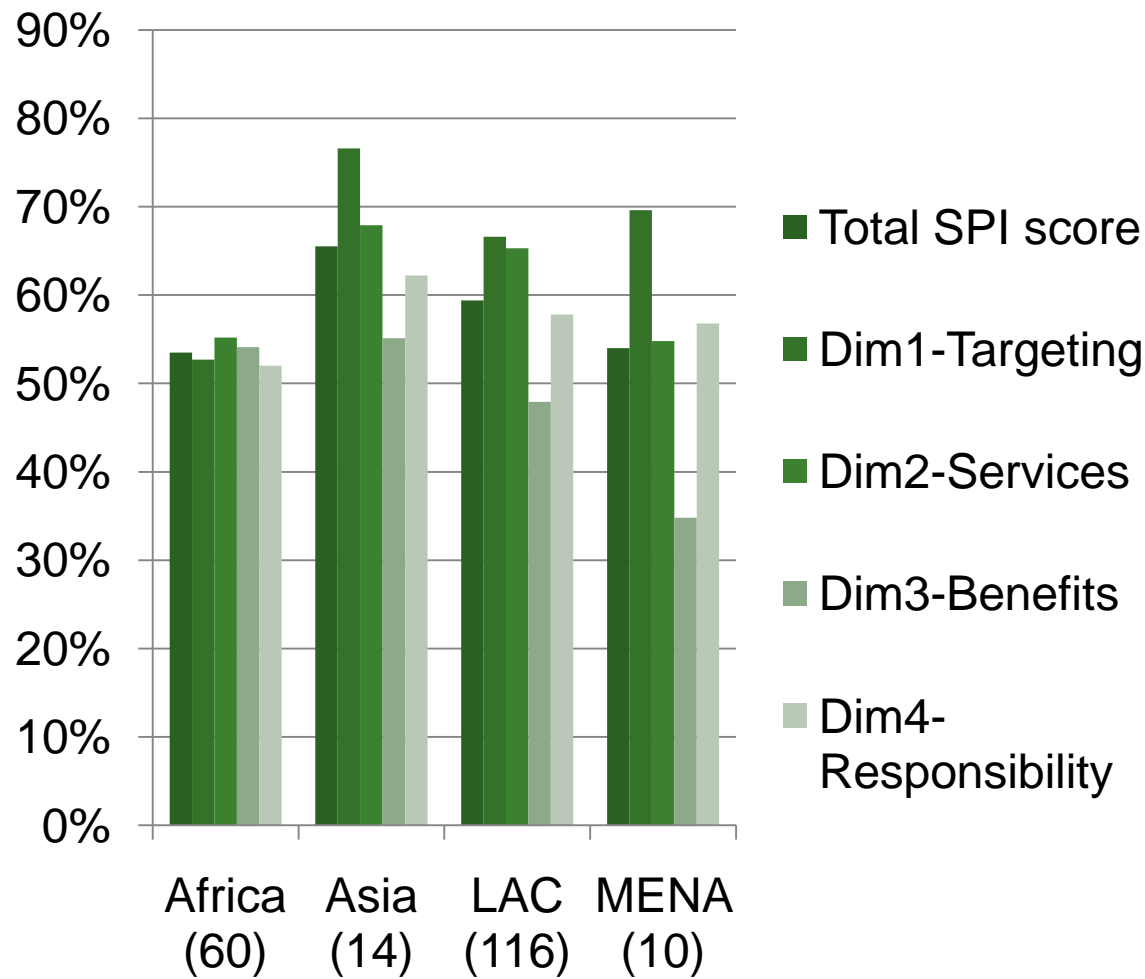
# Average SPI results

## Distribution of SPI results



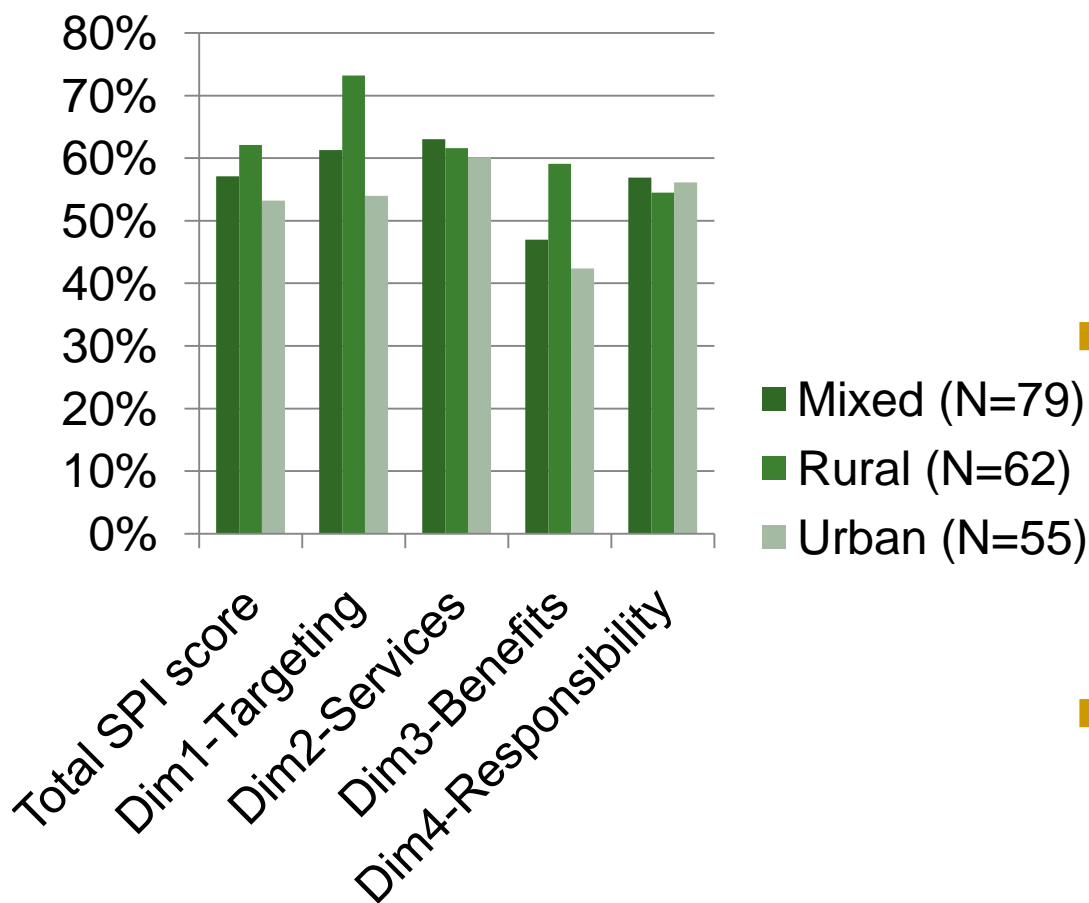
- The average SPI score is 58%
- Dim 1: Targeting= 63%
- Dim 2: Services= 62%
- Dim 3: Benefits= 49%
- Dim 4: SR= 56%

# Results by continents



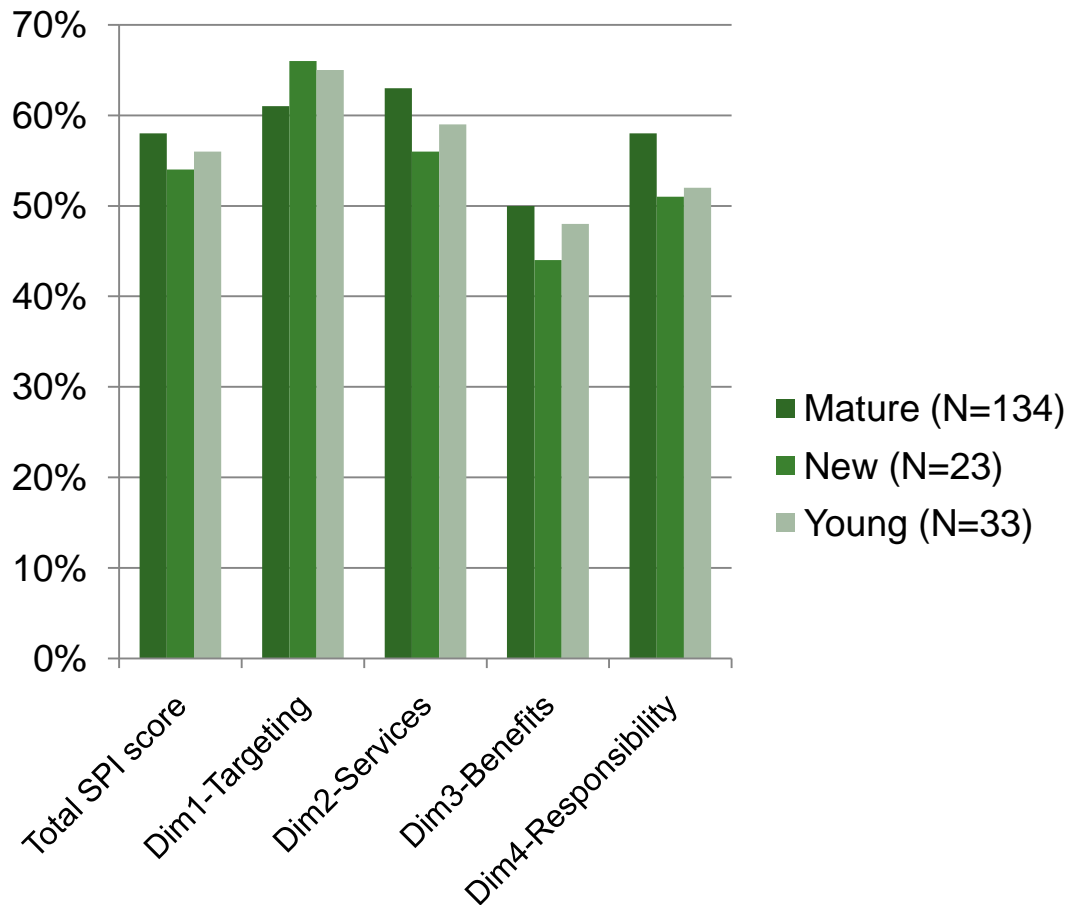
- Best scores in Asia (spec. Dim.1) but fewer audits
- LAC & MENA strong in Dim 1 & Dim2
- Africa, balanced results, strong in client participation

# Rural MFIs score higher than urban MFIs



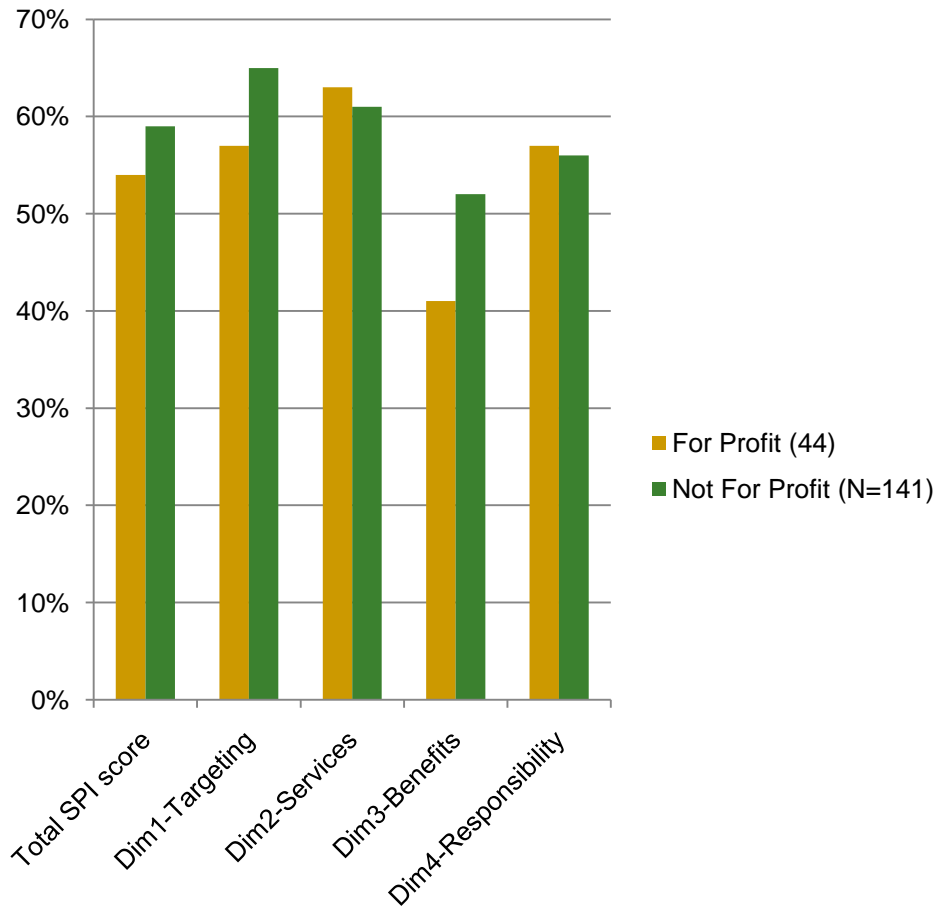
- Especially in dim.1 (targeting) and dim.3 (benefits)
- Stronger criteria: participation and non financial services
- Rural need more efforts to adapt to context?

# No evidence of « mission drift » by maturity



- Large MFIs generally target less the poor
- But they score well in the other dimensions: services, benefits to clients, and social responsibility

# For profit MFIs score lower than non-profits



- Overall, average score is lower
- But For Profit score slightly higher in Dim.2-Services and Dim.4-Responsibility

# Correlations SP/FP by main dimensions

	Dim1 Outreach	Dim 2 Products	Dim 3 Benefits	Dim 4 Respons/ty	Total SPI
Borrowers /staff	ALL	NGO	ALL	ALL	ALL
PAR 30				ALL/NGO	
OER		COOP			
OSS	COOP				
Total Porfolio		ALL		ALL	ALL

# Correlations SP/FP by main criteria

	Geogr target	Individ target	ProPoor Method	Prod divers°	Quality Services	Non Fin Serv	Client particip	SR to staff	SR to clients
Borr. /staff	ALL		ALL	NBFI			ALL		
PAR 30 OER								COOP	NGO
OER		ALL		? ALL	COOP		COOP		
OSS	COOP	NGO			COOP				
Total Porft.				ALL	ALL	ALL		ALL	ALL

# As for 2009, FP and SP are compatible

- Poverty Outreach: Individual targeting associated with higher costs but geographic and methodological targeting are associated with higher staff productivity (participatory MFIs / C3-2)
- Social responsibility linked to higher productivity and better repayment
- Larger MFIs stronger in products adaptation and SR