

Social Performance ratings and the Investors

Why, who to ask, what for?

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- Four specialized rating agencies involved in SPM working groups since 2005;
- They have adopted a common SPM framework but each one has developed its own rating methodology

Social Performance Management is defined as the processes through which you

- 1) define and formalize your social goals,
- 2) design the systems to put these intentions into practice,
- 3) measure actual outcomes and
- 4) use these results to refine systems and improve practice



Social Performance Management

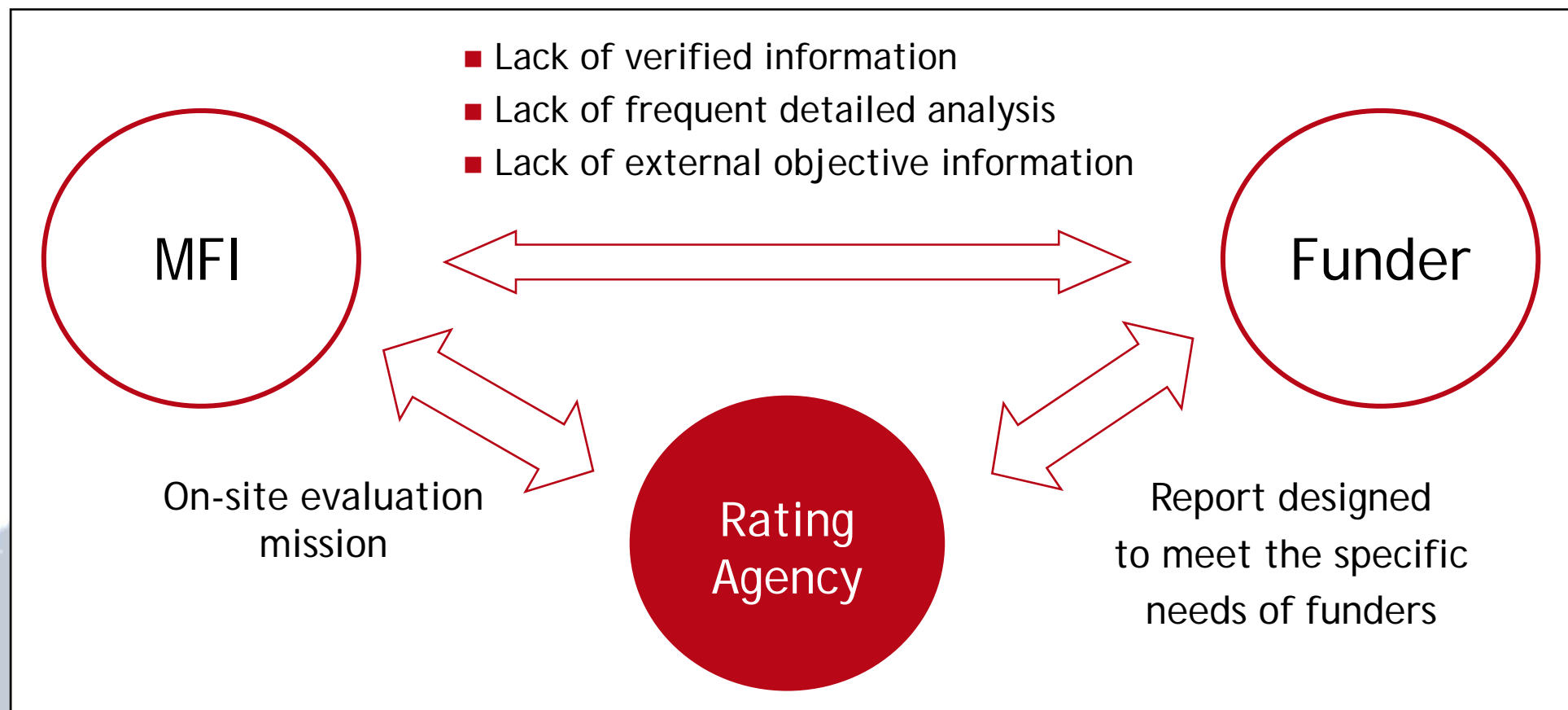
The diagram consists of a long white arrow pointing to the right, containing the text 'Social Performance Management'. To the right of the arrow's tip is a vertical dashed line, followed by a red oval containing the word 'Impact'.

Impact

Scope of social performance ratings

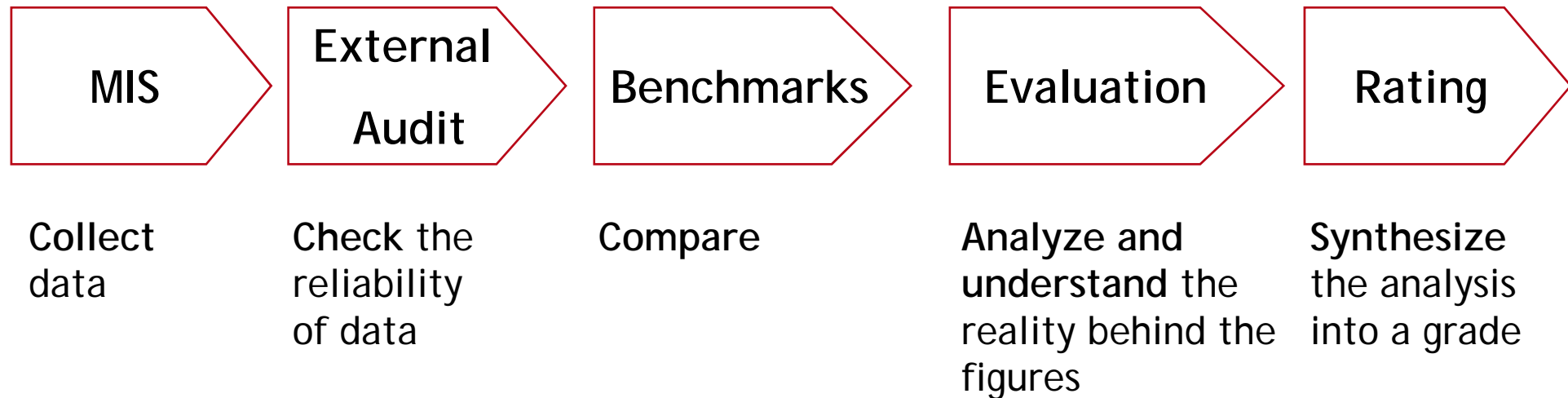
- According to the 2008 ADA report on the rating market : 7 SPR in 2005, 9 SPR in 2006, 19 SPR in 2007;
- Social performance ratings can now be co-financed by the ADA GRASS initiative

The first objective of rating is to facilitate the development of relationships between MFIs and their partners.



Rating agencies have investigated the field of social performance to contribute to the Double/Triple bottom-line of Microfinance.

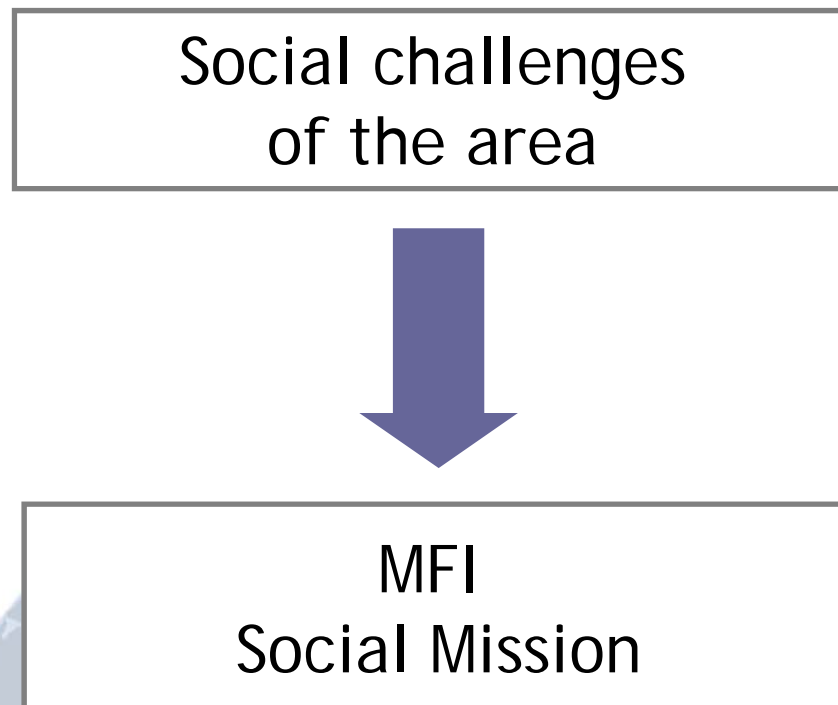
Information chain



To be precise and reliable, the rating needs to rely on information that was created and checked beforehand; all the steps are not yet in place in the industry to provide complete and reliable information on Social Impact

- ➔ Current scope limited to Social Performance Management, based on good practices believed to be adequate proxies for social impact
- ➔ Result of impact studies could be used to check the relevance of social performance ratings

We rate the MFI capacity to implement its own social mission



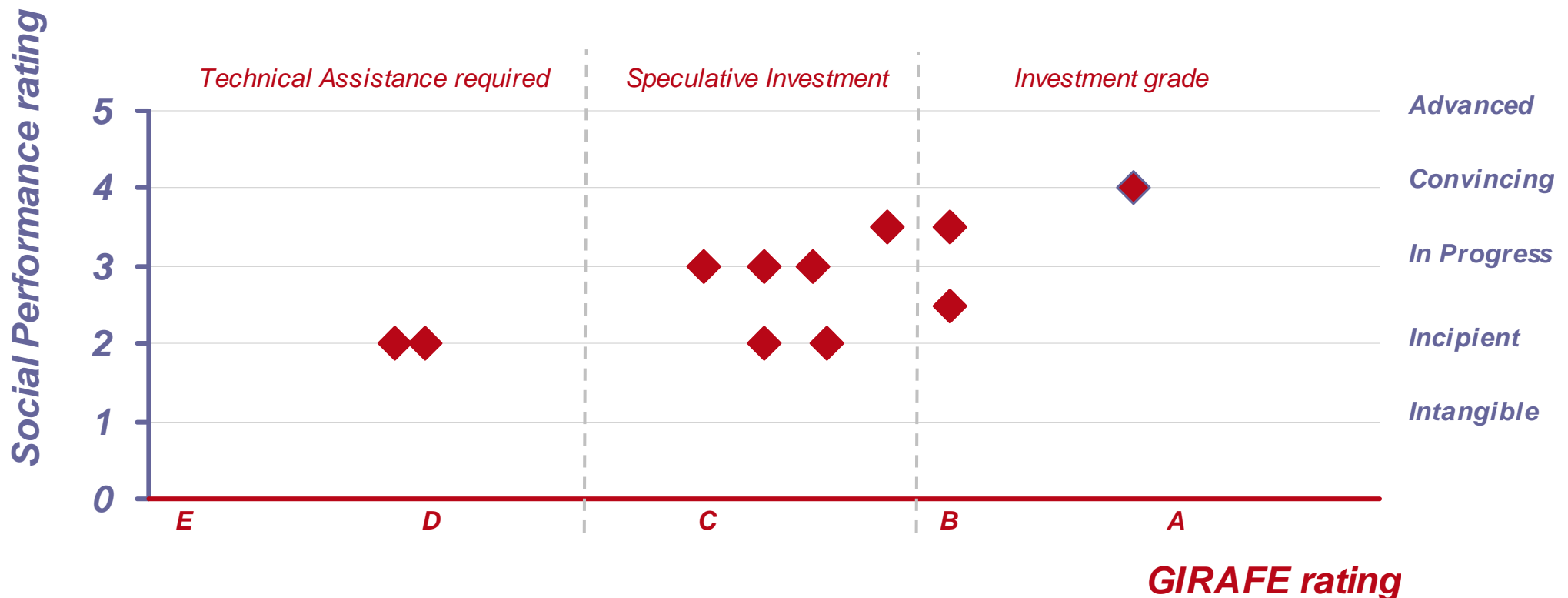
- ✓ Has the MFI chosen its social mission according to the social challenges of the area?
- ✓ Is the MFI aiming at building inclusive financial systems?

We rate the MFI capacity to improve (rather than prove) its social performance



Technical assistance might be required to start the SPM process

- Institutional and social performance often come together
- For a same institutional performance, MFIs are performing differently in terms of social performance
- Conducting missions together allows us to discuss about the synergies and trade-offs (joint debriefing)



Thank you !
Questions and Answers

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