



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS



**Social Performance:
Cross-learning from North and
South, forging together on the
pathway forward**

Thursday 13th November, 11:45-13:00

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EMN – Idea Lab on Social Performance



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EMN Overview survey 2013 (September 2014)

European microfinance and social performance: where do we stand? (October 2014)

For EMN publications visit

<http://www.european-microfinance.org/index.php>

Sustained growth in surveyed EU microfinance provision (total volume) due to:

- Increased coverage of organizations in certain EU-member states,
- More loans provided per institution covered (e.g. in France), and
- A higher average loan size per institution.

	2003	2004	2007	2008	2009	2010	2011	2012	2013
Number	27,000	35,553	42,750	90,605	84,523	178,572	204,080	324,406	387,812
Value (million EUR)	210	295	394	802	828	779	1,074	1,303	1,528
Responses	109/139*	94/206*	94/206*	118/170	138/170	102/148	108/148	122/150**	122/150**

- A sample of 35 MFIs was constructed by clustering reporting data on no. & vol. of loan provision by MFIs that participated in both this survey and the previous iteration (2010-2011)
 - Value of microloans disbursed increased by 22% from 2011 to 2012 and by 17% from 2012 to 2013
 - Number of microloans disbursed increased by 20% from 2011 to 2012, but slightly decreased by 3% from 2012 to 2013
- However, insights are not representative, since no explicit panel data

Country	n	Value of loans disbursed				No. of loans disbursed			
		2010	2011	2012	2013	2010	2011	2012	2013
Total	35	566,390,213	656,720,997	799,812,587	933,690,670	128,775	148,282	177,356	171,730



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- European MF are characterized by a wide range and diverse set of institutions
- Highest shares of institutional types: non-bank financial institutions and NGOs or foundations (no changes since last iteration).
- Majority of mission statements still centers on employment goals: microenterprise/SME promotion and/or job creation



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- Availability of data for employment impact, client outreach and social performance still limited.
- Microcredit sector in Europe had an impact on at least 250,000 jobs according to lending activity in 2013 (based on rough calculation).
- Slightly increased outreach to women (+3%) and ethnic minorities (+6%) compared to last iteration. But availability of data remains scarce (1/3 of all participants reported distribution of loans to women and data on ethnic minorities is even scarcer).

Objectives: to assess the level of awareness among European MFIs on social performance initiatives, identify practices already implemented and offer perspectives considering MFIs' constraints and needs.

Methodology: survey submitted to a sample of EMN members in May 2014. Online questionnaire composed of 18 questions articulated in 4 sections:

- *Profile data*
- *Awareness / knowledge of social performance*
- *Social performance management*
- *Intentions / perspectives*

The questionnaire was sent to 119 MFIs, with a response rate of about 30 per cent (35 participants). Preliminary results were presented at a dedicated workshop held during the EMN annual conference in Lisbon in June 2014.

Social Performance (SP): effective translation of an institution's social goals into practice, integrated into the organization's strategy, with a focus on:

- *Serving poor and/or financially excluded people in a viable manner;*
- *Improving the quality and appropriateness of financial services and products;*
- *Improving the economic and social conditions of clients; and,*
- *Ensuring social responsibility to all stakeholders.*

Social performance management (SPM): process of managing an organization to achieve a social mission and put client focus at the centre of decisions and activities. SPM begins with a clear social strategy, which is then carried out by the governance bodies and management, and subsequently disseminated throughout the institution.

Awareness / knowledge of social performance

For the majority of respondents, social performance seems to stop at awareness (i.e. awareness through publications, direct exchange with partners, conferences, etc.). The implementation of initiatives is still lagging.

Social performance management

Majority of the respondents have defined a social mission and integrated it in strategic documents. In most cases, the social mission has been translated into specific targets. This trend is stronger for MFIs providing business loans. Two thirds of the organizations surveyed have established social indicators to measure progress toward their social objectives. It confirms that microfinance in Europe is primarily used as a tool for job creation and enterprise promotion, and to a less extent for empowerment of specific groups (e.g. women, rural, poor, etc.).

Four profiles of respondents emerged through analysis of the survey results:

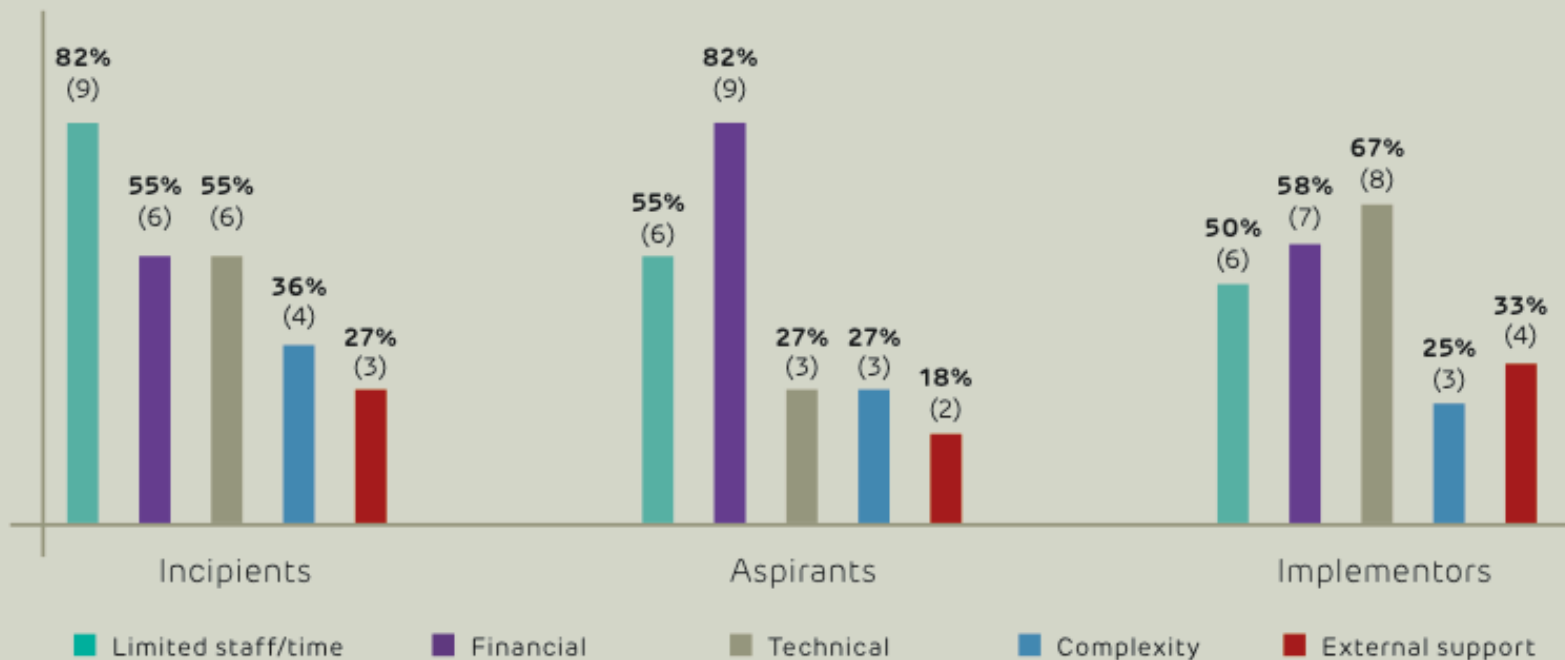
Incipients (31%): no clear social objectives or target clients, no/limited SP indicators set, limited knowledge of sector initiatives and standards, no recent social assessment conducted, unclear SPM strategy.

Aspirants (31%): defined social objectives and/or target clients, advanced knowledge of sector initiatives/standards (trained/endorsed), recent social assessments conducted.

Implementers (34%): clear social objectives and target clients, social indicators monitored on a continuous and regular basis, sector standards endorsed or implemented, social assessments conducted, clear SPM strategy.

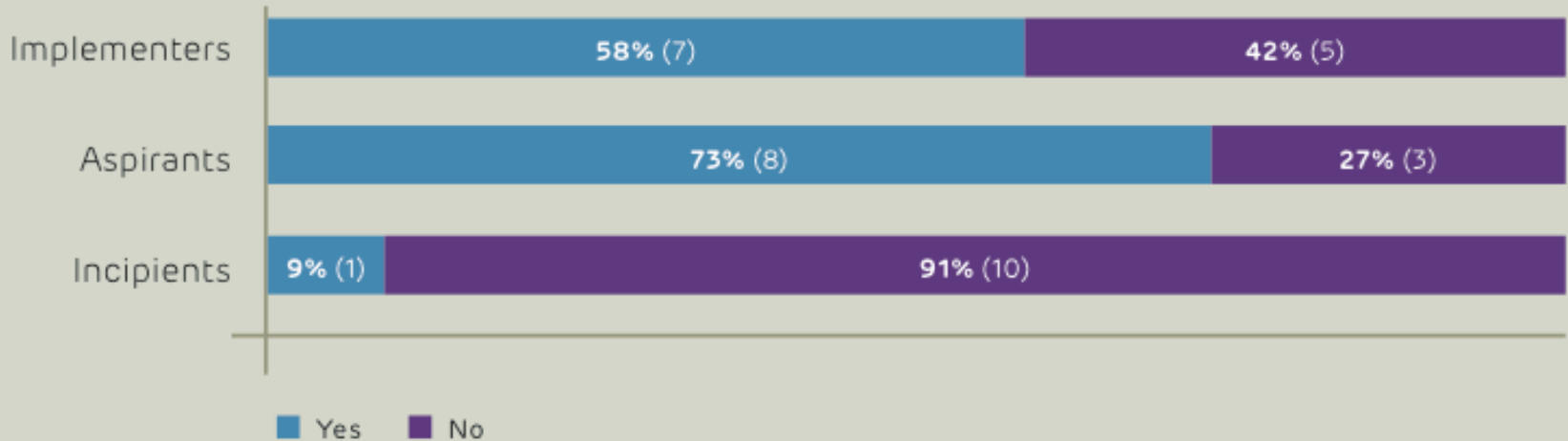
Champions (3%): integrated SPM and demonstrated good practices and granted certification.

→ Constraints for improving social performance management

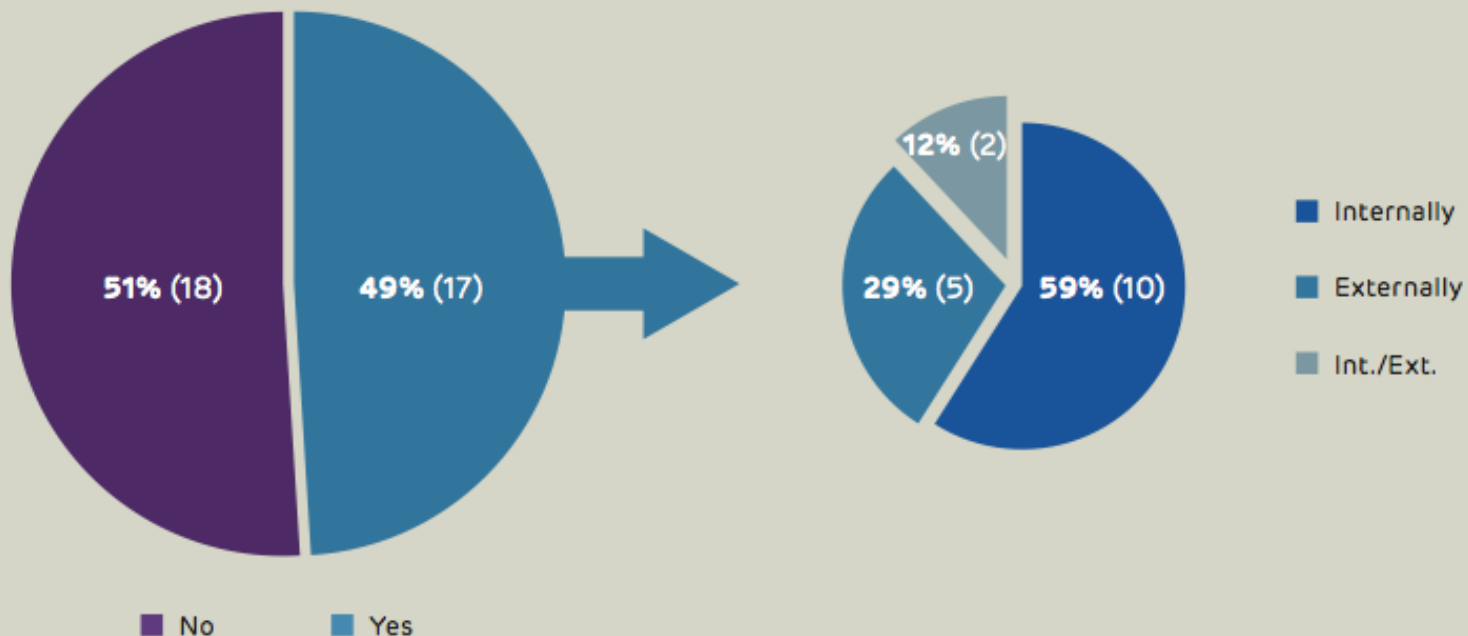


→ Plans for social assessments

Does your institution plan to conduct a Social Performance assessment in the coming year?



➔ Plans for a social assessment in the coming year





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Thanks!

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