



الدروس المستفادة حول تجربة تقارير الأداء الاجتماعي

## Reporting Lessons Learnt Workshop

Social Performance Management Start-up Fund

The Palestinian Network for Small and Microfinance - Sharakeh

Ramallah, Palestine, 15 May 2012

## ***Objectives of this Workshop***

### **First, Objectives of the SPM Start-Up Fund:**

- Increase transparency of the sector. How?
  - a. Members submit reports to the MIX every Year starting 2012.
  - b. Sharakeh is able to present country level information to various stakeholders
- Members improve their social results. How?
  - a. Using the SP reports to identify weaknesses on social performance, and start improving their practice to address such weaknesses.

### 3 ***Objectives of this Workshop – Con.***

## **Second, Objectives of this particular workshop:**

- Where do we stand?
  - a. What have we achieved until the moment?
  - b. What does that represent in terms of targets?
  - c. How was that achieved? In what quality?
- Lessons Learnt.
  - a. Brainstorming the benefits of SPS Reporting to MFIs
  - b. Problems that faced MFIs during Reporting Process
  - c. Level of support to Social contacts from Mgt.
- What is Next?
  - a. How can we further develop or introduce SPM?

## ***SPM start-up Fund status***

- Awareness Raising & SPS Reporting Workshop – Jan. 2012
- Support Members in Reporting Process Feb.-Mar. 2012
- Reporting Lessons learnt Workshop – May 2012
- SPM Country Report – May 2012
- SPTF Meeting – Jun. 2012
- Project Lessons Learnt workshop – Oct. 2012
- Closing Global Workshop – Nov. 2012
- Development Plan for the project – Nov. 2012

## 5 ***Problems, obstacles, issues on reporting***

How can you evaluate the process of reporting on social performance through the MIX report?

- Have you found the information and data needed? Was that easy?
- Where have you found the information? What should be done to find them easier?
- How much it took you to fill it? To fill the first time report, and the update report?
- What have you done to verify the correctness of the information given?
- What caused any delay/s? Who approved it from your MFI?
- How confidence you will be reporting using the same tools the next years?

How do you evaluate Sharakeh's role in this process?

How do you evaluate the role of your boss, management, supervisor in the process of reporting? Besides their conviction of SP reporting and SPM?

## 6 ***Benefits of SPS Reporting to MFIs***

In your opinions, what are the benefits your MFI can get from reporting on Social Performance?

What is the PMA's view? What steps are expected by the PMA in this aspect?





7

# Coffee Break



## ***SP – Palestine Country Report***

### **Why this report?**

- Increase transparency of the sector on the social bottom besides the financial bottom.
- Put Palestine along with other regional and international countries who report on its microfinance sector's social performance.
- Step one in establishing the SPM among Sharakeh's members.





## ***SP – Palestine Country Report***

### **What has been done?**

- Sharakeh collected individual MIX reports from 11 members. These are (in Alphabetical order):
  1. Arab Centre For Agricultural Development - ACAD
  2. Islamic Relief - IR
  3. Palestine Development Fund - PDF
  4. Palestine for Credit & Development - FATEN
  5. Palestinian Business Women`s Association - ASALA
  6. Reef Finance Company - Reef
  7. Relief International - RI
  8. Ryada Lending and Financial Services - Ryada
  9. The Microfinance Department at UNRWA - MD
  10. Woman`s Fund
  11. Y-MFP at the East Jerusalem YMCA

## ***SP – Palestine Country Report***

### **What has been done?**

- The consultant compiled the 11 individual reports into one report, and considered that the “study database”.
- Frequencies, summations, percentages, and weighted percentages were calculated whenever needed.
- Reporting followed the sequence of the “The Draft SPTF Universal Standards for Social Performance Management”
- Conclusions and recommendations were revealed and reported.

## ***SP – Palestine Country Report***

### **What to read in this report?**

- Be careful not to over-interpret the numerical end results.
- This is not an auditing or rating of any individual MFI.
- It is not a hardnosed comparison between MFIs.
- The unit of measurement is the MFI, and not the client.
- MFIs can benchmark their social performance, compared to the average, majority, or mostly practiced policies.
- The window is open for:
  - Further development of the country report in the future;
  - Recommending steps for further transparency;
  - Steps towards introducing SPM within the MFIs systems and structure.
  - Further enhancement of pro-client policies and practices

## *SP – Palestine Country Report*

### Dimension 1: Members' **Definition** and **Monitoring** of Target Clients and Social Goals

**First:** test whether the mission statement explicitly states **who** will be targeted, **which** needs are to be answered, **how** or by what means it will be targeted, and **what** desired changes are expected.

**Second:** what data are collected, what measurement tools are used to monitor outreach of targeted clients and needs that are set by the mission statement, or at least intended.

## ***SP – Palestine Country Report***

### **Dimension 1: Members' Definition and Monitoring of Target Clients and Social Goals**

- A good % of the missions answer all questions.
- Statements address usual objectives of “poverty reduction”, “employment generation”, “growth of existing clients’ businesses” and “income and productivity growth”.
- MFIs ranked “women” and “clients living in urban areas” 1<sup>st</sup>.
- MFIs ranked “clients living in rural areas” 2<sup>nd</sup>.
- Still, “clients living in rural areas are targeted by all MFIs.

## *SP – Palestine Country Report*

### Dimension 1: Members' Definition and Monitoring of Target Clients and Social Goals

Developmental Objective	Valid Frequency	Valid Percentage
Poverty alleviation	10	14.9%
Growth of existing businesses	9	13.4%
Development of start-up enterprises	8	11.9%
Employment generation	7	10.4%
Housing	6	9.0%
Increased access to financial services	6	9.0%
Other objectives	21	31.4%
<b>Total</b>	<b>67</b>	<b>100.0%</b>

8 MFIs target “low income clients”, 6 target “poor clients”, only 1 MFI target “very poor clients”

## SP – Palestine Country Report

### Dimension 1: Poverty Outreach Measurements

MFI	Measurement Tool/s
MD	<ul style="list-style-type: none"> <li>– Grameen Progress out of Poverty Index (PPI)</li> <li>– Benchmarked to different other poverty lines, (National poverty lines in Palestine, Jordan, and Syria), USAID extreme poverty line, upper national and lower national poverty lines (Syria), US\$ 1.25, 2.5, 3.75, 5/person/day at 2005 Purchasing Power Parity - PPP.</li> </ul>
Asala	<ul style="list-style-type: none"> <li>– Grameen Progress out of Poverty Index (PPI)</li> <li>– USAID Poverty Assessment Tool (PAT)</li> </ul>
IR	<ul style="list-style-type: none"> <li>– Poverty Score Card - UNDP</li> </ul>

Other MFIs reported to have no poverty outreach measurement for their clients.

## ***SP – Palestine Country Report***

### **Dimension 2: Board and Employee Commitment to Social Performance**

- In general, there exist moderate awareness and low involvement of board members in the SPM within MFIs.
- About 66% of MFIs (7/11) have members at their boards who ever been trained on SPM.
- Out of them 43% (3/7) have formed board committees specialised to monitor SP.



## SP – Palestine Country Report

### Dimension 2: Staff incentives in relation to social performance

Set staff incentives are related to the following areas:	Frequency	%
Ability to attract new clients from target market	7	63.6%
Outreach to remote/rural communities	6	54.5%
Outreach to women	9	81.8%
Quality of interaction with clients based on client feedback mechanisms	2	18.2%
Quality of social data collected	4	36.4%
Client retention/drop-out rate	3	27.3%
Portfolio quality	10	90.9%

## ***SP – Palestine Country Report***

### **Dimension 3: Social Responsibility towards Clients “Protecting Clients’ Rights”**

1. “Appropriate Product Design” and “Responsible Pricing” could not be tested; MIX report has no questions.
2. “Prevention of Over-Indebtedness”
  - a. MFIs spend high efforts evaluating the eligibility of the loan taker and/or his/her family.
  - b. 91% of the MFIs have a range of instruments in place to avoid over-indebtedness.

## ***SP – Palestine Country Report***

### **Dimension 3: Social Responsibility towards Clients** **“Protecting Clients’ Rights”**

#### **3. “Transparency”**

- a. Prices, terms and conditions are fully disclosed to customers
- b. All MFIs price their loan products based on Flat Methods.

#### **4. “Fair and Respectful Treatment of Clients”**

- a. 91% of MFIs reward high standards of ethical behaviour and customer service - corporate culture values and practice.
- b. only 80% of them (eight MFIs) spell out what is acceptable and un-acceptable collection practices in their code books.

## ***SP – Palestine Country Report***

### **Dimension 3: Social Responsibility towards Clients** **“Protecting Clients’ Rights”**

#### **5. “Privacy of Data”**

- a. Privacy and appropriate usage of customer’s data.
- b. Staffs explain why and how data will be used.
- c. Staffs seek permission for usage.

#### **6. “Effective Complaint Resolutions”**

- a. Only “four” MFIs, 36.4%, have mechanisms to handle customer complaints in place and has dedicated staff resources for such purpose.

## ***SP – Palestine Country Report***

### **Dimension 4: Range of Products and Services**

<b>Credit products</b>	<b>Frequency</b>	<b>% of 11 MFIs</b>
Microcredit loans for microenterprises	10	90.9%
Microcredit for other household needs/consumption	7	63.6%
SME loans	5	45.5%
Loans for agriculture	8	72.7%
Loans for Education	4	36.4%
Housing Loans	6	54.5%
Other	5	45.5%

## SP – Palestine Country Report

### Dimension 5: Treat Employees Responsibly

Indicator	Frequency	% of 11 MFIs
Transparency on salary (a clear salary scale based upon market salaries)	7	63.6%
Benefits (medical insurance, pension contribution)	9	81.8%
Protection at work (safety, anti-harassment)	9	81.8%
Equality (anti-discrimination, equal pay for men and women with equivalent skill levels)	11	100.0%

If an MFI protects its employee rights just as they protect client rights; employees are more likely to treat clients with respect and responsibility

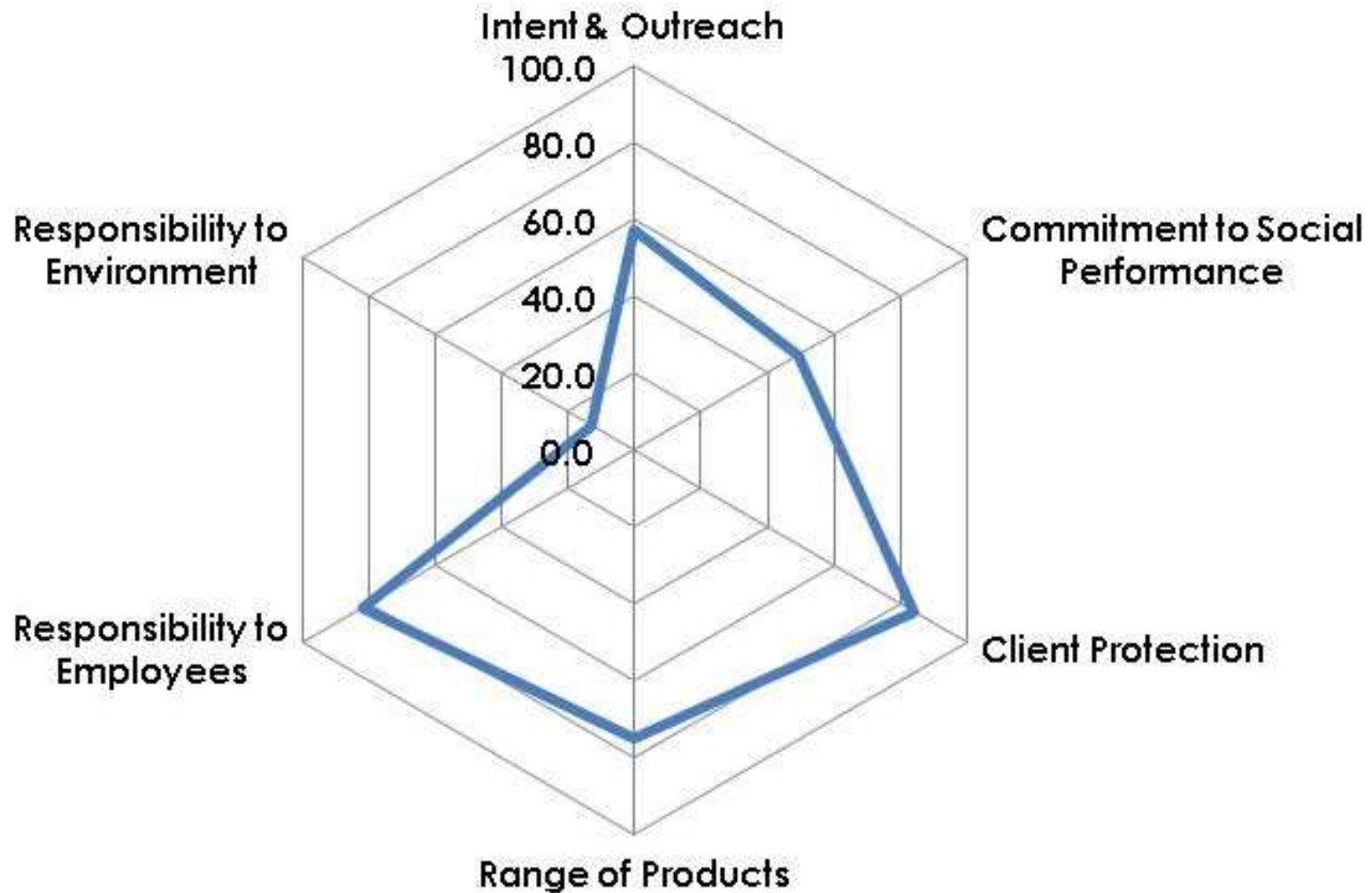
## SP – Palestine Country Report

### Dimension 6: Treat the Environment Responsibly

Indicator	Freq.	% of 11 MFIs
The institution raises clients' awareness about environment impacts	2	18.2%
The institution trains/educates clients regarding environmental improvements	0	0.0%
Specific clauses in the loan contract are included to mitigate specific environmental risks	1	9.1%
The institution identifies enterprises with environmental risk	2	18.2%
The institution offers lending lines linked to alternative energies	2	18.2%

# *SP – Palestine Country Report*

## All Dimensions: The overall sector social performance





# SP – Palestine Country Report

## All Dimensions: The overall sector social performance

	Indicator	Weight	Score out of 100	Weighted Score
1.	Members' Definition and Monitoring of Target Clients and Social Goals	25%	57.5	14.4
1.1.	<i>Mission and social goals</i>	20%	65.0	13.0
1.2.	<i>Measurement of outreach</i>	5%	27.3	1.4
2.	Board and Employee Commitment to Social Performance	15%	49.1	7.4
2.1.	<i>Governance</i>	5%	40.9	2.0
2.2.	<i>Staff incentives in relation to social performance</i>	10%	53.2	5.3
3.	Social Responsibility Towards Clients "Protecting Clients' Rights"	30%	83.8	25.2
4.	Range of Products and Services (systems and models)	15%	75.0	11.3
5.	Treat Employees Responsibly	10%	81.8	8.2
6.	Treat the Environment Responsibly	5%	12.7	0.6
<b>Total/average/weighted average</b>		<b>100%</b>	<b>60.0</b>	<b>67.0</b>

# *SP – Palestine Country Report*



**How can we further introduce SPM?**

**How can we further develop SPM?**

## *SP – Palestine Country Report*

Thank  
you

