

TECHNICAL NOTE 3

END TO END APPROACH TO EFFECTIVE DATA FOR SPM

EDA Rural Systems Pvt. Ltd.

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EDA has been assisting MFIs globally to implement Social Performance Management. This note presents EDA's technical approach to effective data for SPM. The approach has been developed in collaboration with Opportunity International – Australia and is used to implement SPM amongst its partner organizations in India and other EDA partners globally

Social Performance Management (SPM)

The Social Performance Task Force (SPTF) defines Social Performance as:

The effective translation of a microfinance organization's mission into practice.
<http://sptf.info>

The premise of social performance is that a double bottom line institution must have a deliberate strategy and systems in place to put social goals and values into practice. The systems involved are set out in the SPTF's Universal Standards for Social Performance Management (USSPM) and are organized into six sections.¹ These Standards - a set of management practices and associated indicators - apply to all MFIs pursuing a double bottom line. They reflect current consensus and experience from a range of stakeholders in the microfinance sector (practitioners, networks, investors and TA providers) who have been working for social performance in the past few years.

Effective Data for Monitoring SPM

The sector increasingly draws on these standards and associated essential practices to strengthen social performance. Success in implementation of social performance has been mixed. Data on social performance is critical for implementation and its management. But, MFIs can struggle to maintain relevant, reasonable quality social performance data which gives the information that investors ask for, and which is useful for management decisions. In EDA's experience, one of the critical factors for the success or failure in gathering effective social performance data is to recognize the different organisational processes involved as an interconnected system, with each part needing attention and

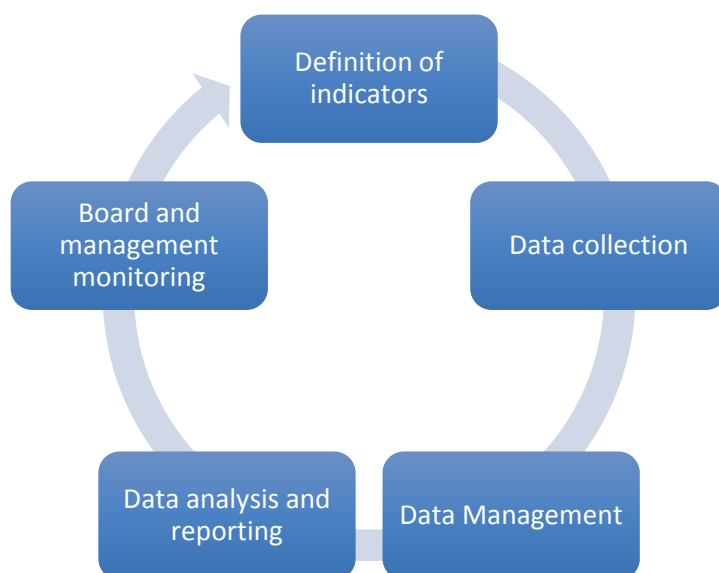
¹ The six sections of the USSPM along with the standards and essential practices can be accessed from: <http://sptf.info>

work. EDA's approach to effective data for SPM has involved working on all the interconnected processes. We call this the End To End Approach or e2e.

e2e Approach to Effective Data for SPM

Effective data for SPM is not just redesigning a form or a report. The e2e approach is concerned with the entire lifecycle of data for SPM. It involves working comprehensively on the processes involved: from defining relevant indicators to be measured, methods and formats for data collection, training staff for data collection, data storage and management - to data analysis, reporting and use. The aim is to ensure the collection of relevant, reliable quality data which is reported to senior management and the Board who use this data to assess achievement on social goals, client needs and preferences and quality of service delivery. This then informs organisation strategy on mission fulfilment, product and process development, client protection, etc. Figure 1 outlines this approach.

Figure 1: End To End Approach



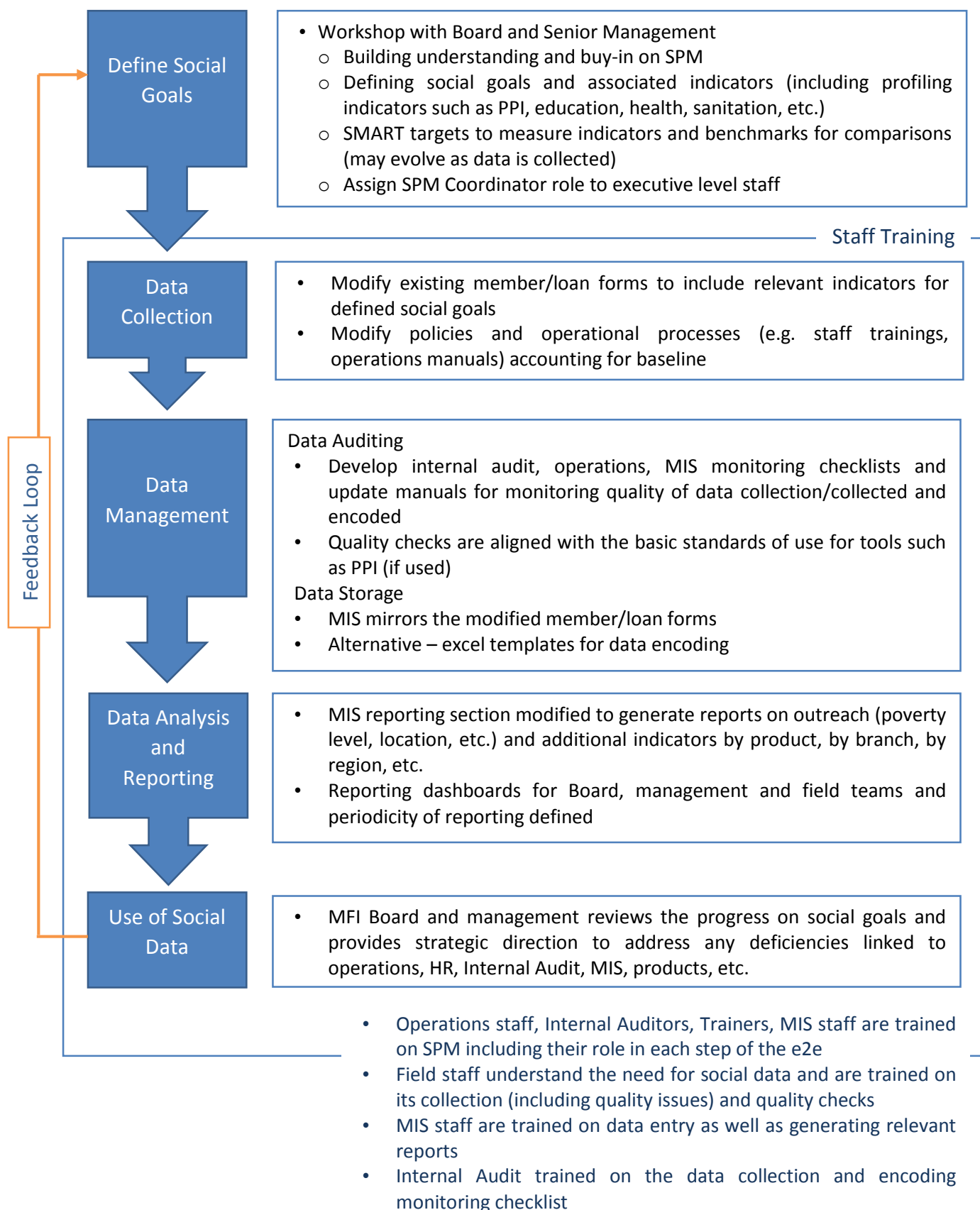
EDA has applied the e2e approach for different types of social performance data including client exit, staff exit, grievance redressal, client satisfaction and profiling market outreach.

Figure 2 (next page) explains each of the processes of the approach for profiling MFI market outreach in terms of the socio-economic profile of clients at entry. Client profile and quality of life indicators are often part of the membership or loan application form. This profile data is used to identify



market segments. Collected for clients at the time of their first loan, this data provides baseline information that can be tracked over time to capture any change in client lives.

Figure 2: e2e – Working on all the processes for market outreach and baseline profiling



Key Challenges in the e2e Approach

While organization change depends on the Board and senior management, some of the challenges in implementing the e2e are:

Assigning an SPM Coordinator: The Coordinator's role is to bring together various departments that are involved in the e2e processes and ensure they deliver on their tasks. For coordination to be effective, MFIs should appoint as SPM Coordinator someone with sufficient seniority and authority to ensure various departments are performing their required roles.

Creating field staff buy-in: Field staff will view SPM and collection of social data as additional work and ask for incentives. Effective communication – as well as ensuring a reasonable work load - is critical to overcome this challenge. Communicate how the organisation is putting clients at the centre of its work and the role of field staff in ensuring this is done effectively by collecting client level data. This is more important than defining SPM and USSPM!

Modifying the MIS: For reporting and use of the data, the MIS needs to be modified in order to be able to store the collected data and generate customized reports. However, this process may get derailed due to lack of funding and/or skills to modify the system.

For further reading on challenges see *SPM is not about vaccinating Pigs and Cows* on <http://edarural.com>

About EDA Rural Systems

EDA is a leading consultancy for development finance and livelihoods, with experience throughout India, Asia and Africa. With its head office in Gurgaon, near Delhi, EDA – and its associate companies, EDA Rural Arth Vikas and Micro-Credit Ratings International Ltd - has more than 50 professional staff with diverse work experience and educational backgrounds mainly in economics and rural management.

The EDA team has in depth knowledge of microfinance, with experience of research, training and assessment, and a focus on 'double bottom line' management, including SPM, client protection, poverty measurement and market research. Since 2005, EDA has been active in the global initiatives for SPM, including: with M-CRIL - Social rating, with the Social Performance Task Force – USSPM, with Grameen Foundation – applying the PPI, with Accion – Client Protection Principles. The EDA team has worked with MFIs in India, Asia and Africa on Social Performance monitoring and reporting systems, and application of the USSPM.

Contacts: francesinha@edarual.com, nitinmadan@edarural.com

EDA Rural Systems Pvt. Ltd.

542 Megapolis, Sohna Road, Sector 48
Gurgaon 122018 INDIA
Tel: +91 124 491 1939, 491 1942