

SPI report 2008

Subject: *Social Mission*

Comment	My Comments		
Keywords	CERISE - SPI - Social Performance - MFI		
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Created	10/11/2008	Version	1
		Status:	<input type="checkbox"/> Draft - <input checked="" type="checkbox"/> Final
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1 Executive Summary

Microfinance Institutions (MFIs) have a social agenda of reaching out to the poor and excluded with financial and non-financial products that will permit beneficiaries to attain a capacity to act to meet their own basic needs. The Social Performance Indicators Initiative (SPI) is a unique tool for assessing the performance of MFIs taking into account both financial and non-financial factors, as against the overwhelming emphasis on financial indicators in the assessment of traditional financial institutions.

The tool was administered in ID-Ghana in October 2008 to assess the performance of the organization vis-à-vis the first assessment made in June 2007. The overall SPI score for 2008 is 45.2% as against 44.9% in 2007, signifying little or no change in performance generally.

2 Introduction

It is worth noting that in 2008, twenty-two (22) questionnaires were administered in nine (9) branches and departments as shown below:

Table 1: Distribution of Questionnaires 2008

Branch/Department	Number of Respondents
Management staff	5
IS department	1
Agbogbloshie branch	2
Chorkor branch	2
Dansoman branch	3
Glefe branch	2
Kaneshie branch	2
Madina branch	2
Nima New Town branch	3
Total - Respondents	22

This compares with eight (8) questionnaires administered in eight (8) branches and departments in 2007 as shown on the table below.

Table 2: Distribution of Questionnaires 2007

Dimension	Unit							
	Mgt	MA	KA	DA	CH	NN	GL	AG
D 1	x	x	x	x	x	x		
D 2	x	x			x		x	x
D 3	x						x	x
D 4	x		x	x		x		

Additionally, whereas all respondents answered questions in all 4 dimensions in 2008, this was not the case in 2007. In 2007, only

the Management respondent answered questions from all four dimensions while each branch answered questions from two dimensions most relevant to them, as can be seen on Table 2.

3 Results Analysis

The highlights of the analysis are the overall score for each dimension plus questions that recorded a high score of 80% and above or a low score of 20% and below.

3.1 Dimension 1

This dimension checks for outreach to the poor and excluded through the targeting action of the organization. In other words, the questions in this dimension seek to find out whether the organization is taking the right actions by targeting the poor and excluded section of the population that microfinance services are meant to address. Dimension 1 recorded 68.2% as against 71.4% in 2007. This can be considered to be an insignificant change.

Areas with high scores (80% and above) are as follows:

- Geographic targeting (use of poverty & exclusion criteria)
- Pro-poor methodology
- Loan size
- Size of minimum deposit
- Targeting of women

On the other hand, the following area recorded a low score (20% or below):

- Targeting of rural areas.

This is not surprising as ID-Ghana's deliberate policy of targeting the urban poor has not yet changed.

3.2 Dimension 2

This dimension looks at adaptation of services and products to the target clients. It scored 46% as against 34.5% in 2007 marking a definite improvement, although there is still much room for further improvement.

The strong areas in this dimension are

- Transparency and
- Pro-active policy to associate non-financial services with financial services.

The weak areas are

- Absence of social emergency loan

- Absence of loans tailored to social needs
- Absence of savings tailored to specific needs
- Absence of innovative financial products, and
- A high drop-out rate.

3.3 Dimension 3

This dimension finds out about the organization's contribution to improving the clients' social and political capital.

A low 30% was recorded, which is a decline from the 36% recorded in 2007. Particularly weak areas include

- Access to financial statements of the organization
- Participation in decision making & control at the MFI level
- Training of elected leaders to help them perform their role
- Increasing clients' influence in local or national government

3.4 Dimension 4

This dimension checks for socially responsible corporate behaviour. Here, another low score of 32.9% is recorded, amazingly the same as in 2007 (32.8%).

- The existence of a health cover for staff is the singular outstanding positive in this dimension.

The weak areas include

- Absence of death insurance for clients
- Absence of assistance towards community projects
- Absence of measures to accommodate collective disaster
- Absence of solidarity between branches, etc.

4 Way Forward

The implications of the above analysis and the lessons and recommendations drawn from it are summarized on the table below:

Dimension	Weak Area	Possible Action for Improvement
D 1	Targeting of rural areas.	There are plans to explore the possibility of expansion outside the capital city in 2009. This is however likely to focus on other urban areas. Perhaps what can also be explored is linkages with organizations working in rural areas.

D 2	Social emergency loan.	A funeral in the family is a common cause of business disruption among partners. We may want to consider a flexible/soft social loan that enables partners meet their funeral expenses without entering into their business capital.
	Loan tailored to social needs.	An educational loan would help partners meet the fees and prospectus requirements of their wards without disrupting their business.
	Voluntary savings specifically tailored to clients' needs.	The existence of a savings product seems to be serving this purpose already. The success stories draw attention to achievements and investments that partners make with their savings e.g. better education for their children, buying of land/building of houses and business expansion.
	Innovative financial products e.g. insurance, money transfer, payment by cheque.	The needs may have to be studied and evaluated before the introduction of such products.
	Percentage of drop-outs.	With a retention rate below 60%, some urgent action is required in this area. The action will partly depend on the drop-out survey. However, increased intervention by the social team at the group level by way of more training and empowerment through interesting animations etc. should make a difference.
D 3	Access to financial statements.	Starting with 2007 accounts completed in October 2008, annual financial statements are now being displayed on the notice boards in all branches for viewing by all interested members of the public.
	Decision & control at MFI level.	It is intended to have partners represented on the Governing Council in 2009. It is also intended to introduce participative governance at the branch committee level.
	Increase clients influence in local or national government.	This could eventually happen in future.

D 4	Death insurance.	The introduction of this product has to be carefully considered so as not to push the cost of loans too high. The interest rate is at present relatively high. Added to that is the processing fee. These two may have to be reduced if death insurance is to be introduced.
	Financial support for community projects.	The intended subsidy of NHIS registration may be viewed in this light.
	Special measures or funds against collective disaster.	

5 Conclusion

The SPI survey was done more smoothly and speedily this year, thanks to the experience gathered by the social mission team from last year. It was also more detailed and hopefully more reliable, given the more comprehensive approach used this time.

The result however seems to confirm the issues identified in 2007 instead of showing progress. This makes one ask whether annual SPI surveys are too frequent since the interval appears too short to register significant changes.