



***PROPOSAL OF INDICATORS FOR SOCIAL
PERFORMANCE MONITORING***

Prepared by: PROFIN Foundation

By request of: Diaconia-FRIF Foundation

La Paz, March 2009

CONTENT

- 1. SOCIAL OBJECTIVES DERIVED FROM THE D-FRIF MISSION AND VISION..... 2**
- 2. PROPOSAL OF INDICATORS FOR THE MONITORING OF D-FRIF SOCIAL OBJECTIVES 3**
- 3. PROPOSAL OF STRUCTURE OF THE INFORMATION SYSTEM FOR D-FRIF SOCIAL PERFORMANCE MANAGEMENT 5**

1. SOCIAL OBJECTIVES DERIVED FROM THE D-FRIF MISSION AND VISION

The present proposal is structured under a Social Performance Management (SPM) focus in the microfinance of the Imp-Act Consortium, according to which the indicators for the monitoring of social performance must be in line with the social objectives and goals derived from the mission of the microfinance institution (MFI).

The mission and vision of Diaconia-FRIF (D-FRIF) establishes the following:

Mission: To contribute towards improving the incomes of persons with meagre resources of the peripheral urban and depressed rural areas, through easy access to loans for microenterprise and popular housing

Vision: To be a leading institution for persons with meagre resources, through:

- diaconal service, “the characteristics of which are treatment with respect and dignity towards the client and his or her cultural values”;
- administrative procedures with only the required documents;
- timely disbursements;
- reasonable interest rates for the market and for the institution itself; and
- flexibility regarding guarantees.

In line with the D-FRIF mission and vision, we identify the following social objectives:

D-FRIF Social Objectives Derived from the Organization’s Mission and Vision	
Social objective 1: Outreach of the target clients	Outreach to persons with meagre resources and microenterprises of peripheral urban and depressed rural areas
Social objective 2: Satisfaction of client needs	Loans for microenterprises and for popular housing, under principles of: <ul style="list-style-type: none"> • diaconal service, characterized by treatment with respect and dignity towards the client and his or her cultural values; • easy access to loans; • timely in disbursements; • reasonable interest rates; • flexibility regarding guarantees.
Social objective 3: Positive change or impact in the lives of clients	Improvement of the income, employment and housing conditions of clients

2. PROPOSAL OF INDICATORS FOR THE MONITORING OF D-FRIF SOCIAL OBJECTIVES

Each social objective must be linked to SMART social goals; that is, goals that are: **S**pecific, **M**easurable, **A**dequate, **R**ealistic, and set in **T**ime. At the same time, each SMART goal must be related to clearly-defined indicators, in conceptual terms as well as in terms of the form of

measurement. Given these considerations, we propose the following indicators for the monitoring of D-FRIF social performance monitoring:

PROFIN Foundation Proposal for Monitoring D-FRIF Social Performance	
Objectives and Goals	Indicators
<p>Reach of target clients: Target clients with meagre resources and microenterprises, of peripheral urban zones, and rural depressed areas</p> <p>SMART goals: <i>(pending)</i></p>	<p>1.% of persons with meagre resources 2.% of microenterprises 3.% of clients from peripheral urban zones 4.% of clients from depressed rural areas</p>
<p>Satisfaction of needs: Loans for microenterprises and for popular housing, under principles of:</p> <ul style="list-style-type: none"> • Treatment with respect and dignity towards the client and his or her cultural values • Easy access to loans • Timely disbursements • Reasonable interest rates • Flexibility regarding guarantees <p>SMART goals: <i>(pending)</i></p>	<p>1.% of clients satisfied with the loan access procedure 2.% of clients satisfied with the treatment on the part of loan officers 3.% of clients satisfied with the disbursement time 4.% of clients satisfied with the interest rate 5.% of clients satisfied with the guarantees 6.% of clients satisfied with the payment mode 7.Client withdrawal rate</p>
<p>Changes in the lives of clients: Improvement in income, employment, and living conditions of clients</p> <p>SMART goals: <i>(pending)</i></p>	<p>1.% of clients whose income rose 2.% of clients whose employment rose 3.% of clients with homes with less overcrowding 4.% of clients with homes with roofs, floors and/or walls in good condition</p>
<p>Social responsibility: Socially responsible behaviour towards personnel, the community, and the gender focus</p> <p>SMART goals: <i>(pending)</i></p>	<p>1.% of personnel withdrawal 2.% of income / annual profit contributed to social projects 3.% of women clients 4.% of female personnel 5.% of income / annual profit employed in training of personnel</p>

Indicators for Monitoring Social Objective 1: Reach of the Target Clients:

- 1) % of clients that are persons with meagre resources
- 2) % of clients that are microenterprises
- 3) % of clients in peripheral urban zones
- 4) % of clients in depressed rural areas

It is important to generate institutional definitions for the terms: *persons with meagre resources, microenterprises, peripheral urban zones, and depressed rural areas*. The definition of microenterprise may be determined based on the number of workers of the economic unit. The definitions of peripheral urban zones and depressed rural areas may be based on data from the

Instituto Nacional de Estadísticas (National Statistics Institute), and the Mapa de Pobreza (Poverty Map) by municipality.

Indicators for Monitoring Social Objective 2: Satisfaction of Client Needs:

- 1) % of clients satisfied with loan access procedures
- 2) % of clients satisfied with treatment on the part of loan officers
- 3) % of clients satisfied with the disbursement time
- 4) % of clients satisfied with the interest rate
- 5) % of clients satisfied with the guarantees
- 6) % of clients satisfied with the payment mode
- 7) Client withdrawal rate

It is important to define beginning when D-FRIF considers that a client no longer requires the services of the institution and to establish the manner in which the withdrawal rate is measured; the social audit executed by PROFIN provides references regarding this. As well, it is important to define the criteria for measuring the levels of satisfaction; the client satisfaction study realized by PROFIN offers a focus for this measurement.

Indicators for Monitoring Social Objective 3: Changes in the Lives of Clients:

- 1) % of clients that increased the amount of income from sales in the economic activities financed
- 2) % of clients that increased the number of workers employed in the economic activities financed
- 3) % of clients with houses with a greater number of rooms per members of the home (less overcrowding)
- 4) % of clients with roofs, floors and/or walls of the home in good condition

The monitoring of the social indicators of changes or impacts may be executed based on the follow-up of a fixed baseline. Alternatively, it is possible to realize a transversal cut data collection and to structure the baseline based on the client's memory, in a manner similar to the focus employed in the impact study executed by PROFIN.

Indicators for Monitoring Social Responsibility: Considering that social responsibility is an essential transversal value for effective social performance, we suggest adding the following social responsibility indicators to the monitoring system of personnel, the community and the gender focus:

- 1) % of personnel withdrawal
- 2) % of income / annual profit employed in training of personnel
- 3) % of income / annual profit contributed to social projects
- 4) % of women clients
- 5) % of women in institution personnel

It is important to define what formula will be applied for measuring the withdrawal rate of personnel; the social audit realized by PROFIN provides references regarding this.

3. PROPOSAL OF STRUCTURE OF THE INFORMATION SYSTEM FOR D-FRIF SOCIAL PERFORMANCE MANAGEMENT

Once the indicators have been agreed upon, it is possible to begin to generate internal monitoring reports of social performance, with the periodicity and the levels of segmentation required by the user actors that employ the information. It is recommendable that the social performance indicators be part of the Management Information System of the MFI and that the generation of the reports be realized in an automated manner.

Structure of the Information System for D-FRIF Social Performance Management		
Objectives and Goals	Monitoring	Evaluation
Outreach: Target clients of persons with meagre resources and microenterprises of peripheral urban zones and the depressed rural area SMART goals:	-% of persons with meagre resources -% of microenterprises -% of clients from peripheral urban zones -% of clients from depressed rural areas	Immediate evaluation: -Mini surveys -Focal groups -Consulting groups Periodical evaluation: -Social audit -Social rating -Client satisfaction evaluation -Impact evaluation
Satisfaction of needs: Loans for microenterprises and for popular housing, under principles of: Treatment with respect and dignity towards clients and their cultural values Easy access to loans Timely disbursements Reasonable interest rates Flexibility regarding guarantees SMART goals :	-% of clients satisfied with the loan access procedure -% of clients satisfied with the treatment on the part of loan officers -% of clients satisfied with the disbursement time -% of clients satisfied with the interest rate -% of clients satisfied with the guarantee required -% of clients satisfied with the form of payment -Client withdrawal rate	
Changes in the lives of clients: Improvement in income, employment, and the housing conditions of clients SMART goals :	-% of clients whose income rose -% of clients whose employment rose -% of clients with less overcrowding in the home -% of clients with homes with floors, roofs and/or walls in good condition	
Social responsibility: Socially responsible behaviour towards personnel, the community, and the gender focus SMART goals:	-% rate of personnel withdrawal -% of income / annual profit contributed to social projects -% of women clients -% of women personnel -% of income / annual profit employed in training of personnel	

Monitoring of social performance and its indicators are only a part of an information system for Social Performance Management, which has two components:

- 1) information for monitoring social performance, and
- 2) information for the evaluation of social performance.

The indicators for monitoring of social performance provide regular information that allows the identification and follow-up of patterns and tendencies. Notwithstanding, in order to understand the underlying reasons of the tendencies observed, the institution must possess additional information for the purposes of evaluation.

As such, we suggest D-FRIF to institutionalize the following two types of social performance evaluations:

Immediate evaluation: to have means for the obtaining of timely data and internally applied data (mini surveys, focal groups, consulting groups of clients, etc.) that allow quickly detecting the underlying causes of the tendencies detected based on the monitoring of social indicators, and to apply immediate solutions

Periodical evaluation: to have evaluations with a periodicity of one per year or more that examine more profoundly the social performance of the institution; These evaluations may be internal or external, based on the resources available, and involve the following types of studies:

- client satisfaction studies,
- service impact studies,
- social audit,
- external social rating.