



The “Double Bottom Line” measuring what we value

EDA has been closely engaged with initiatives for social performance in microfinance. These initiatives have become central, both in India and worldwide, as concerns grow about competition between MFIs, allocation of profits, mission drift and responsible financing.

Our current work includes

- Continuing technical assistance to MFIs/FIs to integrate social performance into their management systems
- Social Performance Assessments of MFIs
- Updating training and resource materials for social performance management (SPM)
- Technical assistance for social performance reporting
- Application of the Progress out of Poverty Index
- Research – sector-wide, and market research for MFIs

SPM Implementation

Integrating practical social tools into management systems for responsible and inclusive microfinance

EDA is working with HDFC, Maldives, to integrate social reporting into banking systems for housing. Part of the Access to Finance Programme of IFC. Further work planned with IFC partners – in Sri Lanka, China.

The EDA team continues to work with MFI partners of Dia Vikas Capital in India. The approach emphasises, as the starting point, market segmentation with poverty profiling of entry level clients, monitoring client exit and developing systems for client protection.

We are also working with MFI partners of the Microfinance Investment Support Facility for Afghanistan (MISFA).

Social Performance Reporting

Working towards coordinated reporting for Indian microfinance, linked to international initiatives

In March, EDA with the Michael & Susan Dell Foundation (MSDF) organised a Round Table on Responsible and Inclusive Microfinance. The Round Table brought together key stakeholders in Indian microfinance who agreed to work towards the adoption of social performance metrics as a basis for transparency and coordinated reporting. (March Round Table report is on our website).

Currently we are engaging with Sa-Dhan to develop reporting indicators which support Sa-Dhan’s Code of Conduct, and also reflect the work of international initiatives (the Social Performance Standards of the MiX market, the Smart Campaign on client protection, and Microfinance Transparency on Effective Interest Rates). With continuing support from MSDF and the Ford Foundation, EDA will assist Sa-Dhan in managing the reporting process, and analysing the results for a Social Performance Report on Indian Microfinance (2010).

Updating Training for SPM

Gender and microfinance

EDA has been tasked by the *Imp-Act* Consortium to revise and update the training modules of the SPM strategy workshop, first developed in 2007. The update will incorporate practical examples of SPM and ongoing work on client protection and poverty assessment.

We are also integrating gender equity into SPM training. This was a specific assignment supported by Hivos. It draws on a workshop with MFIs and gender specialists organized by EDA in 2009, as well as case study contributions from WEMAN (Women's Empowerment, Mainstreaming and Networking).

Integrating SPM into mainstreaming training

Increasingly, SPM is seen not as a standalone, but as an integral part of institutional management. EDA contributed to a series of training notes, including Risk Management - with the Frankfurt school of Management, (incorporating mission drift and client protection) and Governance - with Micro Save, (including Board role, composition and reporting to the Board).

Poverty assessment: introducing the Progress out of Poverty Index (PPI)

Progress out of Poverty Index (PPI): A tool to benchmark poverty levels of microfinance clients. Helps to track poverty outreach of microfinance, define focus client markets, and provides a base for tracking change over time – with other selected indicators of quality of life.

A PPI was recently developed for Sri Lanka. EDA facilitated an introductory workshop for MFIs, Technical Service Providers and Donors through the Lanka microfinance practitioner's association (LMFPA). Supported by GTZ.

We continue to pilot the PPI India with MFI partners, and to apply the PPI as part of social performance assessments

Social Performance Assessment (SPA)

EDA undertakes SPAs which follow M-CRIL's social rating methodology, without grading and with specific gap analysis and recommendations.

SPA conducted for Lok Capital

SPA employing the CERISE social audit tool, undertaken for Maanaveya/Oikocredit

Research

Sector Study

EDA completed a study of the 2009 delinquency crisis in S Karnataka, for the Association of Karnataka Microfinance Institutions. The report was launched at a press conference in Bangalore in August. To supplement, a comprehensive client sample survey continues, with CGAP.

Competition and the Role of External Agents

For individual MFIs

In the past six months EDA has conducted customised market research for SKS (All India), Hand in Hand (Tamil Nadu) and ESAF.