

Handbook on Social Performance Management for Board of Directors

A guide to what, why and how of Board's role in guiding senior management on
implementation of SPM in microfinance institutions

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1. What is social performance management?

Social Performance is commonly defined as the ability of a financial institution to “effectively translate its mission into practice in line with accepted social values”¹.

- As a first step, the mission is translated into social goals and SMART objectives². Social goals are the non-financial goals set by an organisation which fulfill the organisation’s commitment towards its employees, clients, community and environment.
- Effective translation means having the systems, processes, operations and people management – all align with the intent. In simple words this means implementing the stated vision / mission in both letter and in spirit.
- Accepted social values are the values which are generally agreed upon by various stakeholders as common values that MFIs should fulfill. For example, reaching out to poor clients with financial services, reducing clients’ vulnerability and poverty levels etc.

While social performance is the effective translation of an MFI’s social mission into practice by achieving certain goals/performance standards set out by the MFI itself, social performance management (SPM) focuses on:

- setting clear objectives and creating a deliberate strategy to achieve them;
- designing and implementing systems that are aligned with social objectives;
- monitoring and assessing progress towards achieving the social objectives; and,
- using social performance information to improve overall performance and decision-making³.

In simple terms, SPM means:

- Do no harm: this means that *the client should not have become worse off now due in part to the MFI’s intervention than the level where s/he was before. For instance, when MFIs ‘carpet bomb’ or ‘dump’ too many or too much loans to clients without understanding the clients’ repayment capacity, it can harm the client as they may not be able to cope up with the over-indebtedness*
- Be proactive in fulfilling the organisational mission.

For example, at ASKI, the mission of the organisation is: To promote socio-economic development through client-focused financial and non-financial services anchored on Christian principles. Then SPM for ASKI means: providing various financial and non-financial services to clients to meet their various needs; promoting / transforming clients’ lives to contribute to their social and economic development in line with Christian principles; and monitoring implementation of all this and adjusting practice as needed.

Important Message:

The term ‘social’ in SPM might be misleading sometimes and may be perceived as it is about charity or non-financial services alone. However, SPM is about balancing the financial performance with social performance. This means being sustainable as an organisation while meeting the goals set for itself towards its clients, employees, other stakeholders and the community.

¹ SPTF

² SMART – Specific, Measurable, Attainable, Relevant and Time bound

³ Adapted from Putting the ‘Social’ into Performance Management, Campion et al, Imp-Act Consortium/IDS, 2009 and the SPM Principles

2. Why should Board think about social performance management?

Social Performance Management logically begins at the top with effective Governance, which can be defined as “a process by which a board of directors, through its management, guides an institution in fulfilling its corporate mission”⁴. Despite the fact that most microfinance institutions (MFIs) were established to reduce poverty and pursue other social missions, many are beginning to resemble traditional financial institutions. To expand their outreach and loan portfolios, they tap into commercial and quasi-commercial sources of finance, which require them to demonstrate consistent profitability to their investors – sometimes at the expense of clients (for example in terms of fair product pricing, over-lending without considering the clients’ capacity to repay). Given this reality, and the risk of mission drift, a Board has to make sure that there is consistency between various aspects of its social mission and its activities.

Further, board of directors should consider SPM:

- To position itself publicly as a socially responsible organisation. This will also help link with the local communities and increase their support
- To help attract socially-minded investors which will help in funds mobilisation at reasonable or less expensive rates
- To balance financial & social goals for a sustainable performance. Too much focus on the financial goals may make the institution drift from its mission and away from the needs of its clients
- To mitigate political risks where the local governments or regulators or communities can bring down the MFI’s presence or activities, e.g. community backlash, by increasing transparency, protecting clients better, etc.
- To assess if the institution is achieving its mission and measure, track and improve its overall social performance
- To align & improve systems, e.g. HR, credit operations, etc. which can bring in greater efficiencies and profitability for the organisation

In case of ASKI, the vision and mission are clearly articulated to balance both social and financial goals. ASKI has also made much progress in terms of SPM implementation and is recognised as such by several stakeholders in the sector. In such a scenario, the role of the board at ASKI towards SPM only increases – more so in ensuring that the SPM implementation continues and is yielding effective results.

Important Message:

Though SPM as a concept is all pervasive in its implementation across various levels of the organisation, it is very clear that SPM logically begins at the top with effective Governance (as SPM begins with intent). This makes the role of board more important in the SPM intent and in the implementation. The board should play a proactive and deliberate role in managing SP to pursue both internal benefits (efficiency, mission fulfilment, productivity, happy employees etc) and external benefits (good perception among social investors which can head to funds mobilisation at competitive rates, lesser political intervention etc)

⁴ Jacobs, Ruth et al. *Board Governance Training for MFIs Toolkit*. MicroSave. August 2007

3. What are the roles and responsibilities of the board regarding SPM?

The board should be fulfilling the following roles with respect to social performance management.

- Mission and Vision: Development, Focus, and Preservation
- Setting strategy / approving strategy regarding client targeting and product bouquet
- Balance social and financial performance
- Monitor the financial performance and social performance management of the organisation
- Evaluate the performance of the executive on both social and financial goals
- Ensure the board is monitoring and guiding the SPM within the board
- The right board members (whose values are aligned with the organisational mission, vision and values) are selected and are oriented on SPM
- Demand / ask for reports on SPM and client protection from the management

The Universal Standards for SPM (USSPM), in each of the six sections, outlines (where appropriate and necessary) the role of the Board. Annexure 3 provides the detailed roles of the board in ensuring adherence to universal standards.

Checklist for the Board for monitoring and guiding SPM implementation as per the USSPM:

- The institution provides Board members with an orientation on the social mission and goals and the Board's responsibilities related to the social performance management of the institution.
- The Board reviews social performance data, including: mission compliance, performance results, human resource policy, social performance related risks, client protection practices, growth, and profit allocation.
- The Board uses social performance data to provide strategic direction, taking into account both social and financial goals.
- The Board incorporates social performance management criteria into its performance evaluation of the CEO/Managing Director.
- The Board has a documented strategy to prevent institutional mission drift during changes in ownership structure and/or legal form.
- Senior management and the Board are aware of and concerned about the risk of over-indebtedness.
- The board approves the institutional policy on sustainable target growth rates for all branches/regions and all product types, considering the institution's growth capacity and the markets being targeted.
- Equity investors, lenders, board and management are aligned on the institution's double bottom line and implement an appropriate financial structure in its mix of sources, terms, and desired returns.
- The Board monitors whether the institution's pricing levels are consistent with the institution's policies on returns.
- The Board ensures that compensation of the CEO and other senior staff is in line with the institution's social goals.

[The Universal Standards for Social Performance Management](#) ("Universal Standards") is a comprehensive manual of best practices created by and for people in microfinance as a resource to help financial institutions achieve their social goals. Developed through broad industry consultation, the

Universal Standards apply to all microfinance institutions pursuing a double bottom line. The manual is organized into six different dimensions:

1. Define and Monitor Social Goals;
2. Ensure Board, Management, and Employee Commitment to Social Goals;
3. Design Products, Services, Delivery Models and Channels That Meet Clients' Needs and Preferences;
4. Treat Clients Responsibly;
5. Treat Employees Responsibly; and
6. Balance Financial and Social Performance

Each dimension contains standards, which are simple definitions of what the institution should achieve, as well as essential practices, which are the management practices that the institution must implement in order to meet the standard. There are also one or more indicators per essential practice, which an institution can use to assess whether it has implemented the practice. Overall, **meeting the Universal Standards signifies that an institution has strong social performance management (SPM) practices.**

The original purpose of microfinance was to improve client welfare, but for the last two decades many institutions have focused more on financial sustainability than on the needs of clients. We now understand that institutions that manage only their financial performance will almost certainly be driven only by financial outcomes, so institutions that also have social goals must manage their social performance as well. **By defining and promoting strong SPM, the Universal Standards contribute to refocusing institutions on the client.**

Source: <http://sptf.info/spmstandards/universal-standards>

Important Message:

Board plays an important role in driving the organisation to gather, monitor and use SP data in decision making. One of the ways for the board to do that is to demand and look at the SP reports periodically. Another way is to include SPM into the performance evaluation criteria. For instance, Cashpor Microcredit, a not-for-profit MFI in India has set the following as the CEO's performance evaluation criteria.

CASHPOR's Annual Bonus Scorecard for the Managing Director (MD) An Example of Performance Appraisal with Both SP and FP Indicators.

	Weights
A. Growth of Outreach to Below Poverty Line (BPL) Households & Financial Services to them	20%
B. Institutional Efficiency and Financial Sustainability	30%
C. Social Impact, Client Satisfaction, Protection	30%
D. Leadership	20%

For more details, refer to the Smart Note Balanced Performance Review of Managing Director at Cashpor on www.smartcampaign.org

4. How should the board composition be structured to enable discussions on SPM?

There is no one answer or one best way to structure the board for SPM.

Some organisations prefer to have a specialised SPM committee (like ASKI) while other organisations prefer to have the monitoring of SPM discussed and overseen by the entire board. If the board size is too big, it is recommended that a sub-committee (whether HR committee, or any other committee) be constituted which can look at SPM exclusively and have more frequent

discussions before the major issues are brought up to the entire board (for example, like that of an audit committee or risk management committee of the board).

If the board has an SPM committee which is assigned with specific role for monitoring and guiding the SPM implementation within the organisation, they have additional responsibilities:

- Discuss more frequently the social performance data of the organisation prior to the board meeting and present the reports to the board
- Play an active role with respect to the code of conduct compliance, credit bureau and other necessary initiatives
 - Ask for compliance report (on code of conduct and client protection) to be presented in every board meeting
 - Review the submission of data to credit bureau and monitor how the credit bureau data is being used by the organisation
 - Encourage the management to provide data on over-indebtedness from time to time
- Encourage the organisation to conduct research on the client over-indebtedness, multiple borrowings and client protection and respond to relevant findings

Important Message:

It is a good practice to have SPM related discussions across the entire board to make sure that all the board members know how the balance between financial and social performance is being managed. However, primary importance should be given to the practicality of what is possible during the board meetings. It is more important for the board to monitor SPM effectively for balanced growth than making SP discussions a mere formality in the board meetings. A separate SPM committee may be formed given the size of the board and the issues.

Organisations which have set up a separate SPM committee include: AMK in Cambodia, NATTCO in the Philippines, Ujjivan in India. NATTCO for instance has made a board resolution to this effect – to mainstream SPM within the cooperative network and to constitute a separate SPM committee. Please refer to annexure 1 for NATTCO's board resolution copy.

5. How frequently should the board discuss SPM?

This depends on the frequency of reporting of the SP data. Ideally key SP data and trends (along with financial and operational data) should be discussed in every board meeting or at least quarterly whichever is more frequent. Certain data from the MIS is more frequent and some not so frequent. For instance, at ASKI, the SPM team, operations, RD and HRD teams can calculate ratios like client retention and staff retention on a month to month basis. Hence, the board can make these indicators a part of its discussion more frequently. Similarly the data and progress on clients complaints should be discussed more frequently. This gives scope for the board to monitor the type of complaints and effectiveness of response. Some data of SPM are difficult to come by such as client outcomes, transformation etc. which can be discussed once in a year or once in a semester.

Important Message:

Board committee / board SPM champion should take the responsibility of facilitating the discussions. Board may prioritise level of importance of SP data to determine tracking frequency and keep focus on a few essentials.

6. How does the institution reinforce board members' knowledge of, and commitment to, social performance?

The executive management and / or the SPM board committee / champion should reinforce the board member's knowledge by organising orientation / refresher sessions from time to time.

At the time of induction, every incoming board member should be oriented on SPM.

To enforce the board's commitment on SPM, some of the following steps could be taken up:

- Recruit the board members whose vision and commitment are aligned with the organisation's vision, mission and goals.
- Orient them on SPM, responsible finance, client protection and organisation's efforts with regard to these subjects. The orientation may be complemented with client visits and staff / departmental visits.
- Get them (board members) to sign the code of ethics – develop and get that signed / understood and take commitment to implement the code of ethics.
- Include SP discussions in every board meeting.

Important Message:

It is a good practice to provide an orientation to all the incoming, new board members on SPM and the organisation's vision, mission, values and code of ethics. Even for the board members who have been with the organisation for a long time, there should be regular refresher sessions (at least once in a year).

Some external free resources that can be used for this orientation and refresher training for the board are available in the following websites:

- <http://sptf.info/online-trainings> (ready made training materials available)
- <http://www.smartcampaign.org/tools-a-resources> (various case studies, free-to-download tools on client protection are available)
- <http://www.microfinancegateway.org/p/site/m/events/> (various tools and resources on microfinance are available, including SPM and client protection)

7. What social information is made available to the Board on a regular basis?

Executive should provide the following social performance management reports to the board periodically.

- a. Compliance to Code of Conduct and Fair Practices Code, any deviations thereof and reasons for deviations, proposed action
- b. Client level data: findings from client satisfaction surveys, client exit surveys, any market research conducted to understand client needs; functioning of the grievances / complaints redressal mechanism, resolution; client drop-out rates, reasons thereof
- c. Client over-indebtedness information (as highlighted in the USSPM) and how such risks are mitigated by management
- d. Non-financial / credit plus activities
- e. Staff related issues: staff retention rate, trainings conducted, staff satisfaction survey etc
- f. Adherence to client protection principles, presentation of any social rating or audits done
- g. Client outcomes that relate to tracking accomplishment of social goals

Important Message:

It is very important for the board to look at the social data periodically. ASKI has selected and approved a list of social indicators (attached as annexure 2) which can be tracked by the board. At ASKI, the SPM indicators are classified into five:

- Finance (to understand the balance between social and financial performance)
- Process (to understand ASKI's compliance to SP and CP related processes and systems)
- Clients (to understand ASKI's clients profiles, their satisfaction levels and outcomes)
- Operations (to understand ASKI's client retention rate, complaints resolution etc)
- Employees (to understand ASKI staff's retention rate, satisfaction levels etc)

8. What questions (regarding SPM including client protection) should board ask its senior management all the time?

Category	Questions
Mission Related	<ul style="list-style-type: none"> • Does our mission and vision statements reflect the intent of the organisation? • Is the mission communicated to all levels? How effectively is it communicated? • Has there been any change in vision/mission? Or is there a need to change the mission / vision of the organisation? • How well are we reaching the target market? Do we need to include other target groups and why? • How are we meeting our social goals presently?
Governance	<ul style="list-style-type: none"> • Is there a diversity of backgrounds and expertise on our board? • Does our board monitor the achievement of mission's goals and objectives? • Do our social objectives influence the setting of policy and strategic objectives at the board level?
Client Protection	<ul style="list-style-type: none"> • Do we have policies or practices designed to protect clients? • Do we take measures to ensure Client Protection? • Are product terms and conditions, as well as the rights and responsibilities of clients, communicated to them in a way that illiterate clients can understand and remember? • Do we have a policy for supporting clients who face repayment difficulties due to factors outside of their control? • Do we have a policy to help avoid and monitor over indebtedness? • Does our institution have client feedback and complaint mechanisms in place? • Do our clients know the interest rate they are paying for their loans?
Understanding Client Needs	<ul style="list-style-type: none"> • Has ways to understand Client Needs / Preferences? • How often does our institution use such means? • Do we tailor our products to reflect those needs/preferences?
Targeting the clients	<ul style="list-style-type: none"> • Is there a clear selection process for geographic areas based on criteria that match our mission? • Are we reaching who we think we are reaching?
Client Drop out Rate	<ul style="list-style-type: none"> • Do we calculate and report the exit/dropout rate?
Human Resources	<ul style="list-style-type: none"> • Does our induction / training include an emphasis on mission and social performance? • On which areas of social performance does training focus? • Do our institution's staff performance appraisals of staff relate to social objectives? • Does our institution have in place a staff incentives scheme related to its social objectives? • Do we have a clear HR policy to ensure fair and equal treatment of staff? • Do we have a clear salary scale that reflects competitive or market rates? • Does our institution provide staff with a full range of benefits (that truly

Category	Questions
	<p>provide benefit to our employees)?</p> <ul style="list-style-type: none"> • Are there clear policies for staff development (training plan, performance reviews, promotions)? • Do we have a grievance process in place to allow employees to report any misbehaviour? • Do we monitor employee satisfaction on a regular basis? How often do staff members receive feedback and performance reviews? • Does your institution monitor staff turnover rates? • Do we regularly perform exit interviews with departing staff?
Management Information System	<ul style="list-style-type: none"> • Does our MIS contain social indicators linked to our mission? • Is social data properly analysed and used in decision-making? • Are social objectives and criteria integrated into the institution's internal audit and control system?
Non-financial Services	<ul style="list-style-type: none"> • Does our institution offer any non-financial services to meet clients other needs?
Gender Approach/Non-discrimination	<ul style="list-style-type: none"> • Do we have any gender policies/strategies to address gender inequality in your institution? • Do we have any policies/strategies to address gender inequality in society?
Client Outcomes	<ul style="list-style-type: none"> • Does our institution track the changes in poverty (or any other socio-economic outcomes) over time in its clients?
Responsibility toward Community & Environment	<ul style="list-style-type: none"> • Do we have a policy for responsibility to the community? Or undertake other activities or initiatives that benefit the community? • Do we have a formal/informal policy for responsibility to the environment for the type of client enterprises/activities for which we give loans or internally, how we manage our resources?

9. What are some pitfalls that the Board should be careful about?

- Balance both social and financial performance – making the implementation practical and real
- Taking the social data at face value without probing the quality of data
- Focusing only on social or financial performance at a point of time without focusing on both

Board's active role in guiding and monitoring SPM at a strategic level will keep the institution mitigate risks though deliberate response against:

- Lack of Transparency and unfair Pricing
- Over-aggressive Collections
- Political/Community backlash
- Unproven Impact
- Mission Drift

Push for High Growth & Use of Inappropriate Products and Services may lead to:

- Over-indebtedness
- Occurrence of Fraud
- Exclusion of Target Clients
- Increasing Dropouts and/or Idle Clients
- Organisational inefficiencies
- Staff dissatisfaction and desertion

10. What are some of the additional resources that can help increase understanding on SPM or responsible finance?

a. **Social Performance Task Force** – www.sptf.info

A working group formed in March 2005 as a result of the meeting among leaders from various social performance initiatives in the microfinance industry. Today, the Social Performance Task Force (SPTF) consists of over 1,600 members from all over the world and every microfinance stakeholder group: practitioners, donors and investors (multilateral, bilateral, and private), global, regional, and national associations and networks, technical assistance providers, rating agencies, academics, regulators, and others. Day-to-day operations of the Task Force are run by the SPTF Secretariat, while a Board of Directors with representatives from all major stakeholder groups provides strategic leadership and oversight.

ASKI's board should see these global initiatives as opportunities to become a global institution (per its vision) recognising global standards and benchmarks and using relevant ones as guide to pursuing highest level of balanced (both financial and social) performance.

Some ways in which the board can use global initiatives:

- Update themselves on the best practices as they emerge
- Encourage the management to endorse the initiatives (Smart Campaign, SPTF, Microfinance Transparency) and report data to such initiatives (MIX Market, Microfinance Transparency etc)
- Learn about best practices and case studies across the globe on how institutions and their boards are adopting SPM

b. **Microfinance Transparency (MFT)** –

www.mftransparency.org

MFT was launched in July 2008 as an initiative to promote transparency in the microfinance industry. Core activities include: Data collection and dissemination; Educational materials and tools; Policy advisory and Training and advocacy. In each country, MFT partners with different stakeholder groups including: MFIs, networks (both national and international), policymakers and regulators and funders. It also works with a variety of industry support organisations including rating agencies, technical assistance providers and research institutes. MFTtransparency is active in more than 20 countries on four continents, with pricing data submitted voluntarily by nearly 300 institutions representing nearly 1,000 different loan products sold to over 33 million clients.

c. **MIX market** – www.mixmarket.org

Incorporated in 2002, MIX is a non-profit organization headquartered in Washington, DC with regional offices in Azerbaijan, India, Senegal, and Peru. MIX is the comprehensive source for objective, qualified and relevant microfinance performance data and analysis. Committed to strengthening financial inclusion and the microfinance sector by promoting transparency, MIX provides performance information on microfinance institutions (MFIs), funders, networks and service

providers dedicated to serving the financial sector needs for low-income clients. MIX fulfills its mission through a variety of platforms.

MIX Market provides instant access to financial and social performance information covering approximately 2,000 MFIs around the world. Its publications, MicroBanking Bulletin and MIX Microfinance World, feature thorough and timely analysis based on qualified data and research.

d. Smart Campaign – www.smartcampaign.org

The Smart Campaign is a global effort to unite microfinance leaders around a common goal: to keep clients as the driving force of the industry.

To help the microfinance industry remain both socially focused and financially sound, The Smart Campaign is working with microfinance leaders from around the world to provide microfinance institutions with the tools and resources they need to deliver transparent, respectful, and prudent financial services to all clients. *[These are embedded in seven client protection principles which are further broken down into standards and indicators]*. By putting clients first and collaborating together, the microfinance industry can be strengthened and elevate it as a model of responsible banking around the world.

e. Opportunity International Network's SPM support - <http://www.opportunity.org.au/Resources-Files/Downloads/Opportunity-Social-Performance-Report.aspx>

Opportunity International has developed a Social Performance Dashboard that reflects its mission. Through a set of social indicators, the dashboard will allow Opportunity International to promote best practice, improve its understanding of how well it is reaching the right people and better understand how their lives are being transformed. The dashboard was developed in consultation with partners and therefore balances the need for robust and meaningful data with a pragmatic and cost-effective approach. Common measures will enable Opportunity International to consistently report on performance with regards to its social mission across the network and will allow its partners to compare their performance and practices with peers.

Annexure 1: NATTCO's Board Resolution regarding SPM

BOARD RESOLUTION No. ____:Series 2011

APPROVING THE MAINSTREAMING OF SOCIAL PERFORMANCE MANAGEMENT (SPM)

IN THE Name of Co-op

WHEREAS, NATCCO conducted an Awareness-Raising Workshop on Social Performance Management (SPM) at Lispher Inn, Davao City on Dec. 5-8, 2011, which was attended by _____;

WHEREAS, the Workshop was echoed by the co-op participants to the Board of Directors with the recommendation to mainstream SPM in the cooperative;

WHEREAS, the cooperative, in nature, has an intrinsic dual nature, undertaking economic activities to primarily address the social needs of its members-owners,

WHEREAS, the _____Name of Co-op _____, believes that keeping track of its social and financial performance are of equal importance,

WHEREAS, the cooperative further believes that it must abide by certain Social Performance (SP) standards and indicators, so that the cooperative's management and officers can regularly monitor the progress of its social performance ;

WHEREAS, the organization is highly convinced that integrating Social Performance management is for the members' best interest, as the cooperative would be enabled to actually translate its mission into practice,

THEREFORE, BE IT IS RESOLVED, AS IT IS HEREBY RESOLVED that Social Performance Management be initiated and sustained in the _____Name of Coop _____;

FURTHER RESOLVED that SPM Committee be created and composed of the following:

1); _____

2) _____

3) _____

The Chairperson is designated as the SPM Champion of the cooperative .

FINALLY RESOLVED that this resolution be forwarded to NATCCO, for ready reference.

Annexure 2: List of social indicators adopted by ASKI

Sl.No	Indicator	Category	OI / ASKI Specific	Board Dashboard	ManCom
Client Transformation					
1	Total numbers of employees reported (jobs created)	Economic	OI	√	√
2	% of clients (tracked) who present increase, status quo or decrease in their poverty score		OI	√	√
3	% of clients who have increased their saving in the last 12 months		OI		√
4	% of clients who used their loans for various purposes		OI		√
5	% of clients who used their business loans for various purposes		OI		√
6	% of clients who have other sources of Income		OI		
7	% of Clients with who have other financial contributors in that household		OI		
8	% increase in Business Sales after joining (client level data)		ASKI Specific		
9	% of clients with increase in Business Sales		ASKI Specific		
10	% of clients with increase in net income from business		ASKI Specific		
11	% of clients with increased savings in CBU		ASKI Specific		
12	% increase in agriculture yield		ASKI Specific		
13	% % of clients with increased yield		ASKI Specific		
14	% of clients who report having experienced a serious medical condition/illness in the last 6 months within their household	Personal	OI		√
15	% of clients who had access to a qualified health practitioner or health facility for treatment for this illness/condition.		OI	√	√
16	% of clients who have access to a constructed toilet: Types of Toilet		OI		√
17	% of clients unable to provide adequate food for their family for the last 6 months		OI		
18	% of clients who in the last 6		OI		

Sl.No	Indicator	Category	OI / ASKI Specific	Board Dashboard	ManCom
	months have had no cash in the home at all				
19	% of clients who have had to sell assets to provide for their family in the last 6 months?		OI		
20	% of Clients with access to their own drinking water		OI		
21	% of clients who have school age (5-15) children who attend school regularly	Social	OI	√	√
22	% of clients who feel able to participate in key community decisions		OI		√
23	% of clients who participate in key household spending decisions		OI		√
24	% of clients whose children have the possibility of attending college or university		OI		
25	% of Clients with who --- number of household members		OI		
26	Number of clients who attended the environment-related orientation programme		ASKI Specific		
27	% of clients who feel greater spiritual support after joining the programme?	Spiritual	OI	√	√
28	% of clients whose love of neighbour has increased in the past 12 months		OI		√
29	Number of clients who attended spiritual transformation activities		ASKI Specific		

Sl.No	Indicator	OI / ASKI Specific	Board Dashboard	ManCom
Employees				
30	Average number of days of staff training	ASKI Specific	√	√
31	% of staff complaints resolved	ASKI Specific	√	√
32	Staff Retention Rate	OI	√	√
Finance				
33	Effective Interest Rate (EIR) for most prolific (largest portfolio) group loan	OI	√	√
34	Average EIR in country for group loan	OI	√	√
35	Return on Assets	ASKI Specific	√	√

Sl.No	Indicator	OI / ASKI Specific	Board Dashboard	ManCom
36	Average Savings Balance (only CBU)	ASKI Specific		√
Operations				
37	Range of financial and non-financial services offered	OI		
38	Client retention rate (borrowers only)	OI	√	√
39	% of poor clients (various poverty lines: <1.25\$ a day, <2 \$ a day, <5 \$ a day)	OI	√	√
40	% of active borrowers: female (and male), rural (and urban)	OI	√	√
41	% of targeted minority borrowers (Indigenous and disabled persons)	OI	√	√
42	% of clients without access to formal financial services	OI	√	√
43	% of clients reporting an increased net promoter (client satisfaction) score	OI	√	√
44	Client Mapping (saturation of clients)	ASKI Specific	√	√
45	Average Loan Size of a client (Exposure to ASKI loans)	ASKI Specific	√	√
46	Number of start-up businesses financed by AKP and by AMP	ASKI Specific	√	√
Process				
47	Are client exit interviews conducted?	OI		
48	Are products, services modified as a result of client surveys, focus groups etc?	OI		
49	Do you have a standard measure of client satisfaction?	OI		
50	Does the organisation report to: MIX Market, Smart Campaign, MFT etc	OI		
51	Has a rating been done of your organisation in the last 2 years?	OI		
52	Do you have mechanisms in place to handle client complaints?	OI		
53	% of clients complaints resolved (Komento Mo – text)	ASKI Specific	√	√
54	SP Audit Report	ASKI Specific	√	√
55	Branch Compliance Rating	ASKI Specific		
56	Client Protection Principle; Adherence Rating; Ranking importance of CPP	ASKI Specific		√

Annexure 3: Specific roles for the board as specified in the Universal Standards of SPM⁵:

Background of Universal Standards of Social Performance Management

USSPM Sections	Role of the Board members
Section 1:	--
Section 2:	<p>2 a Members of the Board of Directors hold the institution accountable to its mission and social goals.</p> <p>2 a 1 The institution provides Board members with an orientation on the social mission and goals and the Board's responsibilities related to the social performance management of the institution.</p> <p>2 a 2 The Board reviews social performance data, including: mission compliance, performance results, human resource policy, social performance related risks, client protection practices, growth, and profit allocation.</p> <p>2 a 3 The Board uses social performance data to provide strategic direction, taking into account both social and financial goals.</p> <p>2 a 4 The Board incorporates social performance management criteria into its performance evaluation of the CEO/Managing Director.</p> <p>2 a 5 The Board has a documented strategy to prevent institutional mission drift during changes in ownership structure and/or legal form.</p>
Section 3:	--
Section 4:	<p>4a. Prevention of Over-indebtedness</p> <p>4 a 3 Senior management and the Board are aware of and concerned about the risk of over-indebtedness. (Client Protection standard 2.4)</p>
Section 5:	--
Section 6:	<p>6 a The institution sets and monitors growth rates that promote both financial sustainability and client well-being.</p> <p>6 a 1 The institution establishes a policy on sustainable target growth rates, approved by the board, for all branches/regions and all product types, considering the institution's growth capacity and the markets being targeted.</p> <p>6 b Equity investors, lenders, board and management are aligned on the institution's double bottom line and implement an appropriate financial structure in its mix of sources, terms, and desired returns.</p> <p>6 b 1 The institution has clear policies, consistent with its social goals, on its desired level of returns and on how those returns will</p>

⁵ For more information on Universal Standards of Social Performance Management, please refer to: <http://sptf.info/spmstandards/communication-materials>

USSPM Sections	Role of the Board members
	<p>be used.</p> <p>6 b 2 The institution engages with funders whose expectations for financial returns, timeframe and exit strategies are aligned with the institution's social goals and stage of development.</p> <p>6 b 3 When deciding on funding sources, the institution considers how cost of capital is passed on to the client.</p> <p>6 b 4 The institution minimizes financial risk as it relates to its obligations to clients, such as savings and cash collateral.</p> <p>6 b 5 The institution has a transparent financial structure, as reflected in its annual audited financial statements that incorporate any off-balance sheet sources of funding into leverage ratios.</p> <p>6 c Pursuit of profits does not undermine the long-term sustainability of the institution or client well-being.</p> <p>6 c 5 The Board monitors whether the institution's pricing levels are consistent with the institution's policies on returns.</p>