



Social Performance Management Matters

Social performance management (SPM) is at the heart of Maanaveeya's work. It means prioritizing and striving to meet clients' needs effectively and efficiently. Maanaveeya builds the SPM capacity of its microfinance and other partners and supports them in helping clients to improve their lives. Maanaveeya always strives to balance both the financial and social performance of its operations and that of its partners. Key areas of SPM capacity building include client protection, poverty alleviation and monitoring, financial and social risk management, sector-specific projects, and staff development.

Promoting client protection

Maanaveeya encourages partners to adopt the Client Protection Principles (CPP) and three of their staff have been recognized as SMART assessors. Following training on the CPP for partners in south India in 2012, in 2013 similar training was provided for northern Indian partners in conjunction with the Smart Campaign (www.smartcampaign.org). The two-day training

programme, held in New Delhi, focused on understanding and implementing the CPP, compliance with the Reserve Bank of India's fair practice code for non-banking financial companies, demonstrating commitment to client protection to lenders and investors, and international best practice as a basis for organizational self-improvement.

The programme involved a mix of teaching, group exercises and role-play and equipped participants with a CD of tools and materials. There were 26 participants from 15 microfinance institutions (MFIs), representing partners from north and north-east India and Smart Campaign-invited MFIs from central India and Maharashtra. Participants also completed organizational self-assessments, which will be monitored during future due diligence visits.

Poverty alleviation

Poverty alleviation is an overriding social goal. Most Maanaveeya partners use the Progress out of Poverty Index (PPI) to collect poverty data. Seven partners go further by using the PPI to help

identify, reach and empower the most disadvantaged people and to track change in clients' lives. Based on interviews with 413,690 clients in 2013, it shows 11% of borrowing clients of this subset of partners fall below India's national poverty line, compared with 31% of the country's population as a whole; and 31% of borrowers fall below the international poverty line of US \$1 per day (the same percentage as for India's total population). Encouraging partners to do more with the PPI is a priority for us.

Risk management and SPM mentoring

Proactive risk management is increasingly important to MFIs' long-term sustainability. To keep partners abreast with the latest development in the sector and also to share best practices, Maanaveeya organizes annual SPM symposiums and mentoring programs to discuss issues and to find appropriate solutions.

Two days of risk management training were held in Hyderabad, for Maanaveeya staff and partners in 2013. The training used modules and tools developed by the International Finance Corporation (IFC), which are well-suited to the Indian context, and the services of professional trainers. Issues covered included risk assessment and decision making, common fallacies about risk, a holistic view of risk management and categories of risk. The

trainers used a participatory and interactive approach, including group work and case studies. Additional training for Maanaveeya staff focused on evaluation of institutional risks, assessing MFI performance and due diligence.

Further training for staff and some partners took place following the risk management training, through Oikocredit's SPM mentoring programme. The main objectives were to identify projects that deliver most value to clients at least cost and to help partners respond to opportunities for SPM improvement and integrate SPM into their strategic planning. Training programmes for partners have helped them develop a more systematic approach to measuring client outcomes and life-changing impacts.

As part of the mentoring training, Maanaveeya staff conducted a 'live' social due diligence exercise with one partner, looking at financial inclusion, client protection and delivery of client benefits. Oikocredit provided orientation in the use of client satisfaction surveys, SPM practices and performance in India, and its new environmental policy.

Water, sanitation and renewable energy

Maanaveeya is co-implementing a US \$1 million, three-year project with the IFC. The project aims to promote a number of innovative and affordable products and services throughout India. The 'Sustainable Financing for Safe Drinking Water, Sanitation and Renewable Energy' project has so far directly benefited 80,736 clients – 34,528 for water, 35,968 for sanitation and 10,240 for energy – through nine partner organizations, with loans totalling INR 350.5 million. One million people have been reached indirectly through promotion, awareness raising and technical support to partners.

In 2013, Maanaveeya and the IFC organized a two-day experience-sharing workshop in Hyderabad. As with previous workshops for the project, this enabled partners to showcase best practices and innovations, consider appropriate technology solutions, discuss capacity building and technical assistance needs, and develop thinking on evaluation and impact indicators. Progress in a range of key areas was highlighted; village sanitation committees, sanitation parks demonstrating different model toilets, drinking water kits for schools, 'doorstep' product availability, staff and client training in product installation and maintenance, after-sales service, campaigns for government sanitation service provision as a fundamental citizens' right, awareness raising among schoolchildren, men and the wider community and health, hygiene and environmental education work with self-help and joint liability groups.

The initial impact study shows that this project has brought life-changing benefits to clients through enhanced personal dignity – especially for women and girls – and reduced incidence of water-borne and faecal-related diseases. Household well-being, productivity and income have increased as clients have fewer medical problems and expenses and more time for productive activity. External consultants are now undertaking a broader outcome study.

Oikocredit's director of social performance and financial analysis, Ging Ledesma, visited the Evangelical Social Action Forum



EMFIL (ESAF) end-client and small business owner Mrs Chindabai Kumre



Fusion Pehu centre member, Md Iqbal

(ESAF) partner operations in Nagpur, Maharashtra, in 2013, to see how project activities are developing there. Ms Ledesma met with 10 households in two villages, Kawrapeth and Khadki, who have constructed toilets with loans from ESAF. She found that the project was well designed, that people were very happy to have a household toilet and that the project was successfully reducing the occurrence of illnesses that would otherwise negatively impact people's lives.

Launch of the agriculture value chain project

Agriculture value chain development is a thrust area for Maanaveeya and three value chains have been identified and will be supported financially and technically. During 2013, Maanaveeya and the IFC launched a new € 190,600 (INR 16.2 million) project to assist smaller-scale agricultural producers in improving their incomes, product quality and value for customers. Following initial scoping by the IFC and consulting agency BASIX, Maanaveeya has identified value chains that are scalable, replicable and sustainable, as well as a set of project partners. Oikocredit's managing director David Woods attended the project launch in Hyderabad, together with other representatives from Oikocredit, the IFC, BASIX, Maanaveeya and implementing partners.

Delegates shared experiences and views relating to opportunities and challenges in agricultural subsectors such as millets, dairy, fisheries and organic cotton. Financing strategies, project risks, roles for technical advisers and capacity building requirements, inputs, production, post-harvest operations, processing and marketing were discussed. Following the launch, a five-day agriculture value chain training workshop was held for Maanaveeya staff. This covered due diligence, agrifinance, risk management and project monitoring and included a field visit to organic cotton producers Chetana, in Andhra Pradesh.

In numbers: social performance in India

Maanaveeya reports partners' SPM data each year. In 2013 data was collected from all 77 active partners in India, covering their work in 2012. This data provides both a snapshot of partners' current SPM and also shows progress and trends since 2008.

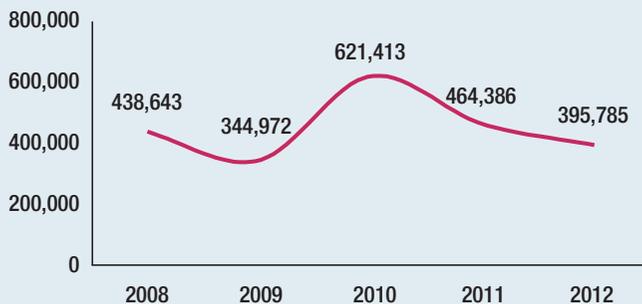
SPM practices

at 31 December 2012

	2009	2010	2011	2012
FIs with Gender Policy	76%	65%	67%	54%
FIs with Environmental Policy	38%	37%	45%	49%
FIs with Poverty Targetting Tool	44%	60%	59%	57%
FIs which endorsed				
Client Protection Principles		76%	73%	83%
MFIs which held				
Client Satisfaction Survey		1%	42%	64%

Outreach number of borrowers reached directly*

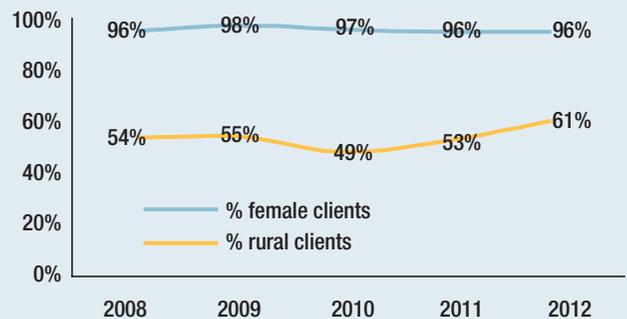
at 31 December 2012



* as a proxy the number of end-clients reached by partners is multiplied by the relative share Oikocredit has in the financing of the loan portfolio of the microfinance partners.

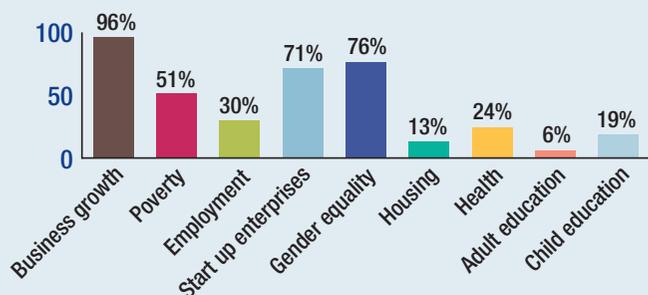
Female and rural clients reached

at 31 December 2012



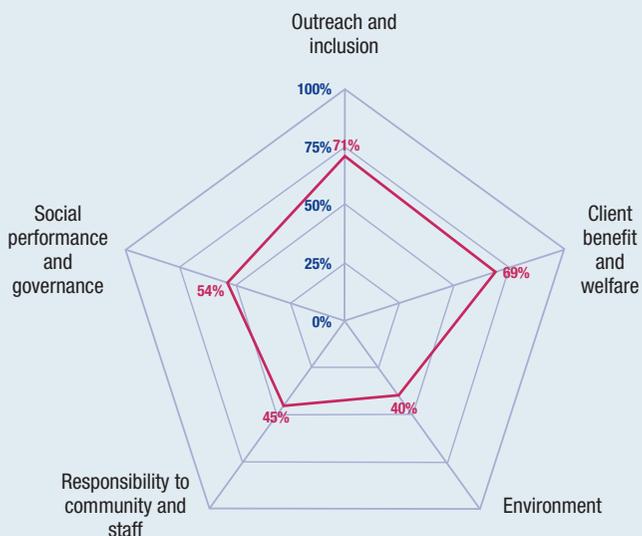
Partners' development objectives

at 31 December 2012



Environmental, social and governance practices by partners

at 31 December 2012



Monitoring other partner activities

While in India, Oikocredit's Ging Ledesma also visited Fusion, a key Maanaveeya MFI partner, to learn more about its operations and delivery to clients. Registered with the Reserve Bank of India as a non-banking financial company, and headquartered in New Delhi, Fusion provides microfinance to disadvantaged rural communities in parts of north-central India; Madhya Pradesh, Uttarakhand, Uttar Pradesh and Delhi, where financial services are scarce.

Fusion has 42 branches and has adapted the successful Grameen joint liability group model to local conditions. It meets the latest Reserve Bank of India standards. Close to 90% of Fusion's 91,700 clients live in rural and semi-urban areas and belong to scheduled castes, scheduled tribes and other disadvantaged groups. In addition to disbursing loans totalling INR 2,142 million, Fusion has organized health camps for adolescent girls, staffed by doctors who provide medical advice and medicines, and undertaken awareness raising on nutrition, hygiene and sanitation.

Ms Ledesma concluded from her visit, 'On this visit, I have seen the positive outcomes of our capacity building support for partners and for their clients. This support is an element of the Oikocredit offering that partners really value.'



Happy ESAF end-clients with sanitation loans

WWW.OIKOCREDIT.ORG



Maanaveeya Development & Finance Private Limited

Plot No. 197, Prasasan Nagar
 Jubilee Hills, Road No: 72
 Hyderabad – 500 033
 Phone : 91-40-23554729
 Website : www.oikocredit.org
 Email : office.in@oikocredit.org