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Oikocredit's **SPM mentoring programme**

Oikocredit's social performance management mentoring programme helps microfinance partners become more aware about how they work and more effective in meeting their clients' needs.

Programme benefits for clients and MFIs

Supporting partners in improving their social performance is a key aspect of Oikocredit's mission. Our social performance management (SPM) mentoring programme helps microfinance institutions (MFIs) deliver client products and services consistently and to high quality, improve organizational capacity and achieve a positive balance between financial and social performance.

The programme starts with the questions 'What do we do to benefit and protect clients?' and 'What can we do better?' Partners work with a trained external mentor to clarify goals, identify strengths and opportunities, build understanding and commitment, and draw up and implement an action plan. In serving their clients more effectively, MFIs become more successful relatively quickly.

The programme is flexible, lasts no more than 12 months for each partner, and is suitable for all types and sizes of MFIs. Participating organizations can adjust the programme to their needs and capacity over time, and some partners have used it to enhance their business planning. After successful piloting with five MFI partners in East Africa, the programme has expanded in East and West Africa, Southeast Asia and Latin America.

How the programme works

The SPM mentoring programme draws on the Universal Standards for Social Performance Management (USSPM), which guide MFIs in practices that the global microfinance community has agreed as important for social performance. Many MFIs find SPM difficult to understand and struggle to integrate USSPM standards into their work. By helping identify 'quick wins' that bring the most benefits to clients and can be easily implemented, our programme provides the support that partners need to improve their client products and services and their internal systems.

The programme has three main stages:

1. A facilitated diagnostic to identify strengths and opportunities.
2. Prioritization and action planning to discover quick and practical ways to be more effective.
3. Supported implementation of the action plan to enhance client service delivery and benefit the organization.

The seven client protection principles

1. Appropriate product design and delivery.
2. Prevention of over-indebtedness.
3. Fair and respectful treatment of clients.
4. Mechanisms for complaint resolution.
5. Transparency.
6. Responsible pricing.
7. Privacy of client data.

Jitegemea Credit Scheme, Kenya

1. Facilitated diagnostic

The programme starts with an externally facilitated diagnostic visit that helps the organization clarify what it is trying to achieve and what is important to reach its goals. The diagnostic asks, 'What are our current strengths and opportunities with regard to meeting clients' needs?' and focuses on the three broad goals highlighted by the USSPM:

- Financial inclusion: 'How well do we reach target clients and ensure potential clients are not excluded?' 'What factors exclude target clients from our services?'

Vision Fund Uganda, Uganda

Vision Fund Uganda works to provide 'sustainable, gender-sensitive microfinance'. It aims for 60% of its clients to be women, but in recent years this had dropped to 32%. Through Oikocredit's SPM mentoring programme Vision Fund Uganda came to see its decline in outreach to women as linked to a move away from group to individual lending and to requiring clients to present land title deeds as collateral. In Africa women do not generally hold land title. Men did not want their wives to have economic power and discouraged them from joining groups. Vision Fund Uganda therefore reviewed its balance between group and individual lending, explored other collateral that women could use and systematically tracked its outreach to women. Eighteen months later, Vision Fund Uganda's outreach to women had risen to 42% of clients.

The SPM diagnostic

Social performance means being clear about how to deliver value to clients. The SPM diagnostic addresses these key areas:

- **Target market:** defining target clients and the strategy to reach them, including those currently excluded.
- **Product and service design:** appropriately addressing different client needs (income generation, risk, emergencies, other anticipated needs); choosing the right mix between financial and non-financial services and delivery, including through partnerships.
- **Growth strategy:** balancing between rural and urban, group and individual, and female and male clients; balancing growth targets with quality and social goals.
- **Quality of delivery:** identifying and monitoring core approaches (such as loan appraisal systems) and incorporating these into performance management systems.
- **Risk management:** linking risks faced by clients to credit risk; considering potential negative impacts on clients in terms of reputational risk.
- **Human resource management:** aligning staff recruitment, induction, training, incentives and performance management with organizational values.
- **Information systems:** how information about clients' profile, use of products and services, experience and outcomes is collected, analysed, reported and used; asking 'What does this mean for clients?' when taking decisions.

- Client protection: understanding client vulnerability to shocks; implementing the seven client protection principles to ensure that clients are not harmed.
- Creating benefits for clients: helping clients generate income, reduce risk, cope with emergencies, and meet anticipated day-to-day and life-cycle needs; supporting clients' ability to save and to access services; financial education; addressing other social needs such as women's empowerment and improved environmental management.

2. Prioritization and action planning

The second programme stage is prioritization and action planning. Working with their external mentor, each participating MFI lists possible actions, interventions and opportunities to improve performance. This involves discussion of organizational strengths, capacity and current priorities, an assessment of the likely benefits for clients and for the organization of possible actions, and consideration of how hard or easy each action is likely to be.

By identifying actions as either high, medium or low in value for clients and the MFI, and as either easy, medium or difficult to carry out, the organization can decide on the most relevant and manageable actions – the 'quick wins'. Sometimes MFIs select activities that require medium effort if the value is high, or medium-value activities that are easy. The aim is to exclude low-value, high-effort activities.

The next step is to develop an action plan for the selected activities, setting out what the organization can achieve over the next 9 to 12 months. Each MFI develops its own plan according to its capacity, stage of development and priorities.

3. Supported implementation

The third stage is implementation of the 'quick wins' prioritized in the action plan. Here the main success factor is the commitment and engagement of board, chief

BELITA, Tanzania

Tanzanian MFI BELITA had a previously reliable client whose business burnt down and who was unable to repay her loan. At first BELITA, in line with its 'zero-tolerance' policy for late repayments, pressured the client to repay but with little success. Following SPM training, BELITA's chief executive met the client, offered to restructure her repayments and offered a small additional loan to restart her business. The client broke down in tears of relief. She had been planning to sell her family's farmland to repay the loan, which would have pushed her further into poverty. Repaying the loan and successfully restarting her business, the client became an ambassador for BELITA, promoting it to her friends. The MFI has now introduced a carefully managed rescheduling policy for good clients facing a calamity, so that they no longer need to sell assets when in difficulties. Seen today as a caring organization, BELITA's client numbers have grown from about 4,000 to 6,000.

executive, management and staff. The MFI needs to integrate programme implementation with its regular operations and its strategic and business planning. Doing the latter will enhance longer-term thinking in relation to SPM.

The mentor visits the MFI each month during implementation to help build understanding and commitment, discuss progress, give advice and provide links to any external technical resources needed. Mentors' visits usually involve working with the chief executive and department heads, as well as field visits.

Identifying higher-value and relatively easy 'quick wins'

(highlighted in green)

	High level of effort			Low level of effort
High value for clients or MFI	High value/ high effort	High value/ medium effort	High value/easy	High value/ easy
	Medium value/ high effort	Medium value/ medium effort	Medium value/ medium effort	Medium value/ easy
	Low value/ high effort	Medium value/ medium effort	Medium value/ medium effort	Medium value/ low effort
Low value	Low value/ high effort	Low value/ high effort	Low value/ medium effort	Low value/ low effort

SPM awareness workshop in Nigeria

Training and supporting local mentors

Mentoring is a skilful process that cannot be rushed, and the quality of mentoring is crucial to Oikocredit's SPM mentoring programme. Local mentors need a good understanding of organizations, microfinance and how to ask the right questions and guide the MFI through the programme's diagnostic, prioritization/action planning and implementation stages.
We select experienced local people from networks and support organisations or local consultants and provide training in SPM, the diagnostic process and mentoring. Mentors then learn on the job, supported through regular review and feedback from Oikocredit staff and additional technical training as issues arise. Through this process mentors are equipped to support other MFI partners in the future.

Interested?

Want to know more?

If your MFI is interested in learning more about Oikocredit's SPM mentoring programme, please contact:

Ms Ging Ledesma
Director Social Performance & Financial Analysis
www.oikocredit.org

UGAFODE, Uganda

In 2010 UGAFODE was losing clients, staff and money. It had a poor reputation as a result of offering products and services poorly aligned with client needs, the bad practices of its external debt collection agency and high levels of client complaints and default. While participating in Oikocredit's SPM mentoring programme, UGAFODE achieved a remarkable turnaround by changing its service design and staff incentives, revising its insurance offering, and introducing new credit and savings products to match clients' needs (including a high-interest savings account for clients wanting to save to buy a plot of land to build a house). UGAFODE also improved its client grievance mechanisms and its approach to debt collection. By 2012 it had become profit-making, increased loan client outreach by a third, doubled its loan portfolio, opened nearly 28,000 client savings accounts and been voted the 'most trusted MFI in Uganda' in a national client survey.