

SPM in Practice

Pro Mujer (Bolivia)



Introduction

Pro Mujer Bolivia's (PMB) mission is to

support women who live in conditions of socioeconomic exclusion, through integrated services which lead to sustainability of their lives, family and community. It reaches out to women of scarce resources who do not have the opportunity to develop the skills needed to compete in the formal labour market, and that have limited access to formal financial services. These women primarily rely on self-employment, which requires them to access credit, improve their skills and self-esteem.

Since 1990, Pro Mujer has offered training and social services to women. In 1993, Pro Mujer began to offer integrated financial and social development services, combining credit, health services and training focused on health education and business development using a village banking methodology. Individual loans were introduced in 2003, but form a small percentage of PMB's portfolio. In 2005, PMB started piloting village bank loans for self-employed teenagers and youth. In 2006, PMB also introduced a microinsurance scheme (*Plan Tranquilidad*) which covers the outstanding debt of a borrower in the case of her death. Additionally, PMB has traditionally sought to form alliances with local service providers to increase their clients' access to non-financial social development services, especially in terms of health, empowerment and citizenship training.

As of December 2006, Pro Mujer was reaching almost 75,000 borrowers from 49 branches in eight of Bolivia's nine provinces.

The regulatory environment in Bolivia has played a big role in Pro Mujer's organisational development: PMB remains an unregulated institution, despite the pressure to formalise. Whilst transforming into a regulated institution would allow PMB to accept deposits (thus financing services and expansion), it would also mean that it would have to abandon its village banking methodology and the provision of non-financial services (as these are disallowed for regulated institutions). In a country where over 60 per cent of the population lives below the poverty line, Pro Mujer has opted to remain faithful to its mission of serving poor people rather than serving a population which is in less need of financial and developmental support.

Approach to social performance

Traditionally, Pro Mujer Bolivia has understood its social performance through impact assessment and client satisfaction studies. More recently, PMB adopted a wider focus which includes tools to understand not only the results but the process of social performance, and has externalised its impact assessments. It has also created an Evaluation and Research position which is responsible for national coordination of the areas of social performance.

PMB has also been involved in numerous pilot projects related to the broader social performance agenda, including:

- CERISE's social performance indicators pilot project
- Social ratings by M-CRIL and MicroRate
- CGAP/FORD social indicators project
- Grameen Foundation Progress out of Poverty (PPI) tool.

Focus on key issues

Social performance management (SPM) is an institutionalised process of translating an MFI's mission into practice. It involves setting clear social goals and objectives, developing a strategy to achieve these, monitoring progress, and using this information to improve performance and aligning organisational systems to the social mission. This section looks in detail at the key elements of Pro Mujer's SPM system.

Strategy to reach meet clients' needs and wants

To manage its social performance, an MFI must be clear about what it seeks to achieve (its goals), have operational objectives to manage against, and a clear strategy to achieve these. PMB has translated its mission into social goals, and defined the key terms within these goals (such as 'exclusion' and 'integrated services'). Specific objectives for each goal have also been developed (Table one).

The case of Pro Mujer is notable because they have outlined a clear strategy to reach their social objectives which is based upon an understanding both of the developmental needs of clients as well as their 'wants'. This strategy includes the direct provision of integrated financial and non-financial services as well as linkages with local service providers.

Understanding poverty

PMB conceptualises poverty not simply in relation to income, but recognises that poor women have diverse obstacles to overcome in order to break the vicious cycle of poverty. In this way, they have elaborated their impact pathway, and seek to support the movement of poor women along this pathway.

Designing appropriate services

For Pro Mujer, the concept of 'integrated services' goes beyond the idea of isolated interventions. Its programme combines services to respond holistically to the diverse needs of women. The credit service is a means through which women organise, make decisions, and exercise leadership, and the village bank is a vehicle through which to offer multiple financial and non-financial services. Currently, PMB's intervention strategy includes training, health services, business development and credit provision.

Strategic linkages

Where financial or developmental needs of clients have been identified, but cannot be met by PMB, PMB has established alliances with local providers to expand their clients' access to services:

Financial services

- Alliance with a local microfinance bank provides access to savings services
- Alliance with a national insurance company to extend the range of insurance products for clients
- Agreement with an NGO network which offers in-country wire transfer services.

Social development services

- Agreement with NGOs specialising in health care to provide a referral service
- Agreement with the Ministry of Health to spread free universal health insurance
- Agreement with NGOs offering free counselling in civil rights and family violence issues.

Challenges ahead

In terms of strengthening its strategy for social performance management, PMB has identified a number of key challenges in the coming years:

- Revisiting the mission statement in order to accurately define each of the terms included such as 'poverty' and 'socio-economically excluded'
- Reviewing social objectives to ensure that they are realistic, specific and clear enough to assess and monitor, and;
- Linking social performance management and social responsibility functions within strategy and operations.

Table one: Pro Mujer's social objectives

Goals	Specific and measurable social objectives
Offer services to women who live in conditions of socioeconomic exclusion	<ul style="list-style-type: none"> • Individual outreach: The permanent goal is that between 95% and 98% of the members of the village associations are women and that the participation of men in no case be higher than 5%. • Depth of outreach: At the end of 2007, at least 50% of new clients should be below the poverty line. • Geographical coverage: Expand coverage to 15 medium-sized towns by the end of 2008.
Offer integrated services to satisfy the needs of the target clientele	<ul style="list-style-type: none"> • Access to credit: By the end of 2008, to reach an average loan amount of \$241. • Client retention rate: Achieve a retention rate of 95% by the end of 2008 • New services: To establish, by the end of 2008, three new alliances with institutions to offer additional services for the clientele.
Lead towards the sustainability of clients, their families and communities	<ul style="list-style-type: none"> • Income: Increase client income by at least 15%, by the end of 2008. • Social participation: Increase the participation of clients in social organisations by 15%. • Education: Increase of 5% in school attendance of clients' children. • Savings: Clients' savings will reach an average of \$85, by the end of 2008.

Social responsibility towards staff

Social performance relates to who an organisation serves, how it serves them, and the benefits of these services. It also relates to the way in which an organisation works in terms of its relationship with clients, staff and community, and its impact on the environment.

As a result of its strategic priorities and operational procedures, Pro Mujer has historically had an informal culture of social responsibility. The institution recognised the need, however, to formalise this culture and create a way to measure and understand its success in creating socially responsible relationships with its internal and external stakeholders.

Thus, in 2005 social responsibility became a part of Pro Mujer's strategy, management structure and processes. At that time, a social responsibility baseline was established in

order to understand current practice with respect to staff, clients, and communities (see Table two). Social responsibility with respect to the environment is not yet considered a priority area for the institution.

Pro Mujer's current strategy prioritises the improvement of social responsibility towards staff, including:

- Formalising staff participation
- Providing benefits to parents of children under the age of six
- Implementing a family health plan and provide training on women's health issues
- Creating an anti-stress programme, and;
- Creating a positive work-family balance and reduce (or avoid) staff overtime.

Table two: Social responsibility baseline

Dimension	Areas	Indicators	Score (1–4)*
Staff	Dialogue and participation	<ul style="list-style-type: none"> Participative management 	2–3
	Respect for the individual	<ul style="list-style-type: none"> Appreciation for diversity 	2–3
	Decent labour	<ul style="list-style-type: none"> Remuneration, benefit and career policy Health care, safety and working conditions Commitment to staff development Redundancy behaviour Retirement planning 	4 NA 1 2–3 NA
Clients	Social dimension of consumption	<ul style="list-style-type: none"> Commercial communication policy 	1
		<ul style="list-style-type: none"> Quality of service Knowledge and management of damages 	1 1
Community	Relationship with community	<ul style="list-style-type: none"> Management of MFI impact on community Relations with local organisations 	2–3 4
	Social action	<ul style="list-style-type: none"> Financing social action Commitment to social action 	4 4

*1 represents the lowest score, 4 the highest

Monitoring and assessing progress towards social goals

An MFI needs reliable and timely information in order to track, understand and manage its progress towards social objectives. An information system needs to collect both routine monitoring and follow-up information, and communicate this effectively to the MFI’s different stakeholders.

Pro Mujer currently counts on a number of information sources to evaluate its progress towards its social goals, including:

- Client monitoring and evaluation: on client satisfaction and client exit using suggestion boxes, exit mini-surveys, staff and client feedback.
- Social development services quality monitoring system: still in the pilot stage, this tool looks at the quality of health and training services, and staff attention to clients. When complete, it will be integrated into the MIS.
- Monitoring of client poverty levels (using the PPI) will begin later this year
- External social rating reports (in process) by MCRIL and MicroRate
- External social performance assessments based on the CERISE SPI tool
- External impact assessment, conducted by FINRURAL every two to three years
- Periodic in-depth client studies (external).

However, with respect to strengthening its information systems to monitor and assess social performance, two key challenges face Pro Mujer:

Aligning information system with social objectives

Currently, PMB tracks progress towards social goals using indicators in its strategic and operational plans, which are not formally linked to its internal and external social performance information sources. However, social performance information collected through various sources is based on indicators which are not linked back to PMB’s specific social objectives. In all, this lack of alignment presents a barrier to generating information which is useful for ongoing management towards social objectives.

Systematising information collection

To date, social performance information has not been incorporated into the MIS, given the lack of clear indicators linked to PMB’s social objectives. This has hindered the organisation’s ability to produce systematic reports which can be used for decision-making. In fact, there have been important cases of actions which caused short-term problems, which might have been averted by having timely information about client status, needs and wants.

Using information to improve performance

The core of SPM is using information to improve performance. Decision-making at all levels of the organisation needs to be based on a balance between both social and financial performance information. MFIs use information to track social performance against targets, create early warning systems, segment their portfolio, monitor product and service use, and generate baseline information for in-depth research.

A key weakness in Pro Mujer Bolivia's SPM system is effectively integrating social performance information into decision-making. To date, social performance information has largely been used to 'prove' social results to external stakeholders, rather than as a tool for performance management.

Whilst senior management routinely takes decisions which aim to balance financial and social trade-offs, it does so using financial performance information. Although social performance is taken into account by Pro Mujer Bolivia through in-depth studies, these have yet to be incorporated into operational and strategic planning.

Despite the fact that social performance

information is not used to monitor progress towards social objectives, client exit and satisfaction data have been used to modify or create new products and services for clients (see Table three). This includes introducing flexibility in repayment schedules, a special product for select long-time clients, and the provision of a nursery service during centre meetings (see Box one).

In future, PMB faces a number of key challenges to effective use of social performance information:

- Integrating social performance information use into all functional areas
- Demonstrating the internal use of information to improve performance, rather than just for external 'proving'
- Increasing staff awareness of the utility of social performance information and addressing data quality issues
- Set a balance between external pressures which emphasise financial performance and the internal conviction of translating social mission into practice
- The ability to segment the portfolio for deeper analysis
- Integrating segmented social performance information into the MIS, and;
- Disseminating social performance information in formats which are useful to staff.

Table three: Use of social performance information within Pro Mujer

Source	Used by	Mechanism	Use for operational decisions	Use for strategic decisions
Qualitative client needs/satisfaction evaluations	Management Field staff	Middle management discusses results with field staff, sends feedback to the central office for review by senior management	Medium	Medium
Statistics on client drop-out reasons	Management Field staff	Same as above	Medium	Medium
External impact assessments	Board Management	The external evaluator presents results and upper management disseminates the document internally	Low	Low
External SPI evaluations	Upper management	The report is disseminated amongst managers and a presentation is made to upper management	Very Low	Very Low
Internal social responsibility evaluations	Upper management	Presentation to upper management	Low	Low

Box one: Responding to client needs

Pro Mujer Bolivia has used feedback from client satisfaction and impact studies to fine-tune the village banking methodology to the needs of clients. These studies revealed that the financing of education for clients' children is of extreme importance, so much so that staff noticed that clients were diverting their loans to pay for school fees at the beginning of the year.

As a result, PMB launched a new 'school credit' product, which is only available during the first three months of the year. This is the MFI's first consumption credit product.

The launch of the product seems to have provided a valuable service for clients, reflected in the high up-take after its introduction. Additionally, it has proven to be financially valuable for PMB, providing a boost in loans disbursed in a traditionally 'quieter' time of year. In the future, however, the challenge for Pro Mujer will be to document the social and financial results of this decision in order to understand where the trade-offs and synergies lie.

Aligning strategy and operations to SPM

Institutionalising SPM requires that an MFI's systems and processes are aligned

to achieve its social objectives, not just the decision-making processes.

Despite a lack of systematic use of information for decision-making, a strong alignment of PMB's strategy and operations to its social mission has played an important role in ensuring that the institution stays broadly on track with its social goals. For example:

Institutional leadership visibly supports the social mission of the institution, transmitting consistent messages to staff about the organisation's social goals.

Management planning and decision-making style: Strategic and operational planning starts at the branch level using Annual Operative Plans, which are consolidated at the organisational level to determine overall strategy. Based on these, decision-making at all levels reflects the degree to which the action: (1) supports the social mission, (2) supports institutional sustainability. (3) generates value to clients and their families. In this way, PMB seeks to balance its social and financial performance.

Organisational structure: As mentioned previously, PMB has taken the decision to remain an unregulated institution in order to

avoid distancing itself from its target clients and integrated methodology.

Staff recruitment at all levels prioritises individuals sensitised to working with marginalised communities. At the level of management and operations, PMB seeks individuals with a balance of social conscience and professional experience. However, in hiring loan officers, as the public face of the institution, the emphasis is on social sensitivity (over experience). Notably, PMB also seeks to recruit former clients as loan officers, offering them the possibility of moving to positions of increased responsibility (such as managers) in the future.

Marketing and communication with clients: Internal development of promotional materials has been designed to be as accessible as possible to clients, with a strong emphasis on using images to support the text.

Alliances with local service providers: As described above (see Strategy section), PMB has a policy of establishing linkages with local organisations which allow clients access to an even greater range of financial and social development services.

Despite these positive examples of strategic and operational alignment, a number of challenges remain for Pro Mujer, including:

Management information system: The integration of social performance information into the MIS has been delayed due to its complexity, which has in turn affected the ability of management to balance social and financial information in the decision-making process.

Staff incentives are currently based on financial performance alone, due to the lack of specific social indicators within the information system.

Lack of awareness: Diffusion of the concept of social performance throughout the organisation is still a challenge. At the Board management level, understanding of social performance as both outcomes and results is quite high. Knowledge amongst field staff, however, is still limited, especially in terms of taking on board the importance of aligning internal processes to the mission.

Understanding trade-offs: Increasing access to services

Strengthening SPM systems will improve social and financial performance. In order to understand whether SPM is 'good for business', it is important to understand the social outcomes and costs of systematic SPM. Combined with an understanding of the implications (including potential benefits) for financial performance, we can begin to see how an MFI can move from trade-offs to synergies between social and financial performance.

At the time of its foundation, Pro Mujer's methodology reached out to women through the use of mobile services. Whilst this strategy of 'bringing the centres to the clients' was convenient in terms of easy access to financial services, it also meant that staff had to travel long distances at a drain to efficiency and costs. Additionally, meeting space adequate for over 20 women was not always readily available, meaning that village bank and training sessions were often held under difficult conditions.

To address these concerns, in 1996 PMB decided to implement a strategy of serving its clients through fixed-location 'focal centres'. These centres were located in the zone with the greatest concentration of target clients, and accommodated local staff and different spaces for clients to gather.

Whilst at first glance this decision appears to have been adverse for clients (who had to travel to meetings) and the institution (in terms of the cost of renting 50 focal centres throughout the country), the strategy seems to have created benefits for both.

In terms of benefits to clients, PMB was able to offer a greater range of services. This included providing a space for local providers to offer services to PMB clients, including health clinics, and savings and wire transfer services. Additionally, the focal centres have allowed a space for PMB to offer services such as computing centres and voluntary training services.

For the institution, abandoning the mobile centres strategy has led to sizeable increases in staff productivity. Staff portfolios increased from less than 200 to over 600 clients. Transactions costs for its financial and non-financial services also decreased. On balance, these efficiency gains have more than outweighed the cost of operating 50 full-time focal centres.

Broadly speaking, a challenge for Pro Mujer in the coming years will be to investigate in detail the nature of the trade-offs or synergies between social and financial performance created as a result of decisions taken.

Table four: Operational performance at a glance

	Dec 2006	Dec 2005	Dec 2004	Dec 2003
Gross loan portfolio (\$K)	13,561	11,156	7,150	5,587
Savings	0	0	0	0
OSS%	127%	136%	141%	131%
PAR > 30 days (%)	0.3%	0.46%	0.81%	0.37%
Staff	483	363	216	187
Borrowers (K)	74	65	48	38

Lessons learnt and future challenges

Since its inception in the 1990s as a mission-driven organisation, Pro Mujer has been strongly focused on its social performance. Only more recently, however, has it made attempts to formalise social performance as a management model. A key lesson learnt by PMB is that the historical lack of precise social goals and objectives limits the institution's approach to managing its social performance.



SPM in Practice aims to capture good practice and lessons learnt emerging from the *Imp-Act* Consortium Global Learning Programme on social performance management (SPM), a two-year project which seeks to gather evidence of effective SPM and understand its organisational value.

This summary is based upon a longer case study of Pro Mujer Bolivia written by Irina Aliaga Romero.

Seven microfinance institutions (MFIs) are involved in the global learning programme:

AMK (Cambodia)
CRECER (Bolivia)
FONKOZE (Haiti)
NTWF (Philippines)
PRIZMA (Bosnia)
Pro Mujer (Bolivia)
SEF (South Africa)

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Although its social mission and organisational values have been important reference points in the design and operation of PMB's internal systems, the lack of a wider exercise to define social objectives has limited the development of an information system to track and understand social performance, and the systematic incorporation of this information into decision-making processes.

Generally, Pro Mujer Bolivia has identified several challenges which it must address in the coming years, including:

- Reviewing the organisational mission statement and social objectives
- Incorporating SPM data into information systems and decision-making processes
- Aligning operational management to social performance, including staff incentives
- Strengthening, simplifying and automating social performance information collection, including reviewing current tools to allow access to continuous, fast, and timely data
- Staff training to raise awareness of the importance of social performance management
- Strengthening the internal audit function to include social performance information quality control
- Satisfying the social performance information needs of its various stakeholders, and;
- Contributing to the knowledge and practice of SPM through its Pro Mujer Network affiliates in Peru, Nicaragua, Mexico and Argentina.