

Dimension 2: Ensure Board, Management and Employee Commitment to Social Goals



The Universal Standards Implementation Series

Today's speakers:

Amina Mendez, Corporate Planning, ASKI

Mark Daniels, Board Member, ASKI

Yamini Annadanam, Independent Consultant

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Agenda

- Review of Dimension 2 of the Universal Standards for SPM
- Presentation by Amina Mendez, ASKI
- Presentation by Mark Daniels, OI and Board Member - ASKI
- Discussion with Participants

There are 19 standards, organized into six dimensions.

Today we will discuss dimension 2.





Dimension 2 of the Universal Standards

- **Title:** Ensure Board, Management and Employee Commitment to Social Goals
- **Rationale:** An institution's social strategy is only strong if the Board and all employees understand and uphold it
- **Standards:** This dimension has 3 standards and 14 Essential Practices



Dimension 2: 3 Standards

- **2A.** Members of the **Board** of Directors hold the institution accountable to its mission and social goals
- **2B. Senior management** oversees implementation of the institution's strategy for achieving its social goals
- **2C. Employees** are recruited, evaluated, and recognized based on both social and financial performance criteria

Dimension 2: Ensure Board, Management & Employee Commitment to Social Goals

Standard

2A. Members of the Board of Directors hold the institution accountable to its mission and social goals.

Essential Practices

- 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.

Dimension 2: Ensure Board, Management & Employee Commitment to Social Goals

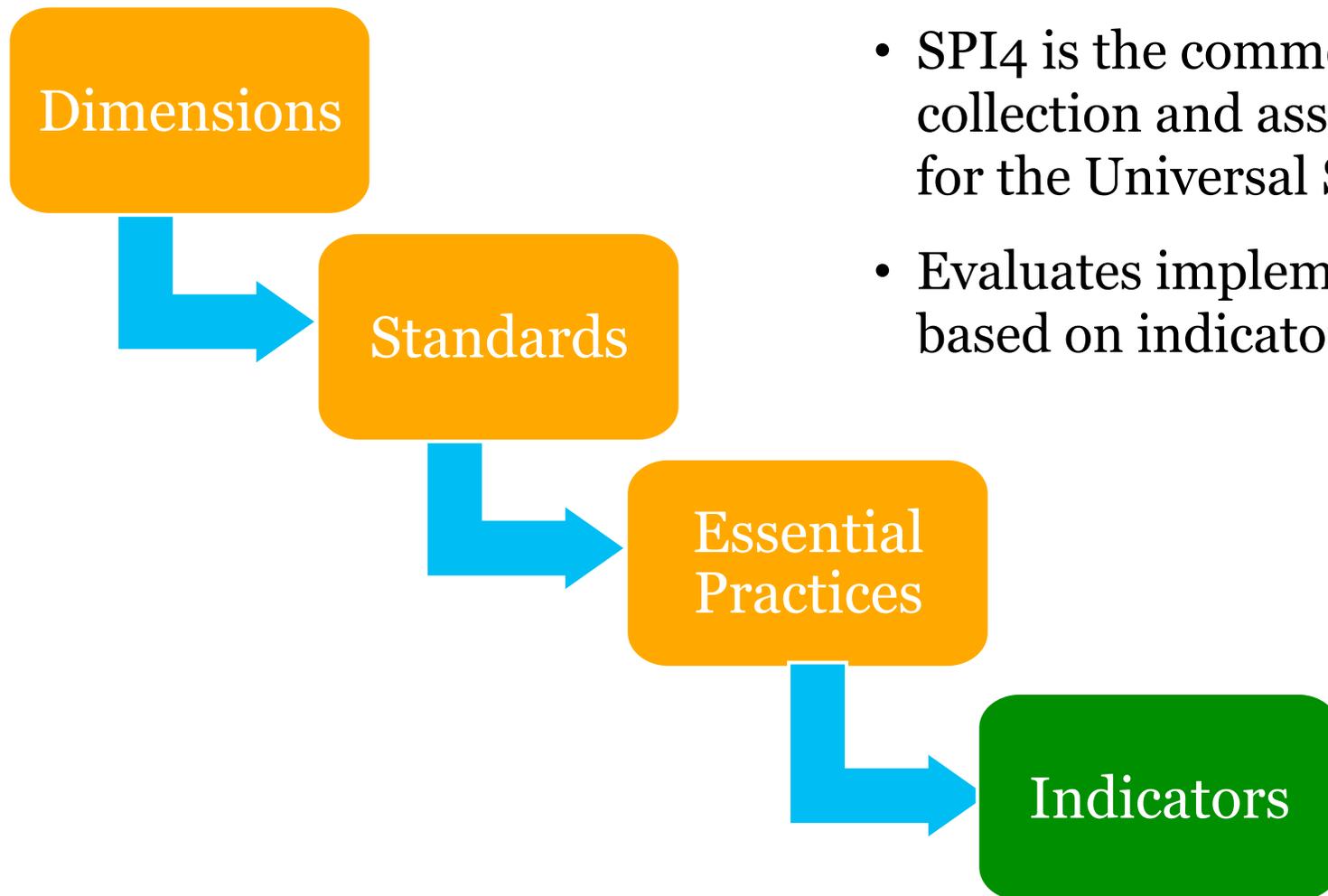
Standard

2A. Members of the Board of Directors hold the institution accountable to its mission and social goals.

Essential Practices

- 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.

Reminder! Use the SPI4 Tool to Assess Your SPM Practices



- SPI4 is the common data collection and assessment tool for the Universal Standards
- Evaluates implementation based on indicators

SPI4 Indicators Corresponding to Essential Practice 2A.1

Dimension	2	ENSURE BOARD, MANAGEMENT AND EMPLOYEE COMMITMENT TO SOCIAL GOALS	
Standard	2 a	Members of the board of directors hold the institution accountable to its mission and social goals.	
EP	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.	
Indicator	2 a 1 1	During the orientation, board members are provided with:	
Detail	2 a 1 1 1	An explanation of (or training on) the institution's social mission and goals	-----
Detail	2 a 1 1 2	Documentation on their responsibilities regarding SPM	-----
Detail	2 a 1 1 3	Updates about recent developments on relevant national and international SPM initiatives, such as SPTF, Smart Campaign, SP related regulation etc.	-----
Indicator	2 a 1 2	Board members' commitment to the social mission is verified periodically by an internal audit or external review.	-----
Indicator	2 a 1 3	All board members have confirmed that they agree with their SP responsibilities.	-----

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Meet your Speakers!



Name: Amina Mendez
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Name: Mark Daniels
Title: East Asia Regional Director Opportunity International, Board member - ASKI
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Name: Yamini Annadanam
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Introduction to ASKI

- Started in 1987, Alalay Sa Kaunlaran, Inc (ASKI) is a non-stock, non-profit organization committed to the promotion and development of micro and small & medium enterprises and the delivery of social services
- ASKI's commitment to SPM is part of the inception of the organization
- Mission:
To promote socio-economic development through client-focused financial & non-financial services anchored on Christian principles

What is ASKI doing with respect to standard 2A

- Board members are oriented on SPM; constituted a Board committee on SPM
- The Board reviews social performance data
- SPM and governance manuals includes guidelines about selecting & orienting new board members
- SPM mentoring program was implemented recently

Tell us a little more about the mentoring program for the Board

- Part of the bigger project with help of OI which aims to take ASKI's SPM from good to excellent
- The mentoring program included the following:
 - ✓ Clarify the role that the board must play in Social Performance through an SPM hand book, Board SPM Committee TOR
 - ✓ Provide orientation, training, capacity building for Board (Basic: SPM framework, dimensions, CPP; advanced: making decisions from PPI results, challenging the data presented, what questions should the board ask)
 - ✓ Continue support by establishing a system of reporting where information crucial to the board is regularly reported



What were the costs involved in implementing such an initiative?

- Technical Assistance Cost
- Data Gathering Cost
- Cost of MIS for accommodating data collection, analysis and reporting
- Training Costs

What are the benefits to ASKI for having the Board play an active role in SPM?

- Having the Board monitor, challenge and use social data encourages the management and the data collection units on the ground to keep on improving availability and access to data → The more social information is used, the more accurate it gets and having the Board pay special attention to client information raises the bar indeed
- With a Board truly empowered and engaged in fulfilling its role on SPM, ASKI's ManCom needs to keep up with the challenge. This mandate becomes more relevant and needed as ASKI formalises its Group of Companies, where various business units (e.g., microfinance NGO, training institute, foundation, mutual benefit association, etc.) need to work towards the achievement of common goals and objectives

What advice do you have for other practitioners who want to practice 2A?

- Make sure there is a good fit of appropriate skills and values in selecting members of the board.
- The board should understand really really well the institution's Vision and Mission.
- There should be continuous investment on the board through:
 - ✓ Trainings, capacity building and mentorship like the mentoring program
 - ✓ Immersions on field so they get to see the real picture of the clients and the operations
 - ✓ Be involved in national and international dialogues/platforms to hear and share best practices and to develop a deeper appreciation of how important SPM is to the sector in general and to their own institutions.

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What is the role of SPM board committee at ASKI?

- An SPM Committee was formed with the primary function of assisting the Board in fulfilling its responsibilities related to translation of the organisational mission into action
- The Committee has 6 members who meet once every two months prior to a full Board meeting
- The Committee has the primary responsibility of providing oversight of ASKI's SPM initiatives, in encouraging the Board to regularly review ASKI's social performance, in holding the Board accountable for the use of SP data for decision-making at the Board level, and in incorporating SP criteria in the CEO's performance appraisal
- These responsibilities are spelled out in a Terms of Reference (ToR), which each committee member should understand and adhere to



How has the board benefitted from the mentoring program?

- The Board considers itself more equipped to ask questions, challenge the data and see implications
- The board became more conscious of the social goals and the issues and metrics surrounding those goals
- With the development of the indicators and the SPM dashboard, social data is reported regularly in a way that the Board can easily understand. Trends are regularly presented as well. With the trainings the Board received, they now understand better what the figures are saying

How has the ASKI board used the SPM data / reports for decisions?

- Main discussion points were around client retention, staff retention & the feedback mechanism
- The Board asked for additional data to help them make decisions: for example, client retention rate per product, per cycle
- The feedback mechanism has shown for the first quarter report an increasing trend in complaints categorized as having insufficient data. This led to the refinement of the validation and verification of all complaints. Consequently, the rate of insufficient complaints went down

SPM DASHBOARD FOR THE BOARD : QUARTER 3

Reporting Period: January to September 2014

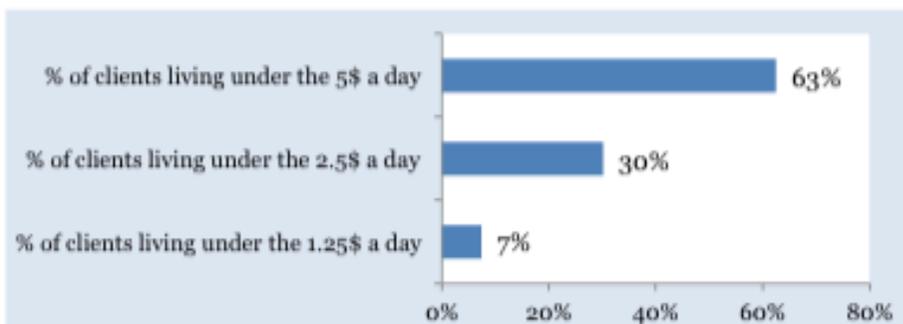
OPERATIONS

% of active borrowers



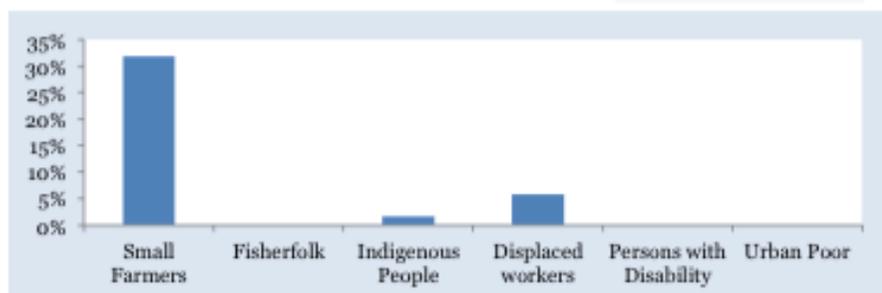
Benchmarks: Female (75%); Rural (85%)

% of poor incoming / new clients : Overall



% of targeted minority borrowers

39%



Benchmarks: 20%

% of poor incoming / new clients : by Product



Annual targets

- *40% poverty likelihood (< 2.5\$ a day) among new clients of AKP
- *20% poverty likelihood (< 2.5\$ a day) among individual clients
- * 20% poverty likelihood (< 2.5\$ a day) among the AMP clients

 % of clients without access to formal financial services before joining ASKI

NA

Benchmarks: 2%

Client Borrowing Capacity (Exposure to ASKI loans)

Average Loan Size of Clients

AMP: Php 30,956
AKP: Php 4,297
ILP: Php 13,871

Benchmark

AMP: Php 30,000
AKP: Php 5,000
ILP: Php 15,000

Client Retention Rate

72.53%

Benchmark: 85%



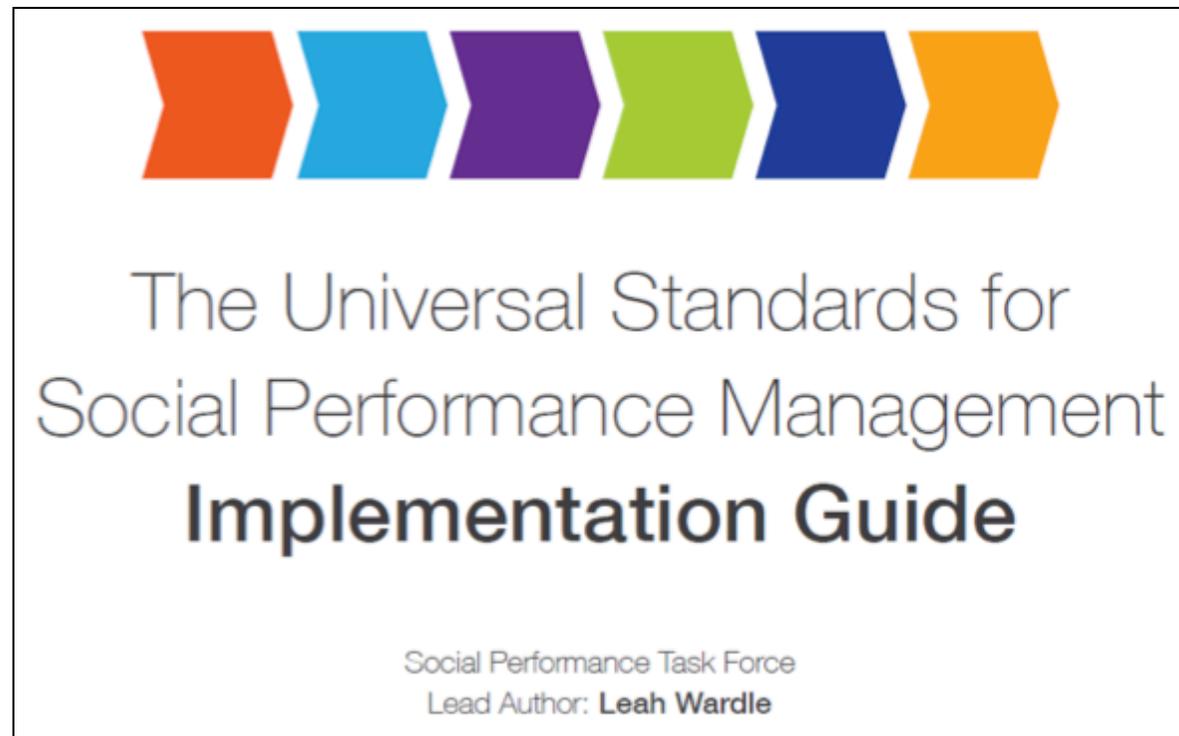
What would your advice be to the board members of other organizations on playing an active role in SPM?

- “Breathe and speak SPM”: Board should demonstrate leadership
- SPM should be built into everything the organization does
- Microfinance has shifted from a supply led model to a service led model where the customer is at the core
- Treat SPM part of that service led model, do not treat it as add-on

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Take Action: Use the Implementation Guide!



- Download the guide here: <http://sptf.info/spmstandards/universal-standards>

Take Action: Consult the Resource Center!

The screenshot shows the homepage of the Social Performance Task Force Resource Center. At the top, there is a navigation bar with the following links: Home, Universal Standards for SPM, Online Trainings, How Do I Start?, SP Tools, Resources, and SP Task Force. The main content area is titled "Featured Items" and includes four featured resources:

- Universal Standards Implementation Guide**: This open-source toolkit walks users through the human-centered design process and supports them in activities such as building listening skills, running workshops, and implementing ideas — all of which can generate insights into clients' needs that can be turned into effective product design.
- Human centered design toolkit**: This open-source toolkit walks users through the human-centered design process and supports them in activities such as building listening skills, running workshops, and implementing ideas — all of which can generate insights into clients' needs that can be turned into effective product design.
- Microfinance index of market outreach and saturation**: The Microfinance Index of Market Outreach and Saturation is an analysis of credit market opacity using the Global Findex dataset, offered by Planet Rating.
- SPM4 Assessment Tool**: The CERISE SPM4 is a social audit tool that can be used for reporting and performance management, to assess level of implementation of the Universal Standards.

Below the featured items, there are four dimensions of social performance:

- Dimension 1: Define and monitor social goals**
 1. Strategic management toolkit handbook
 2. Imp-Act Indicators practice note
- Dimension 2: Ensure board, management, and employee commitment to social goals**
 1. Governance guidance
- Dimension 3: Design products and services that meet clients' needs and preferences**
 1. Portfolios of the poor
- Dimension 4: Treat clients responsibly**
 1. Avoidance of over-indebtedness: Guidelines
 2. Calculating transparent pricing tool
 3. Client complaint

- Visit the resource center here: <http://sptf.info/resources/resource-center>

Where to find more information:

- The Universal Standards of SPM Manual:
<http://sptf.info/spmstandards/universal-standards>
- The SPI4 social audit tool:
<http://cerise-spi4.squarespace.com>
- The presentation and recording from today's session:
<http://www.sptf.info/online-trainings/universal-standards-implementation>
- The SPTF Resource Center:
<http://www.sptf.info/resources/resource-center>
- The SPM Implementation Guide:
<http://sptf.info/spmstandards/universal-standards>

Thank you for your participation!



Please join us in February 2015 for a discussion about
how to improve practice in:
Dimension 3, Design Products, Services, Delivery
Models and Channels that meet
Clients' Needs and Preferences