



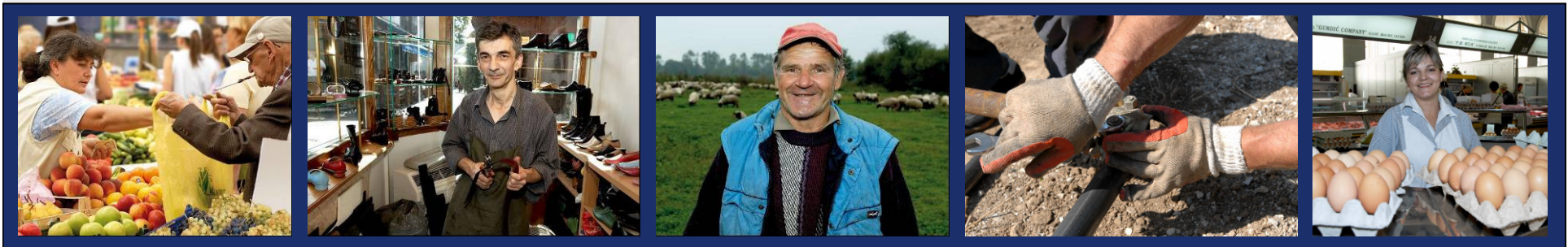
Austrian
Development Cooperation



EUROPEAN FUND FOR SOUTHEAST EUROPE

Social Responsibility in Microfinance

European Fund for Southeast Europe



Social Responsibility in Microfinance

Each financial institution is unique and has its own mission and model.
But there are generic values that apply to the 'manner of doing business'.

Social Responsibility is
the translation of mission into practice, in line with accepted social values.

Social Responsibility in Microfinance has different dimensions:

- Social performance management
- Social responsibility
 - ... to clients
 - ... to community
 - ... to staff
 - ... to environment

The success of doing business in line with these principles has to be monitored.

Social performance management...

- Clearly defined and communicated mission
- *Establishment of social objectives*
- *Monitoring and reporting* of the achievement of these objectives
- Use of these information for decision making

...is the starting point for social responsibility.

Social responsibility to clients ...

- *Transparent pricing*
- *Transparent information to clients*
- *Sensitivity to over-indebting of clients*
- Treating all customers equal, irrespective of their origin, colour, language, gender or religious or political beliefs
- *Appropriate debt repayment practices*
- *Appropriate Mechanisms for client complaint and redress*

...refers particularly to client protection and tolerance.

Social responsibility to community ...

- A policy for financing those activities promoting positive community values (e.g. job creation) and for *not-financing certain activities* (e.g. child labour)
- *Protection from being used as a vehicle for money laundering or other illegal activities (e.g. financing of terrorist activities)*
- *Action to improve local culture (e.g. anti-corruption)*
- *Transparency and disclosure of information to the general public*

...is a broad notion.

Social responsibility to staff ...

- Staff training
- Salary structure and incentives
- Compatibility of family and career
- *Security of working conditions*
- Open, fair and constructive communication
- Equal treatment of staff, irrespective of their origin, colour, language, gender or religious or political beliefs
- Feedback mechanisms for staff

...as the staff are the most important asset.

Social responsibility to environment ...

- *Environmental policies* (e.g. environmental exclusion list, assessment of a clients business which potentially involves environmental risks)
- *Environmental management system*
- *Improving staff competency regarding environmental risks*

... is most applicable in the context of MSE financing.



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Thank you for your attention!

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