

SUSTAINABILITY WITH RESPONSIBILITY – MICROFINANCE SECTOR IN LATIN AMERICA

Social Performance Management (SPM) seems not to be a “fad” for the microfinance sector in Latin America; on the contrary, it is becoming a structured objective and it is even demanded by some countries across the region.

In fact, there is a keen worldwide interest for the social service of the microfinance sector, since it addresses a economically sensitive niche segment.

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MicroRate analyzed the factors characterizing the current SPM trend and identified that more clarity in its meaning, the incorporation of regulatory frameworks and the definition of relevant indicators are fostering its development.

The steady improvement in key social indicators, the creation of a specialized benchmark and the dissemination of best practices suggest that a social and financial balance can be achieved; an exemplary aspect even for the traditional banking system.

Social Regulatory Framework in Latin America

Social management regulations are promoted by agreed initiatives from different agents involved in microfinance. Academic and investment funds, rating agencies, development banks and agents involved debate for almost one decade over the main SPM guidelines, which at some extent are being adopted by some regulatory entities in the region.

Countries demanding compliance with the so called SPM are still few; however, in those contexts where it is voluntary there are some regulatory actions that seem to catch the attention in the concepts first and then raise progressive awareness of its importance.

Ecuador demands a Social Balance Sheet in the cooperative sector that includes compliance with principles, social objectives, impact on social development, among other aspects.

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