



**Fundación
Mujer**



SOCIAL PERFORMANCE OF FUNDACIÓN MUJER Costa Rica (March, 2009)

This social audit of Fundación Mujer (FM) uses the Social Performance Indicators (SPI) tool developed by Cerise and its network of partners. An assessment is made of the extent to which an MFI dedicates the means to fulfill its social mission in the light of four fundamental dimensions of social performance: Who are the clients and how are they targeted? To what extent are the programs and services adapted to clients' needs? How are clients' capacities reinforced and what is the social responsibility of the institution?



Fundación Mujer (FM) key data:

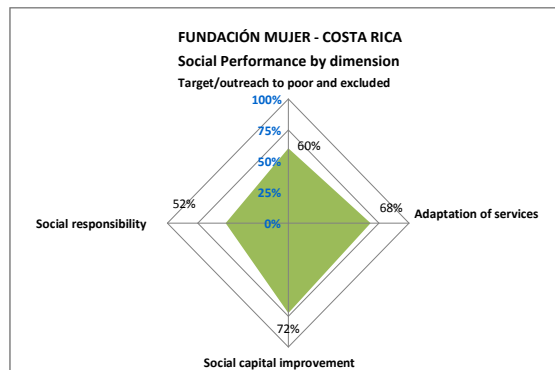
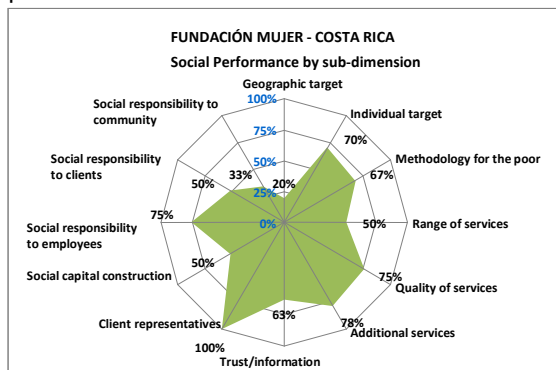
Starting year: 1988
 Active borrowers: 1,973
 Active savers: not applicable
 Staff: 18
 Regulated: no
 Main lending methodology: individual
 Legal status: non-profit institution
 Main zone of intervention: urban

Legal form: NGO (not permitted to attract savings)
 Branches: none
 Gross loan portfolio: US\$ 884,810
 Total assets: US\$ 1,259,660
 Return on assets: 0.4%
 Financial expense ratio: 1.9%
 Operating expense ratio: 37.3%
 Operational self-sufficiency: 101.3%

Social mission and strategy of Fundación Mujer:

Fundación Mujer (FM) works for women's development and empowerment. It provides support in social, organizational and productive activities as a means of improving the quality of life for women and their families. FM focuses purely on female clients, offering them individual or group loans through women's banking groups known as "Banmujeres". The provision of credit is accompanied by a variety of training seminars and courses focusing on issues and concerns of female clients.

The following figures graphically represent FM's scores in the dimensions evaluated. The graphs reflect FM's focus on providing quality products and services and on improving clients' social and economic benefits. Within these dimensions, client representation is a prominent strength in the institution's operations.



Summary of results:

Outreach to poor and excluded populations

Fundación Mujer focuses on women, especially those from indigenous communities in remote and poor areas of Costa Rica's Southern and Atlantic regions. In the areas where FM operates, women are generally excluded from financial and business opportunities. They face financing, social and cultural barriers in a largely male-dominated society. FM's outreach to this excluded demographic provides a real life-line for those who seek to contribute productively to the vitality of their local economies.

Fundación Mujer's social strategy is not generally marked by a strong geographical targeting approach. However, in recent years, it has expanded operations to remote rural areas to reach women who have almost no access to credit.

Strengthening clients' capacities

The results of the audit show that FM devotes significant resources and effort into the improvement of social and political capital of clients. Consistent with its objective of integral development and empowerment of women, FM organizes workshops on gender and development, self-esteem, domestic violence and other relevant topics identified by women clients. These courses address self-awareness, confidence building and capacity. Financial independence, especially for families headed by women, is an important outcome of these courses. Women are empowered to make business decisions, contribute to the welfare of the family with their own income and defend and claim their rights. Fundación Mujer has also helped other MFIs and institutions to establish gender policies.

Empowerment is also reflected by clients claiming a stake in the organization and its operation. With three representatives on the Board of Directors, clients have a strong voice and influence in decision-making, policies and strategies of the organization. In addition to this institutional provision for feedback through representation in a governing body, clients have easy and full access to the administrative team, all the way up to the Executive Director.

Innovation of products and services

The audit also reflects FM's emphasis on the provision of products and services to clients. FM takes a proactive approach and structures loan products according to the purpose, amount and repayment capacity of clients. While this may be more complicated and administratively cumbersome to disburse, different types of loans with different repayment periods and interest rates respond more effectively to clients' needs. FM is flexible when it comes to requiring loan securities or collateral.

Responsiveness is not only in terms of providing a range of products. It is also reflected in ensuring the credit approval process is fast and simple. Fees are low and clients receive support from credit officers to fill in the required application forms. Financial costs are explained thoroughly by credit officers when they work with clients in completing the paperwork. These costs (interest rates and fees) are again detailed in the loan contract and in promissory notes signed by the clients. This process is part of efforts to promote financial awareness among clients and to be fully transparent. Another example of the innovative efforts of FM is the establishment of the Banmujeres - a mechanism that provides credit access to remote rural areas and deals with the lack of collateral.

FM is well recognized for its non-financial services including trainings and talks to clients on management matters (e.g. basic accounting, costs, marketing), knowledge and skills related to a job (e.g. dressmaking, make-up, hair treatments, massages, handicrafts) and other subjects including relationships, health and personal growth.

These courses are essential, given the majority of clients have not finished secondary level education, much less a formal business education.



Banmujer "Mujeres Unidas" from Grano de Oro, Turrialba. It counts with six members, including two indigenous women. They are mainly dedicated to breeding of pigs and of chickens. Together they have loans by the amount of US\$ 3,150.

"I am pleased to represent our clients and to be part of Fundación Mujer. In the Board, we know the needs of the micro entrepreneurs because we have also experienced them. At the beginning, I was afraid but with time I gained encouragement and confidence. (The three representative of the clients) have a decisive and participative role in the Board." Maria Eugenia Benavides, Board Member since 2007 and a client of Fundación Mujer for 13 years. She owns a child daycare center in Heredia. Every Sunday, she sells clothes in a flea market in San Jose city.

Areas for improvement

The social audit not only confirmed the positive elements in FM's operations and strategy, it also helped the MFI identify areas for improvement. Upon reflection, FM recognized the need to establish and implement systematic tools to measure and verify the poverty levels of clients and monitor the changes in clients' lives over time.

"Training is very important for a woman because it gives her the basic tools to prepare for the competitive market. It stimulates the personal development that facilitates the decision-making process and increases self-esteem and confidence in her own skills," Ana Iris Cambroner, coordinator of the Training Programs of Fundación Mujer.

FM also realized that while Social Responsibility was important to the organization, it had not developed many programs to put this into action - not only at a staff and client level but also at a community level. Up to this point, aid and support to surrounding communities, community projects and participation in social and environmental activities has been minimal and sporadic. In this dimension, Fundación Mujer has not been proactive but despite that, they consider it an essential objective of the organization. At this stage, limited resources stand in the way of doing more.

Conclusion:

Gender focus and the development of women are distinguishing characteristics of Fundación Mujer's operations. FM makes a conscious effort to help women overcome financial, entrepreneurial, social and cultural barriers, while focusing on client participation and providing tailored financial and non-financial services to meet clients' needs. They do this by developing positive elements for consolidation through, mechanisms, including the Banmujeres. FM has also seen the need to improve poverty profiling and monitoring the change in clients' lives. Beyond that, FM realizes the importance of taking steps to illustrate their social responsibility to external stakeholders and surrounding communities, providing an opportunity to further collaborate with Oikocredit.