

SPTF Social Investor Working Group
Monthly Call
June 16, 2021

1. Update on the Responsible Covenants during COVID-19

- Edouard Sers from GCA shared a document of lessons learned and suggested definitions on the reporting of the portfolio under COVID-19 moratorium or restructuring.
- During the May 2021 SIWG meeting, social investors exchanged their views on how they track the portfolio under COVID-19 moratorium or restructuring, which showed that investors use very different definitions to track COVID-19 restructured loans.
- The definitions used for the reporting from investees often do not match with the suggested definitions proposed in the Responsible covenant document. There are a series of reasons for this difficulty to agree on and apply a “standard” language and calculation:
 - There are different approaches to restructuring and diverse credit products that require different monitoring methods
 - MFIs have different regulatory constraints
 - MFIs have different MIS capabilities
 - Investors have different requests.
- The proposal is to redefine three “basic scenario” indicators including regular restructured loans, COVID-19 restructured loans, and COVID-19 loans under active moratorium.
- Noemie Renier asked how many investors on the call used these guidelines last year?
- Jurgen emphasized that these guidelines should be seen as a recommendation to be used as a reference during negotiations.
- Apricot with LMDF welcomes this effort and recommended using these guidelines when having a handshake agreement. She shared challenges due to the different regional regulations and different approaches used by MFIs.
- Noemie Renier shared that changing the definition would only be applicable if there was a strong buy-in from the sector. She adds that the reporting worked but to assess the true quality of the reporting she would need to go and speak with the MFIs.

Next steps:

- Share this current proposal with a wider range of actors to promote a more aligned reporting: Frank Streppel will share with the MIV group and Jurgen will approach SPTF network members to share the documents with Microfinance Coalition
- Collect feedback and integrate into the proposal that will complement the “Reasonable Covenants” document.

2. Update on the Client Protection Pathway

- After introducing the new “Client Protection Pathway” and the Step 1 (Commitment to Implement Client Protection) at the May SIWG call, Anne Laura presented a tool for Step 2 (Assess and Improve Practices).
- The Client Protection Self-Assessment Tool (CP SAT) will shortly be available for use on the SPTF website: <https://sptf.info/client-protection/the-client-protection-pathway>
- Investors are invited to promote this tool to their investees. It also helps to identify useful AT support to address major gaps in an investees / FSPs Client Protection.
- View the [recording here](#) for a walkthrough of the CP SAT tool
- Edouard Sers asked how the CP SAT tool differs from the tools used to self-assess after the Commitment to Implement? The CP SAT tool is for the organizations that want to go one step further in the CP Pathway.
- Kawien Ziedses des Plantes confirmed that the CP SAT tool will be very useful.

- Frank Streppel says that the CP SAT tool will be helpful for due diligence and will encourage their partners to use this tool.
- If you have any further thoughts, questions or suggestions on the CP Pathway you can contact directly Anne Laure annelaure@sptfnetwork.org

3. Update on the Green Dimension and SFDR

- The public feedback round on the new Green Dimension 7 / Green Index 3.0 will start before end of June and close by July 15th.
- The SFDR working group will be invited to look at the green dimension to ensure that the future use of Dimension 7 will be useful as investors prepare to comply with SFDR regulations.

4. Mid-year Review and 2021 Discussion

- A poll was conducted regarding having an in-person SIWG meeting in the fall. The results of the poll are below.
 - All 11 respondents answered “Yes” or “Maybe” to participating in an in-person SIWG meeting in the fall of 2021.
 - To the question “What length of meeting would you prefer,” there was a three-way split to the answers “Half day,” “Full day,” and “Multiple days.”
 - Over 60% of respondents preferred having a SIWG meeting in connection with another European IF event and the remaining preferred a stand-alone event.

Please share any topics for future sessions via email to allyryder@sptfnetwork.org