

SPTF Social Investor Working Group Monthly Call
May 19, 2021

SHORT MINUTES

1. Investors' experiences using the Responsible Covenants during COVID-19

- Vincent Lehner from Symbiotics shared lessons learnt from the April 2021 Symbiotics-CGAP study “MFIs During the Crisis”. The presentation of the report was followed by a discussion about learnings for the sector in terms of methodology and indicator definitions that could be added or integrated into the current Guidelines for defining and monitoring Reasonable Covenants in the COVID-19 context.
- Symbiotics and CGAP followed 9 indicators to monitor COVID-19. View more information [here](#).
- Example indicator: Portfolio growth
 - The positive trend in portfolio growth continues with a high level of growth in Mar-21 (6.76%).
 - USD 4 billion of portfolio created from our partners, or 6% increase in 2020.
 - Signs of positive borrower growth are slowly emerging in Q1-21.
- Example indicator: Portfolio at risk
 - While Asia has experienced fluctuating trends in Asia, particularly in South Asia, since Q4-20, PAR90 has remained stable in the other regions since the end of Q4-20.
 - The ratio of loans under moratorium continues to fall across all regions.
 - Full visibility will not be available until later in 2021 due to remaining and reinstated moratoria.
- Example region: African Focus Q1-21
 - Few countries in Africa has applied special regulations due to the pandemic.
 - 20.97% of Symbiotics' portfolio in Africa did not grant any payment moratorium
 - The MFIs not giving moratorium had a PAR at 6.1% in Dec-20 while those from the sample giving a moratorium had a PAR at 4.6%.
 - PAR in Africa (90+R, 6.6%) is higher than other regions
 - Only 4% of GLP is today under Moratorium
 - More than two-third of the loans under payment moratorium are paid on time
 - Those results show potential difficulties in repayment with around 30% (compared to 7% in LATAM)
- Other indicators include: Borrowers growth, monthly disbursements, monthly repayments, moratorium ratio, liquidity, solvency, ROE.

Questions raised:

- Should we change the type indicators to better monitor the second or third wave?
- Should we change the definition of the Moratorium portfolio?
 - Question: “Do you include the COVID restructured portfolio at risk until the loan is fully paid?”
Answer: Yes, we keep it in the moratorium portfolio.
 - Incofin takes a different approach: once the loan is performing the rescheduled loan is moved back to the other portfolio
 - Grameen Credit Agricole chose not to do any double counting of PAR and requested from MFIs to report moratorium portfolio without PAR. Only able to monitor share of portfolio that is in healthy moratorium status.
- Would be useful to distinguish active and passive moratorium
 - Question: How do you distinguish between active and passive?
 - Answer: Active is when the client is in the grace period and are not paying, but once they start paying, it is passive.

2. Implementation of Client Protection Pathway

- SPTF opened the discussion to brainstorm the disclosure of documents in the commitment to implement step of the CP pathway.
 - Emmanuelle Javoy suggested using the ALINUS form for the disclosure of documents
 - A question around the mapping of ALINUS with Client Protection indicators: out of the 172 indicators of Client Protection, 38 are included in ALINUS
 - Leah with SPTF clarified that once the SPI and Alinus forms are updated (v3.0 in 2022) then this will be the standard form for disclosure. SPTF is looking for a solution for the interim. In the short term there will be a disclosure form identifying which documents exist and are available upon request. In the medium term, SPTF will be using the updated SPI/Alinus forms.
 - Edouard suggested that we should be very transparent with FSPs from the start that it will be asked to complete SPI/ALINUS online within the next 6 months, and every FSP signed up before the updated SPI online tool is available will be reminded to update their disclosure document to the SPI/Alinus forms.
 - Question: “Would this be the full ALINUS/SPI4 questionnaire that they need to complete or just the subset of questions on client protection? Answer: In the new version of SPI online, the CP indicators will be flagged as such. The reporting will be on the CP indicators only, at longer term we target the full CP list but potentially we start with ALINUS CP in 2022.
 - Safeya Zeitoun: “What kind of documents are expected to be submitted?” Answer: For the short-term MFIs will fill out the commitment form where they will have space to disclose 5 preidentified documents including the getting started questionnaire (GSQ), a prior Smart assessment, a Certification, an SPI or ALINUS etc.
 - Kawien Ziedses des Plantes “If I’m an FSP and I submitted the ALINUS form, how long does that stay valid?” Answer: The documents stay valid for 2 years. Step 3 of the CP Pathway is Certification (the new tiered approach).
 - Julia Rabadan: “Is the Commitment to Implement available?” Answer: The C2I is going to be a statement. This is ready to be launched, SPTF is working on back end development.

- If you have any further thoughts, questions or suggestions on the CP Pathway you can contact directly Anne-Laure annelaure@sptfnetwork.org